# BROADWAY STATION RESTAURANTS, INC.

## 2022 WISCONSIN FRANCHISE REGISTRATION

## ANNUAL REPORT

SJOBERG & TEBELIUS, P.A.
2145 WOODLANE DRIVE, SUITE 101
WOODBURY, MINNESOTA 55125
PHONE: (651) 738-3433

UNIFORM FRANCHISE REGISTRATION APPLICATION

File No.: 557812-71

Fee: $400.00

Date of Application: April 28, 2022

APPLICATION FOR (Check only one):

Registration of an Offer or Sale of Franchises

__X__ Registration Renewal Statement or Annual Report

Post-Effective Amendment Number ____ to Application

Pre-Effective Filed Under Section _____

Dated _____

1. Name of Franchisor.
**Broadway Station Restaurants, Inc.**

Name under which Franchisor is doing or intends to do business.
**Broadway Station Restaurants, Inc.**

2. Franchisor's principal business address.
**1818 Wooddale Drive, Suite 202**
**Woodbury, MN 55125**

Name and address of Franchisor's agent in the State of Minnesota authorized to receive process.
**Any officer or director of Broadway Station Restaurants, Inc.**
**1818 Wooddale Drive, Suite 202, Woodbury, MN 55125**

3. Name address and telephone number of subfranchisors, if any, for this state.
**N/A**

4. Name, address and telephone number of person to whom communications regarding this application should be directed.
**Anne G. Brown, Esq.**
**Sjoberg & Tebelius, P.A.**
**2145 Woodlane Drive, Suite 101**
**Woodbury, Minnesota 55125**
**(651) 738-3433**

CERTIFICATION

I certify, under penalty of law, that I have read and know the contents of this application and the documents attached as exhibits and incorporated by reference, and that the statements in all these documents are true and correct.

Executed at Woodbury, Minnesota

BROADWAY STATION RESTAURANTS, INC.

Dated: April 28, 2022

By: _____
Randall J. Winger
Its: Chief Financial Officer

STATE OF MINNESOTA )
)ss.
COUNTY OF WASHINGTON )

Personally appeared before me this 28th day of April, 2022, the above-named, Randall J. Winger, to me known to be the person who executed the foregoing application (as Chief Financial Officer of the above-named applicant) and being first duly sworn, stated upon oath that said application, and all exhibits therewith, are true and correct.

CANDACE L HARRIS
NOTARY PUBLIC
MINNESOTA
My Commission Expires Jan. 31, 2023

_____
Notary Public

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BROADWAY STATION RESTAURANTS, INC.

SUPPLEMENTAL INFORMATION

1. Disclose:

A. The States in which this proposed Registration is effective.

**Minnesota**
**Wisconsin**

B. The States in which this proposed Registration is or will be shortly on file.

**None**

C. The States that have refused to register this Franchise Offering.

**None**

D. The States that have revoked or suspended the right to offer these franchises.

**None**

E. The States in which this proposed registration of these franchises have been withdrawn within the last five years, and the reasons for revocation or suspension.

**None**

2. Source of Funds for Establishing New Franchises

Disclose franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchise, including real estate, improvements, equipment, inventory, training and other items stated in the offering. State separately the sources of all required funds:

**Please see the attached.**

**FINANCING REQUIRED OF**
**BROADWAY STATION RESTAURANTS, INC.**
**TO MEET ITS OBLIGATIONS**

| OBLIGATION | TOTAL FUNDS REQUIRED | INITIAL FEE | CONTINUIG FEE | FRANCHISOR'S WORKING CAPITAL | ADVERTISING FEE |
|---|---|---|---|---|---|
| 1. Training | $2,500 to $3,000 | X | | | |
| 2. Pre-Opening Assistance | $2,000 to $2,500 | X | | | |
| 3. Floor Plans & Specifications | $1,500 to $2,500 | X | | | |
| 4. Manuals & Other Miscellaneous Written Materials | $500 | X | | | |
| 5. On-going Assistance | $5,000/year | | X | X | |
| 6. Advertising | 1% of Franchisee's Gross Revenue | | | | X |

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# BROADWAY STATION RESTAURANTS, INC.

2022

## FRANCHISE DISCLOSURE DOCUMENT

## 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 H. |
| **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 C 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 Broadway Station Restaurant 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 is it like to be Broadway Station Restaurant franchisee?** | Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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 may require other risk(s) to be highlighted.

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by arbitration with the American Arbitration Association in Minneapolis, Minnesota. All Arbitration hearings will take place exclusively in Minneapolis, Minnesota only. Out-of-state mediation, arbitration, and/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 Minnesota 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.

## State Effective Dates

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 |
|---|---|
| Minnesota | May 1, 2022 |
| Wisconsin | May 1, 2022 |

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.

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# FRANCHISE DISCLOSURE DOCUMENT

BROADWAY STATION RESTAURANTS, INC.
1818 Wooddale Drive
Suite 202
Woodbury, MN 55125
(651) 731-0800

*Broadway Pizza®, Broadway Bar & Pizza®, and Broadway Fast & Fresh®* Restaurants are railroad theme pizza restaurants which offer the public high-quality food and beverages of a distinctive character and quality under the name *Broadway Pizza®, Broadway Bar & Pizza®, and Broadway Fast & Fresh®.*

The total investment necessary to begin operation of a *Broadway Pizza®* or *Broadway Bar & Pizza® or Broadway Fast & Fresh®* franchise ranges from $860,000 - $1,354,500. This includes the initial fee of $30,000 that must be paid to the franchisor or affiliate. It does not include any necessary real property investment.

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 fourteen (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 Broadway Station Restaurants, Inc. at 1818 Wooddale Drive, Suite 202, Woodbury, Minnesota 55125 and (651) 731-0800.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

Issuance Date: May 1, 2022

# FRANCHISE DISCLOSURE DOCUMENT
# FOR PROSPECTIVE FRANCHISEES

STATE OF MINNESOTA

BROADWAY STATION RESTAURANTS, INC.
1818 Wooddale Drive
Suite 202
Woodbury, MN 55125
(651) 731-0800

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in the State Agency Exhibit for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY NON-BINDING MEDIATION, ARBITRATION OR LITIGATION IN MINNESOTA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE OR SUE US IN MINNESOTA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT MINNESOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: May 1, 2022

**BROADWAY STATION RESTAURANTS, INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

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## THE FRANCHISE DISCLOSURE DOCUMENT

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

Franchisor

Broadway Station Restaurants, Inc., the Franchisor, is referred to in this Disclosure Document as "Broadway." "You" means the person or entity who buys the franchise from Broadway. Broadway, a Minnesota corporation formerly known as Eddy Peck's Broadway Pizza, Inc., was formed on October 3, 1990 and does business under the name Broadway Station Restaurants, Inc. Broadway has sold *Broadway Pizza*® Restaurant franchises since October 1990. Broadway does not currently own any *Broadway Pizza*® Restaurants. Broadway maintains its offices at 1818 Wooddale Drive, Suite 202, Woodbury, Minnesota 55125. Broadway's agent for service of process is disclosed in the Receipt attached to this Disclosure Document. Broadway has no affiliates that offer franchises in any line of business or provide products or services to franchisees of Broadway.

Broadway's Predecessors

The *Broadway Pizza*® concept was originated by Mr. Edward J. Peck in 1961 when he purchased a pizza restaurant/bar business founded in Minneapolis, Minnesota in 1953 by Italian-born John Spallacci. Mr. Peck, through various corporations, including Broadway Pizza Franchise, Inc. and Eddie Peck, Inc., operated and franchised *Broadway Pizza*® Restaurants in Minnesota from 1961 until January 1, 1991. During that time, Mr. Peck evolved the business from the original "Eddie's Broadway Bar" business, serving handmade pizza using Mr. Spallacci's recipes, into the railroad depot theme that has become an integral part of the *Broadway Pizza*® concept. Broadway Pizza Franchise, Inc., a Minnesota corporation incorporated on January 8, 1979, is a predecessor to Broadway and changed its name to Dorothy D. Enterprises, Inc. on January 9, 1991. Dorothy D. Enterprises, Inc.'s principal office is at 12700 Sherwood Place, Suite 210, Minnetonka, Minnesota 55305. Dorothy D. Enterprises, Inc. has never sold franchises in any other line of business. Eddie Peck, Inc., a Minnesota corporation incorporated on October 26, 1973, is also a predecessor to Broadway and changed its name to Edward J. Enterprises, Inc. on January 9, 1991. Edward J. Enterprises, Inc. never sold franchises in any other line of business. Eddie Peck's Broadway Pizza, Inc. acquired the world-wide rights to franchise the *Broadway Pizza*® concept, together with the rights under nine franchise agreements and the rights to the *Broadway Pizza*® and Broadway Station® trade names, service marks, recipes, formulae and secret ingredients, from Broadway Pizza Franchise, Inc. and Eddie Peck, Inc. on January 2, 1991. Eddie Peck's Broadway Pizza, Inc. changed its name to Broadway Station Restaurants, Inc. on April 11, 1991.

Franchised Business

*Broadway Pizza®, Broadway Bar & Pizza®, and Broadway Fast & Fresh®* Restaurants are railroad theme pizza restaurants which offer the public high-quality food and beverages of a distinctive character and quality under the names *"Broadway Pizza®," "Broadway Bar & Pizza®," and Broadway Fast & Fresh®.* The foods, products and services provided by *Broadway Pizza®* Restaurants are marketed to the general public from a single location ("Franchised Location"). All references to a *Broadway Pizza®* Business or a *Broadway Pizza®* franchise made herein refer to restaurants under all trademarks referenced above, unless otherwise noted. Sales are not typically seasonal and are dependent upon your customer's propensity to dine-in or purchase carry-out or delivery food. *Broadway Pizza®* Restaurants operate in a developed market and the businesses with which you will compete include full-service restaurants which serve liquor, and all establishments which sell pizza, pasta and other Italian foods, whether for dine-in, carry-out or delivery.

All *Broadway Pizza®* Restaurants must comply with federal, state and local laws applicable to the operation and licensing of a restaurant business. You must comply with regulations for food preparation, food service and minimum sanitary conditions for your *Broadway Pizza®* Restaurant enforced by state and local health departments, the U.S. Food and Drug Administration and the U.S. Department of Agriculture. You must obtain all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food and liquor service operations. Your *Broadway Pizza®* Restaurant must also pass applicable municipal, county, state and federal building codes and handicap access codes.

## 2. BUSINESS EXPERIENCE

Chief Executive Officer and Director: James A. Kruizenga

Mr. Kruizenga has been Broadway's Chief Executive Officer since April 1997 and a Director since January 1996. He was the Vice President of Operations for Broadway from January 1995 to April 1996. From July 1991 until January 1995, he was the Regional Director of Broadway. Mr. Kruizenga was President of Willows of New Richmond, Inc. in New Richmond, Wisconsin from May 1985 to March 1991. He is currently the Governor of Flippin Dough, LLC and Governor of Pizza the Pie, LLC.

Chief Financial Officer and Director, Secretary and Treasurer: Randall J. Winger

Mr. Winger has been Broadway's Chief Financial Officer since April 1997, its Treasurer since January 1995 and its Secretary since January 1998. He was Controller for Broadway from December 1992 to April 1997. He was Controller of The Original Broadway Station, Inc. until January 2016. He has also been Controller of C.I.A.O., Inc. since December 1992 and Treasurer for both corporations since January 1995. Mr. Winger has been Controller for Rollin' in Dough, Inc. since January 1994 and Treasurer since January 1995. From January 1990 to December 1992, he was an auditor and tax accountant for the certified public accounting firm W.J. Bauman Associates, Ltd. in River Falls, Wisconsin.

Director: Ronald Krank

Mr. Krank has been a Director of Broadway since its incorporation in October 1990. He is a professional architect and has been President of KKE Architects, Inc. in Minneapolis, Minnesota since 1968 and Chairman of the Board of KKE Architects, Inc. since June 1996. Now retired.

Director: Ronald C. Erickson

Mr. Erickson has been a Director of Broadway since January 1997. He is a professional architect and has been Chief Executive Officer of KKE Architects, Inc. in Minneapolis, Minnesota since January 1993. Now retired.

## 3. LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

## 4. BANKRUPTCY

No bankruptcy filings or proceedings are required to be disclosed in this Disclosure Document.

## 5. INITIAL FEES

You must pay an Initial Fee of $30,000 to Broadway for a franchise.

Broadway may terminate your Franchise Agreement within 180 days after you sign it if: (1) any financial, personal or other information provided by you is materially inaccurate; (2) your Operating Owner, your Store Manager or your Associate Manager fail to successfully complete Broadway's training program or one of them is determined to be incapable of successfully completing Broadway's training program; (3) you fail to purchase or lease a suitable site for your Franchised Location within 45 days after signing the Franchise Agreement; (4) you fail to begin construction on your Franchised Location within 120 days after signing the Franchise Agreement; (5) you fail to open your *Broadway Pizza*® Restaurant by the earlier of (i) 170 days after signing the Franchise Agreement or (ii) when the Franchised Location is ready for occupancy; or (6) you fail to apply for and obtain a valid liquor license (if applicable) as well as a valid license to serve food or drink at your *Broadway Pizza*® Restaurant.

If your Franchise Agreement is terminated before you open your *Broadway Pizza*® Restaurant, Broadway will refund your Initial Fee after deducting the greater of $5,000 or its reasonable administrative and out-of-pocket expenses incurred in its business dealings with you. These expenses will include Broadway's employee salaries, training costs, salespersons' commissions, attorneys' fees, accountants' fees, travel expenses and long-distance telephone call costs. However, if your Franchise Agreement is terminated because you have been denied the necessary liquor license due to your criminal history or bankruptcy status, then Broadway will refund your Initial Fee after deducting $15,000. Otherwise, the Initial Fee is non-refundable.

[This space was intentionally left blank.]

## 6. OTHER FEES

| Name of Fee(1) | Amount | Date Due | Remarks |
|---|---|---|---|
| Continuing Fees(2) | 4.5% of Gross Revenues | By the 10th of each month, or weekly if in arrears. Continuing fees paid weekly shall be paid on the Wednesday of each week for the preceding week | Gross Revenues include the total dollar income from your *Broadway Pizza*® Restaurant but not sales, gross receipts or use taxes. |
| Marketing and Promotion (2)(3) | 1% of Gross Revenues | Same as above | Deposited in Marketing and Promotion Fund administered and controlled by Broadway. |
| Local Advertising Expenses(4) | 1.5% of Gross Revenues and 0.5% of Gross Revenues to the DMA Fund(5) | Same as above | Paid to local advertising suppliers; you must provide Broadway with quarterly reports of your local advertising expenditures within 10 days after the end of each quarter. |
| Audit Fees (2)(5) | Amount incurred by Broadway to audit your *Broadway Pizza*® Restaurant | Within 10 days of receipt of an invoice | Payable only if Broadway's audit reveals that you understated your Gross Revenues by more than 1/2% or $1,000 in any 12-month period |
| Relocation Fees (2) | $10,000 | Before Broadway approves relocation of your Franchised Location | This amount will cover Broadway's administrative costs in connection with relocation of your Franchised Location. |
| Transfer Fee (2) | $15,000 | Before you transfer your Franchise Agreement or the transfer of controlling interest in a corporation or partnership which owns the franchised business | Broadway must approve the transfer; includes training of transferee franchisee and the Non-Operating Owners, Operating Owner, Store Manager and Associate Manager. |
| Collection Costs (2) | Amount incurred by Broadway to collect unpaid Continuing Fees and Marketing and Promotion Fees | On demand | Includes the amount of actual attorneys' fees, deposition costs, expert witness fees, investigation costs, accounting fees, filing fees and travel expenses. |
| Interest Charges for Unpaid | The lesser of 18% per | On demand | Applies to past due payments of |

| | | | |
|---|---|---|---|
| Fees (2) | annum or the maximum legal rate allowable in the state in which your *Broadway Pizza*® Restaurant is located | | Continuing Fees and Marketing and Promotion Fees due to Broadway. |
| Service Charge (2) | $100 | Within 10 days after you fail to pay a Continuing Fee or Marketing and Promotion Fee | Applies to past due payments of Continuing Fees and Marketing and Promotion Fees. |
| Consulting Services provided by Broadway (2) | Then-current Consulting Services Fee; currently $500 per day | After services have been rendered | You must also pay the Broadway representative's travel expenses. |
| Training for Your New Employees (2) | Then-current training fee; currently $150 per day plus expenses if your employees attend training at a location designated by Broadway | Before your employee attends Broadway's training | All Operating Owners, Store Managers and Associate Managers must attend training within 60 days after being hired and before participating in your *Broadway Pizza*® Restaurant |
| Ongoing Training for Your Existing Employees (2) | Then-current training fee; currently $150 per day plus expenses if your employees attend training at a location designated by Broadway | Before your employee attends Broadway's training | Your Operating Owner, Store Manager and Associate Manager must attend training if Broadway determines that additional training is necessary. |

Notes:

(1) You must pay each fee to Broadway. All fees are nonrefundable.

(2) You must authorize your bank to directly deposit this amount into Broadway's bank account from your bank account on a weekly basis. You must provide Broadway with all documents necessary to direct your bank to honor these pre-authorized bank debits.

(3) If the Marketing and Promotion Fund does not contain an amount sufficient to pay for necessary marketing and promotional expenditures as determined by Broadway, Broadway may loan an amount to the Marketing and Promotion Fund to cover these expenditures. The unpaid balance of any loan will accrue interest at a predetermined interest rate.

(4) If there are two or more *Broadway Pizza*® Restaurants in your Designated Market Area ("DMA"), then you must become a member and participate in a Local DMA Marketing and Promotion Group ("DMA Group"). DMA means each television market exclusive of another based upon a preponderance of television viewing hours as defined by the A.C. Nielsen ratings service or other ratings service designated by Broadway (see Item 11). The amount that you must contribute for local advertising programs will be determined by a majority of the *Broadway Pizza*® Restaurants in your DMA. Your contributions to your DMA Group's local advertising programs will apply to your local advertising requirement. *Broadway Pizza*® Restaurants reserves the right to vary the terms or provisions within a contract or agreement designed to recognize individual differences in time, geography, market, volume, size or costs for goods, materials, and supplies incurred by *Broadway Pizza*® Restaurants. Any such variation to the terms or provisions within the contract or agreement shall not be considered as substantially varying so as to constitute a new franchise offering.

(5) If after Broadway's audit, Broadway determines that you understated your Gross Revenues by more than 1/2% or $1,000 in any 12-month period, then you will be required to provide Broadway with annual audited financial statements prepared by a certified public accountant for the next three consecutive years. Your annual audited financial statements will be due within three months after the end of each fiscal year.

## 7. ESTIMATED INITIAL INVESTMENT
*BROADWAY PIZZA*® FRANCHISE

| DESCRIPTION OF EXPENSE | ESTIMATED RANGE OF COST (LOW-HIGH)(1) | METHOD OF PAYMENT (2) | WHEN DUE | TO WHOM OWED |
|---|---|---|---|---|
| Initial Fee | $30,000 | Lump Sum | See Item 5 of this Disclosure Document | Broadway |
| Leasehold Improvements (3) | $400,000 - $600,000 | As Incurred | As Incurred | Suppliers |
| Wages, Travel and Living Expenses for Your Operating Owner, Your Store Manager and Your Associate Manager During Training | $7,500 - $15,000 | As Incurred | During Training | Operating Owner, Store Manager, Associate Managers, Airlines, Hotels and Restaurants |
| Restaurant Lease Payments - 3 Months (4) | $30,000 - $75,000 | As Incurred | As Incurred | Landlord |
| Furniture, Fixtures and Equipment (5) | $450,000 - $600,000 | As Incurred | As Incurred | Supplier or Leasing Company |
| Architectural and Engineering Fees | $15,000 - $50,000 | Lump Sum | Before Opening | Suppliers |
| Sign | $20,000 - $45,000 | Lump Sum | Before Opening | Suppliers |
| Employee Salaries - 3 months | $50,000 - $120,000 | As Incurred | As Incurred | Employees |
| Initial Food and Beverage Inventories | $20,000 - $30,000 | As Incurred | Before Opening | Broadway and Suppliers |
| Liquor License Costs | $500 - $12,500 | As Incurred | Before Opening | Governmental Agency and Professional Services |
| Insurance - 3 Months (6) | $2,500 - $6,000 | As Incurred | As Arranged | Insurance Companies |
| Additional Funds - 3 Months (7) | $7,500 - $25,000 | As Incurred | As Incurred | Employees, Suppliers and Utilities |
| TOTAL | $860,000 - $1,354,500 | | | |

Notes:

(1) For the estimated range of costs, Broadway relied on its management's combined 60 years of experience in the restaurant business. You should carefully review these figures with your business advisor before making any decision to purchase a franchise.

(2) Payments are nonrefundable unless otherwise noted. See Item 5 for information on the whether the Initial Fee is refundable. Broadway does not offer any direct or indirect financing.

(3) The cost of your leasehold improvements will depend upon the size of the premises, location, material costs, labor costs, amount the landlord is willing to assume and other economic factors. If financed at a 5% annual interest rate over a five-year period, your monthly payments will be between $4,250 and $6,375, assuming a 50% down payment of between $200,000 and $300,000.

(4) *Broadway Pizza*® Restaurants can be located in shopping centers or shopping malls, and range in size from 4,500 to 7,000 square feet. The monthly rental for your Franchised Location will include common area maintenance fees and real estate taxes. If you purchase or construct a free-standing building for your *Broadway Pizza*® Restaurant, the building and land will cost between $2,000,000 and $4,000,000.

(5) The cost of your furniture, fixtures and equipment will depend upon the size of the premises, location, transportation costs, labor costs and other economic factors. If financed at a 5% annual interest rate over a five-year period, your monthly payments will be between $7,170 and $9,560, assuming a 25% down payment of between $112,500 and $150,000.

(6) You must obtain liquor liability insurance (if applicable), workers' compensation insurance, general liability insurance, business interruption insurance, property insurance, automobile liability insurance, theft insurance, crime insurance, fidelity bonds, building insurance (if applicable), umbrella liability insurance and other required insurance.

(7) You will use this amount during your first three months of operation for salaries, fringe benefits, supplies and inventory, grand opening advertising, professional services, security deposits, utility deposits, business and food service license deposits and other miscellaneous operating costs. Your working capital requirements may increase or decrease depending upon your geographic area, number of employees, labor rates, minimum wage laws and other economic factors.

## 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Obligation to Purchase Products or Services from Broadway

You must purchase all flour blends, certain proprietary seasoning blends, certain meat products, certain cheeses and certain other seasoning blends and sauces which Broadway has developed or may develop in the future Products from Broadway or a supplier designated by Broadway. The Products are not available from any other source. Broadway will give you a written list of these Products and will occasionally update this list. The requirement that you purchase these Products only from Broadway or from designated sources is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all *Broadway Pizza*® Restaurants. All Products purchased from Broadway are resalable items. However, if your Franchise Agreement is terminated, Broadway has the contractual right to purchase all of your *Broadway Pizza*® Restaurant assets, including your Product inventory (see Item 5).

Obligation to Purchase or Lease Products or Services from Designated or Approved Suppliers

You must license a FoodTec POS System from FoodTec Solutions, Inc. FoodTec POS System is a Point-of-Sale system which enables you to easily monitor the financial performance of your *Broadway Pizza*® Restaurant. You must pay Initial Hardware and Software License Fees to FoodTec Solutions, Inc. of $15,000 - $45,000 for your four (or more) Touch Screen POS Stations, four (or more) Handheld POS Tablets, Kitchen Display System, Wireless Firewall and Wireless Access Point. Also, you must enroll in the FoodTec components, which not only allow Broadway access to your POS reports, database, and system set up, but also enable target-market email marketing, online ordering and loyalty capabilities for your customers. The cost for all components will range from $500-$1,000/month.

In addition, you must purchase certain products or services required for your *Broadway Pizza*® Restaurant from suppliers approved by Broadway, including food, beverages, liquor (if applicable), recipe ingredients, products, goods, premiums, novelty items, clothing, souvenirs, merchandise, supplies, sundries, uniforms, machinery, signs, computers, software, point-of-purchase register systems, personal property, furniture, fixtures, equipment, credit cards, gift certificates and coupons, music and various services. Broadway will give you a list of these approved suppliers and will occasionally update this list. The requirement that you purchase or lease from approved suppliers is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all *Broadway Pizza*® Restaurants. Broadway does not offer any purchasing or distribution cooperatives.

If you want to purchase products or services from suppliers who have not been previously approved by Broadway, then you must send representative samples or specifications of that supplier's goods or services to Broadway. Within 30 days after receiving the necessary samples and information, Broadway will advise you in writing as to its determination.

Obligation to Purchase or Lease Products or Services under Broadway's Standards and Specifications

You must purchase or lease certain products and services which satisfy Broadway's written standards and specifications. This requirement is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all *Broadway Pizza*® Restaurants. Broadway will provide you with written standards and specifications for your business premises, furniture, fixtures, equipment, signs, computer services and equipment, computer software, telecommunication services and equipment, security system, insurance, attire or uniforms and computerized point-of-sale systems. Broadway formulates its standards and specifications at its sole discretion. Broadway will periodically modify its written standards and specifications and you must comply with any modifications.

You must also obtain Broadway's prior written approval of marketing and promotion materials, previously unapproved signs, remodeling and redecoration of the Franchised Location, vending and gaming machines or tickets, coupons and credit cards. The manner in which prior written approval is given for the purchase or lease of certain products and services for your *Broadway Pizza*® Restaurant is formulated by Broadway at its sole discretion. Broadway will periodically modify its manner of providing written approval and you must comply with any modifications. You will be responsible for ensuring that all goods and services selected by you will continue to conform to Broadway's standards and specifications. Broadway reserves the right to reject any goods or services supplied to you by a supplier if they fail to meet Broadway's written standards and specifications by providing you written notice.

You may purchase goods or services from suppliers other than Broadway's designated or approved suppliers, but only if those goods or services are the identical products, and from the same brands, as those goods or services provided by Broadway's designated or approved suppliers.

## 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 | Article in Franchise Agreement | Item in Disclosure Document |
|---|---|---|
| a) Site selection and acquisition/lease | Articles 8.9, 10 and 19 of Franchise Agreement | Item 11 |
| b) Pre-opening purchases/leases | Articles 8, 15.2 and 19 of Franchise Agreement | Item 8 |
| c) Site development and other pre-opening requirements | Articles 8.9 and 10 of Franchise Agreement | Items 7 and 11 |
| d) Initial and ongoing training | Article 14 of Franchise Agreement | Item 11 |
| e) Opening | Article 15 of Franchise Agreement | Item 11 |
| f) Fees | Articles 4, 5 and 6 of Franchise Agreement | Items 5 and 6 |

| | | |
|---|---|---|
| g) Compliance with standards and policies/Operating Manual | Articles 8 and 9 of Franchise Agreement | Item 11 |
| h) Trademarks and proprietary information | Articles 9 and 13 of Franchise Agreement | Items 13 and 14 |
| i) Restrictions on products/services offered | Article 8.13 of Franchise Agreement | Item 16 |
| j) Warranty and customer service requirements | Article 8.13 of Franchise Agreement | Item 16 |
| k) Territorial development and sales quotas | None | |
| l) Ongoing product/service purchases | Articles 8.15 and 8.16 of Franchise Agreement | Item 8 |
| m)Maintenance, appearance and remodeling requirements | Article 8 of Franchise Agreement | Item 8 |
| n) Insurance | Article 12 of Franchise Agreement | Items 7 and 8 |
| o) Advertising | Articles 6 and 8.5 of Franchise Agreement | Items 6 and 11 |
| p) Indemnification | Article 25 of Franchise Agreement | |
| q) Owner's participation/management/staffing | Article 8.34 of Franchise Agreement | Items 11 and 15 |
| r) Records and reports | Article 7 of Franchise Agreement | Item 6 |
| s) Inspections and audits | Articles 7, 8.25 and 10.5 of Franchise Agreement | Items 6 and 11 |
| t) Transfer | Article 18 of Franchise Agreement | Item 17 |
| u) Renewal | Article 3 of Franchise Agreement | Item 17 |
| v) Post-termination obligations | Article 22 of Franchise Agreement | Item 17 |
| w)Non-competition covenants | Article 23 of Franchise Agreement | Item 17 |
| x) Dispute resolution | Articles 26 and 27 of Franchise Agreement | Item 17 |

## 10. FINANCING

Broadway does not offer any direct or indirect financing. Broadway does not guarantee your notes, leases or other obligations.

## 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Assistance Before Opening Your *Broadway Pizza*® Restaurant

1. Broadway will review the proposed site for your Franchised Location (see Article 8.9 of the Franchise Agreement). Broadway does not select or approve the specific location of your Franchised Location. The factors considered by Broadway in reviewing a site include competition, location, surrounding area and traffic patterns. There is no time limit for determining your Franchised Location, but you must open your *Broadway Pizza*® Restaurant within 170 days after you sign your Franchise Agreement or Broadway can terminate your Franchise Agreement.

2. Broadway will review the lease for your Franchised Location (see Article 19.1 of the Franchise Agreement).

3. Within 90 to 120 days after you sign the Franchise Agreement, Broadway will train your Non-operating Owners, Operating Owner, Store Manager and Associate Manager (see Article 14.1 of the Franchise Agreement). The training period will be at least three days for your Non-operating Owners; at least 30 days for your Operating Owner and Store Manager; and at least 20 days for your Associate Manager. All courses will be taught as often as is necessary with the classroom training taught at Broadway's offices in Woodbury, Minnesota and the on-the-job training taught at an operational *Broadway Pizza*® Restaurant designated by Broadway and at the Franchised Location. The training program will include classroom and on-the-job training on basic business procedures, equipment operation and maintenance, hiring and training of employees, reporting and accounting procedures, advertising and promotion, the point of purchase registers, purchasing procedures, food preparation and presentation, food quality, kitchen and restaurant sanitation, serving and hosting techniques, food portions, food and beverage cost control, service quality, customer relations, housekeeping, security and other business and marketing topics selected by Broadway. Broadway will instruct you using the lecture method, videotape, interactive videos and hands-on practice. The Courses for your Operating Owner, Store Manager and Assistant Manager are as follows:

## FRANCHISE INITIAL TRAINING

| SUBJECT (1) | INSTRUCTIONAL MATERIAL | HOURS OF CLASSROOM TRAINING | HOURS OF ON-THE-JOB TRAINING |
|---|---|---|---|
| Orientation | Manuals | | 5 |
| Dishwashing | Manuals | | 5 |
| Kitchen Prep | Manuals | | 10 |
| Review | Manuals | 5 | |
| Line & Pizza Cook | Manuals | | 30 |
| Delivery | Manuals | | 20 |
| Kitchen Supervision | Manuals | | 15 |
| Bussing | Manuals | | 5 |
| Hostess | Manuals | | 10 |
| Review (2) | Manuals | 15 | |
| Server | Manuals | | 10 |
| POS Training and Financial Management (2) | Manuals | | 40 |
| Opening and Closing Manager Duties (2) | Manuals | | 40 |
| Training (2) | Manuals | | 40 |
| Final Test and Evaluation (2) | Manuals | 10 | |
| Total | | 30 | 230 |

Notes:

(1) All courses will be taught by a *Broadway Pizza*® National Trainer. A *Broadway Pizza*® National Trainer has a minimum of two years' experience in retail operations for the restaurant industry.

(2) These courses will be taught to your Assistant Manager and your Store Manager at an existing *Broadway Pizza*® business.

4. Broadway will loan you its Operating Manual, Kitchen and Recipe Manual and provide a sample of the Menu (see Article 8.14 of the Franchise Agreement). The Tables of Contents for Broadway's Operating Manual and Kitchen and Recipe Manual are attached as exhibits to this Disclosure Document. Broadway's Operation Manual dedicates to general employee guidelines, to manager training, seven pages to hostess training, to server training, nine pages to kitchen personnel training, five pages to driver training, seven pages to telephone training and to sanitation. Broadway's Kitchen and Recipe Manual dedicates two pages to vendors, to order guides, seven pages to prep lists and set-up guidelines, to duty lists and nine pages to recipes.

5. Broadway will provide the standard sign plans and specifications for your *Broadway Pizza*® Restaurant (see Article 11.1 of the Franchise Agreement).

6. Broadway will provide standard business premises specifications and design and decor specifications for your Franchised Location (see Article 16.1 (B) of the Franchise Agreement).

7. Broadway will provide a grand opening marketing and promotion package (see Article 15.2 of the Franchise Agreement).

8. Broadway will evaluate your advertising, promotion, marketing, public relations or telemarketing programs or campaigns for your *Broadway Pizza*® Restaurant (see Article 8.5 of the Franchise Agreement).

9. Broadway will provide the standards and specifications for the floor plans, layout, personal property, furniture, fixtures, equipment, accessories, exterior and interior decor, designs, decorations, music, landscaping, color schemes, uniforms and security system for your *Broadway Pizza*® Restaurant (see Articles 8.10, 8.22 and 8.35 of the Franchise Agreement).

10. Broadway will provide a written schedule of all food items, beverages, premiums, novelty items, clothing, souvenirs, furniture, fixtures, supplies and equipment required for your *Broadway Pizza*® Restaurant (see Article 16.1(A) of the Franchise Agreement).

11. Broadway will provide or designate the source for the flour blends, certain proprietary seasoning blends and certain other seasoning blends and sauces which you must purchase for your *Broadway Pizza*® Restaurant (see Articles 8.15 and 16.1(I) of the Franchise Agreement).

12. Broadway will provide a list of the approved suppliers and distributors for the goods and services required by Broadway for your *Broadway Pizza*® Restaurant, and review and test samples of suppliers submitted by you for approval (see Articles 8.16 and 16.18 of the Franchise Agreement).

13. Broadway will designate the social media listings you must place for your *Broadway Pizza*® Restaurant (see Article 6.7 of the Franchise Agreement).

14. Broadway will make available to you basic accounting and business procedures for your *Broadway Pizza*® Restaurant (see Article 16.1(D) of the Franchise Agreement).

15. Broadway will provide you standards and specifications for the computerized point-of-sale systems, computer hardware and software required for your *Broadway Pizza*® Restaurant, as well as all modifications and updates to these standards and specifications (See Articles 8.31 and 8.32 of the Franchise Agreement). Currently, you must purchase the following computer hardware:

A. Touch Screen & Handheld POS Stations: a combination of four to eight FoodTec POS Touch Screen terminals and Handheld POS tablets; Thermal and Impact Printers; one Windows® 10 Office Server; miscellaneous computer add-ons (model numbers subject to change);

B. One office computer with the same technical requirements as set forth above in Paragraph 16.A in this Section; and

C. Printing Station: four standard receipt and kitchen printers by Epson connected to each work station.

You must maintain a high-speed internet connection. You must license a FoodTec POS System from FoodTec Solutions, Inc at 175 Highland Avenue, Needham, Massachusetts 02494, Telephone number (800) 350-3339. You must pay Initial Hardware and Software License Fees to FoodTec Solution, Inc. of $15,000 - $45,000 for your four (or more) Touch Screen POS Stations, four (or more) Handheld POS Tablets, Kitchen Display System, Wireless Firewall and Wireless Access Point. Also, you must enroll in the FoodTec components, which not only allow Broadway access to your POS reports, database, and system set up, but also enable target-market email marketing, online ordering and loyalty capabilities for your customers. The cost for all components will range from $500-$1,000/month.

You must license Microsoft Windows® and Microsoft Windows® 10 (or newer) computer software. Microsoft Windows® and Microsoft Windows® 10 software programs are available from Microsoft Corp., One Microsoft Way, Redmond, WA 98052-6393, telephone 206-882-8080. You will not be contractually obligated to Microsoft for the update or maintenance of your Microsoft Windows® or Microsoft Windows® 10 computer software.

The computer hardware and software will help you manage your *Broadway Pizza*® Restaurant. Specifically, the required computer hardware and software will record all sales at the customer's point of purchase, simultaneously print customer and file receipts and record vital information regarding accounting, inventory control and financial management for your *Broadway Pizza*® Restaurant. This information may be used to prepare your financial statements and analyze your *Broadway Pizza*® Restaurant's performance. Broadway will have independent access to your computer information via your modem and will have the right to audit all of your records if you fail to provide this access (see Article 7.9 of the Franchise Agreement).

Broadway will occasionally review the computer hardware and software in order to assess its functionality and operating efficiency. You must update your computer hardware and software as requested by Broadway, such as purchasing more memory or disk space, new network operating systems, and/or new computer hardware.

Generally, you will open your *Broadway Pizza*® Restaurant within three to six months after you sign the Franchise Agreement. Factors which will affect your opening date include selecting your Franchised Location, the construction or renovation of your Franchised Location, complying with licensing requirements, the delivery of furniture, fixtures and equipment, acquiring supplies, obtaining financing (if applicable), hiring and training employees, and completing Broadway's training program. You must obtain approval from Broadway in order to open your *Broadway Pizza*® Restaurant.

Assistance during the Operation of Your *Broadway Pizza*® Restaurant

1. Broadway will provide additional training if, during the term of the Franchise Agreement, you appoint a new Operating Owner or hire a new Store Manager or Associate Manager who has not completed Broadway's training program. Your new Operating Owner, Store Manager or Associate Manager must complete Broadway's training program before managing your *Broadway Pizza*® Restaurant. You must pay the salaries, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, travel expenses, lodging, food, automobile rental costs and all other expenses for each such person (see Article 14.3 of the Franchise Agreement).

2. Broadway will provide ongoing training to you and your employees on business, administrative, operating, marketing and promotional topics at a place designated by Broadway. Broadway will provide ongoing training upon your request or when it determines that it is necessary for your *Broadway Pizza*® Restaurant (see Article 14.4 of the Franchise Agreement). You must pay the then-current training fee, currently $150 per day, for each of your employees who attends this training as well as pay for their salary, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, travel expenses, lodging, food, automobile rental costs and all other expenses.

3. Broadway will provide new food, product and service training to you and your employees if Broadway determines that it is necessary (see Article 14.4 of the Franchise Agreement). You must pay the then-current training fee, currently $150 per day, for each of your employees who attends this training as well as pay for their salary, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, travel expenses, lodging, food, automobile rental costs and all other expenses.

4. Broadway will administer the Marketing and Promotion Fund (see Article 6.1 of the Franchise Agreement). As disclosed in Item 6, all *Broadway Pizza*® franchisees pay Marketing and Promotion Fees of 1% of their weekly Gross Revenues to the Marketing and Promotion Fund. The Marketing and Promotion Fund is used for product research, creative costs, advertising agencies, public relations firms, production costs, ad slicks, brochures, radio and television commercials, market research, media time and space advertising (including radio, television, newspaper, magazine and other print advertising), promotions, marketing, public relations, menu development, research and design, telemarketing and national, regional and local advertising. The *Broadway Pizza*® Restaurants operated by Broadway contribute to the Marketing and Promotion Fund at the same rate as other franchisees. Broadway does not currently own any *Broadway Pizza*® Restaurants. Vendors and suppliers may contribute to the Marketing and Promotion Fund. Broadway administers the Marketing and Promotion Fund and no formal franchisee advertising council currently exists to advise Broadway on advertising policies. Franchisees do not receive a periodic accounting of how the Marketing and Promotion Fees in the Marketing and Promotion Fund are spent. However, the Marketing and Promotion Fund is audited yearly as part of Broadway's audited financial statements.

   The following is a summary of the use of the Marketing and Promotion Fees in the Marketing and Promotion Fund during Broadway's most recent fiscal year:

| Expenses | Percentage of Total Expense |
|---|---|
| Media Placement | 19% |
| Administrative Costs(1) | 75% |
| Balance of Marketing and Promotion Fund(2) | 6% |
| Total | 100% |

Notes:

(1) Broadway charged to the Marketing and Promotion Fund the creation of advertising materials and the costs associated with its employees' administration of the Marketing and Promotion Fund, including long-distance telephone charges, fax costs, office rental, furniture, fixtures and equipment, leasehold improvements, employee salaries, travel costs, office supplies, collection costs, legal and accounting fees, consulting fees and other administrative costs.

(2) Broadway is not required to spend any particular amount on advertising in the area where your *Broadway Pizza*® Restaurant is located. The balance in the Marketing and Promotion Fund at the end of any fiscal year will remain in the Marketing and Promotion Fund for use in subsequent fiscal years. None of the advertising activity of the Marketing and Promotion Fund has been or will be for the solicitation of franchise sales.

5. Broadway will review the advertising, promotion, marketing, public relations or telemarketing programs or campaigns for your *Broadway Pizza*® Restaurant (see Article *8.5* of the Franchise Agreement). As disclosed in Item 6, you must spend at least 1.5% of your monthly Gross Revenues on advertising, marketing or public relations programs (see Article 6.5 of the Franchise Agreement). You may create your own advertising, marketing or public relations materials and disseminate these materials via print, radio, television, or other electronic media, provided that the materials have been approved by Broadway. You must provide Broadway with quarterly reports of your local advertising expenditures within 10 days after the end of each quarter.

   If there are two or more *Broadway Pizza*® Restaurants in your Designated Market Area ("DMA"), then you must become a member and participate in a Local DMA Marketing and Promotion Group ("DMA Group") (see Item 6). DMA means each television market exclusive of another based upon a preponderance of television viewing hours as defined by the A.C. Nielsen ratings service or other ratings service designated by Broadway. The administration of your DMA Group will be governed by the terms of your Franchise Agreement (see Article 6.6 of the Franchise Agreement). Your DMA Group will conduct and administer media advertising, marketing and public relations on behalf of all of its members. Each *Broadway Pizza*® Restaurant in the DMA will be given one vote, including the *Broadway Pizza*® Restaurants owned or operated by Broadway. The DMA Group's expenditures will depend upon the DMA Group's majority vote and Broadway's approval (see Article 6.6 of the Franchise Agreement). Each member must contribute 0.5% of your monthly Gross Revenue to your DMA Group (see Article 6.6 of the Franchise Agreement). Although your DMA Group need not prepare periodic financial statements, you must provide Broadway with quarterly reports of your local advertising expenditures within 10 days after the end of each quarter. Broadway does not currently have voting control over any local advertising group. *Broadway Pizza*® Restaurants reserves the right to vary the terms or provisions within a contract or agreement designed to recognize individual differences in time, geography, market, volume, size or costs for goods, materials, and supplies incurred by *Broadway Pizza*® Restaurants. Any such variation to the terms or provisions within the contract or agreement shall not be considered as substantially varying so as to constitute a new franchise offering.

6. Broadway will protect your *Broadway Pizza*® Restaurant's use of the Marks and the Business System (see Articles 13.5 and 16.1(H) of the Franchise Agreement).

7. Broadway will provide all supplements and modifications to Broadway's Operating Manual, Kitchen and Recipe Manual and the Menu (see Articles 8.14 and 16.1(F) of the Franchise Agreement).

8. Broadway will provide a list of the names and addresses of newly approved vendors and suppliers for the products and services required by Broadway to be used in your *Broadway Pizza*® Restaurant and review and test samples of suppliers submitted by you for approval (see Article 8.16 of the Franchise Agreement).

9. Broadway will review your *Broadway Pizza*® Restaurant as often as Broadway deems necessary and render written reports if deemed appropriate by Broadway (see Article 16.1(E) of the Franchise Agreement).

10. Upon your written request, Broadway will provide advisory services by telephone or in writing about the Business System and the operation of your *Broadway Pizza*® Restaurant (see Article 16.1(G) of the Franchise Agreement).

11. Upon your written request, Broadway will provide consulting services at your Franchised Location (see Article 16.2 of the Franchise Agreement). You must pay Broadway the then-current charge, currently $500 per day, if the consulting services exceed three days each year. You must also pay the travel expenses, lodging, food, automobile rental costs and all other expenses incurred by Broadway's representative in providing the consulting services.

## 12. TERRITORY

You will receive an Exclusive Territory equal to a one (1) mile radius from your Franchised Location. You may sell your *Broadway Pizza*® products to anyone from your Franchised Location or within the Delivery Area approved by Broadway. The continuation of your Franchise Agreement is not dependent upon the achievement of a certain sales volume, market penetration or any other contingency. You will not receive the right to acquire additional franchises. Broadway may establish other franchised or company-owned restaurants outside of your Exclusive Area that may compete with your *Broadway Pizza*® Restaurant and can sell its proprietary products anywhere.

You will operate your *Broadway Pizza*® Business from your Franchised Location and cannot relocate your Franchised Location without Broadway's permission. You may relocate your Franchised Location if: (1) your new Franchised Location is within one-half mile of your current Franchised Location; (2) your new Franchised Location will not compete with any other *Broadway Pizza*® Restaurant; (3) your new Franchised Location is not within any territory licensed to another *Broadway Pizza*® Restaurant franchisee; and (4) your new Franchised Location does not compete with any location previously proposed by Broadway or another *Broadway Pizza*® Restaurant franchisee. If you relocate your Franchised Location, you must pay Broadway a Relocation Fee of $10,000.

## 13. TRADEMARKS

You are licensed to operate your restaurant under the name *"Broadway Pizza®*. You may only use those logos provided and authorized in writing by Broadway. You may only use Broadway's Marks in the manner authorized in writing by Broadway. The following is a list of the trademark and service mark registrations of Broadway's primary Marks on the principal register of the United States Patent and Trademark Office:

| Mark | Registration No. | Registration Date |
|---|---|---|
| BROADWAY BAR & PIZZA® | 1,247,364 | December 12, 1981 |
| BROADWAY PIZZA® | 1,247,363 | August 2, 1983 |
| BROADWAY FAST & FRESH® | 5,349,890 | December 5, 2017 |

All required affidavits have been filed. There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement, opposition or cancellation proceeding, and no pending material litigation involving the Marks which have limited or restricted the use of Broadway's Marks in any state.

There are no agreements currently in effect which significantly limit the rights of Broadway to use or license the use of the Marks in any manner material to you.

To the knowledge of Broadway, there are no infringing uses which could materially affect your use of the licensed Marks or other related rights in any state. You are required to provide Broadway with written notice of any claims made against or associated with Broadway's Marks. Broadway will protect your right to use the Marks and other related rights and protect you against claims of infringement and unfair competition with respect to the Marks. However, if anyone establishes to Broadway's satisfaction that its rights are, for any legal reason, superior to any of Broadway's Marks, then you must use such variances or other service marks, trademarks or trade names as Broadway requires to avoid conflict with any superior rights.

## 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Broadway has copyrighted advertising copy and designs, training films, workbooks, Broadway's Operating Manual, Kitchen and Recipe Manual, the Menu, and items relating to the operation of *Broadway Pizza®* Restaurants. Broadway has not applied to the United States Copyright Office to register the copyrights.

You must keep confidential Broadway's Operating Manual, Kitchen and Recipe Manual, any supplements to the Manuals and any other manuals or written materials for your *Broadway Pizza®* Restaurant. The Operating Manual contains information for Broadway's Business System. The Kitchen and Recipe Manual contains Broadway's secret recipes. Broadway considers this information and its proprietary seasoning blends a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and prevent any unauthorized copy, duplication, record or reproduction of this information. Your employees must sign confidentiality agreements which will require them to keep confidential, both during and after employment, all information that Broadway designates as confidential and proprietary.

Broadway does not own any patents.

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

You are not required to participate in the operation of your *Broadway Pizza*® Restaurant. However, your *Broadway Pizza*® Restaurant must be managed by a Store Manager and an Associate Manager who have successfully completed Broadway's training program. The Non-Operating Owners and the Operating Owner must also attend training.

Your Store Manager, Associate Manager and all other employees who will have access to the Operating Manual, Kitchen and Recipe Manual and Menu will each be required to sign a written agreement and keep confidential, both during and after employment, all information that Broadway designates as confidential and proprietary. If the Franchisee is not an individual, you must personally guarantee all of the Franchisee's obligations to Broadway pursuant to the Franchise Agreement. You must also promise in writing that during the term of the Franchise Agreement, you will not participate in any restaurant, fast food, pizza, pasta or on-sale liquor business or other restaurant business that competes with a *Broadway Pizza*® Restaurant. For nine months after the termination of your Franchise Agreement, you cannot participate in any restaurant, fast food, pizza, pasta or on-sale liquor business or other restaurant business that is located within five miles of the Franchised Location, any *Broadway Pizza*® Restaurant or any exclusive area granted by Broadway.

## 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the products and services specified or approved by Broadway in writing. Broadway has the right to set maximum prices for your *Broadway Pizza*® products, even though these prices may be lower than prevailing prices in the relevant restaurant market. You must sell all products and services authorized by Broadway. Broadway has the right, without any limitation, to change the authorized goods and services sold by your *Broadway Pizza*® Restaurants. You must not deliver food products to customers located outside of your Delivery Area without Broadway's written approval. These requirements are necessary to maintain Broadway's standards for quality, freshness and taste. Otherwise, you are not limited to whom you may sell *Broadway Pizza*® products and services.

## 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

## THE FRANCHISE RELATIONSHIP

| Provision (1) | Article in Franchise Agreement | Summary |
|---|---|---|
| a) Length of Franchise Term | Article 2.1 | 10 years |
| b) Renewal of extension of the term | Article 3.1 | Same as the term of Broadway's then-current standard Franchise Agreement for a franchise. **Please be aware that these terms and conditions of the then-current standard Franchise Agreement may be different from those in the Franchisee's original Franchise Agreement.** |
| c)Requirements for franchisee to renew or extend (2) | Article 3.1 | You must give Broadway 180 days' notice before your Franchise Agreement expires; you have complied with all material terms and conditions of your Franchise Agreement; you have paid all monetary obligations owed to Broadway; you agree in writing to remodel, modernize and redecorate your Franchised Location; you have the right to occupy the Franchised Location for the term of Broadway's then-current standard Franchise Agreement; your Operating Owner has been retrained; you sign Broadway's then-current standard Franchise Agreement; and pay Broadway a $2,500 Training and Assessment Fee. |
| d) Termination by franchisee | Article 21 | If Broadway violates any material provision of the Franchise Agreement or fails to timely pay any uncontested obligation due to you. |
| e) Termination by Broadway without cause | Not Applicable | |
| f) Termination by Broadway with cause | Article 20 | If you breach the Franchise Agreement. |
| g) "Cause" defined - defaults which can be cured (2) | Article 20.1 | You will have 30 days to cure: a failure to have your Franchised Location under construction within 120 days of signing the Franchise Agreement; a failure to open your *Broadway Pizza*® Restaurant within 170 days of signing the Franchise Agreement; a violation of any material provision of the Franchise Agreement; your conviction of any law relating to your *Broadway Pizza*® Restaurant or a felony; a failure to conform to the Business System; a failure to pay any uncontested fee to anyone; a determination that you are insolvent; an assignment made by you for the benefit of creditors; any check issued by you which is dishonored; a failure to pay for leasehold improvements, furniture, fixtures or equipment before commencing business; abandonment of your Franchised Location; an attempt by you to analyze Broadway's food recipes or proprietary seasoning blends or sauces; any conduct which materially impairs Broadway's Marks or Business System; loss of possession of the Franchise Location; a failure to file or pay required income or sales taxes; or termination of your food service license or liquor license. You have 15 days to cure a failure to pay any fees due to Broadway. |
| h) "Cause" defined - defaults which cannot be cured | Article 20.5 | You are convicted of any law relating to your *Broadway Pizza*® Restaurant or a felony; you are deemed insolvent; you make an assignment for the benefit of creditors; you abandon your *Broadway Pizza*® Restaurant; you attempt to |

| Provision (1) | Article in Franchise Agreement | Summary |
|---|---|---|
| | | analyze Broadway's food recipes or proprietary seasoning blends or sauces; or your conduct materially impairs Broadway's Marks or Business System and you fail to correct your conduct within 24 hours. |
| i) Franchisee's obligations on termination/non-renewal | Article 22 | You must cease using Broadway's Marks; pay what you owe Broadway pursuant to the Franchise Agreement within five days of termination; immediately return all printed materials Broadway provided to you; alter the appearance of your Franchised Location; and transfer your telephone directory listings to Broadway. |
| j) Assignment of the contract by Broadway | Article 18.1 | No restriction on Broadway's right to assign. |
| k) "Transfer" by franchisee – definition | Articles 18.2 and 18.3 | Assignment to owned or controlled corporation or assignment in the event of death or disability; assignment of the Franchise Agreement or ownership in the Franchisee. |
| l) Broadway's approval of transfer by franchisee (3) | Article 18.4 | Broadway has the right to approve any transfer made by you but will not unreasonably withhold its consent. |
| m) Conditions for Broadway's approval of transfer | Article 18.4 | You must provide Broadway 30 days written notice of the transfer; comply with Broadway's right of first refusal; pay all money owed to Broadway; execute a written agreement between you and Broadway including a joint and mutual release; transferee meets Broadway's standards; transferee signs Broadway's then-current Franchise Agreement; transferee does not own a business which competes with a *Broadway Pizza*® Restaurant; transferee's Operating Owner, Non-operating Owner, Store Manager and Associate Manager complete training program; transferee has acquired the right to occupy the Franchised Location; transferee has acquired a valid food service and liquor license (if applicable); and you pay the transfer fee. |
| n) Broadway's right of first refusal to acquire franchisee's business | Article 17.1 | You must first offer the sale of your *Broadway Pizza*® Restaurant or Business Assets to Broadway before selling to anyone else. After you present an offer to sell or a third party's offer to purchase your *Broadway Pizza*® Restaurant or Business Assets to Broadway, Broadway must respond within 15 days of receiving your offer. If Broadway begins negotiations to purchase your *Broadway Pizza*® Restaurant or Business Assets, you must continue negotiations until you and Broadway have agreed in writing that negotiations have terminated. |
| o) Broadway's option to purchase franchisee's business | Article 17.6 | If your Franchise Agreement terminates or expires, Broadway may purchase your *Broadway Pizza*® Restaurant or Business Assets. |
| p) Death or disability of Franchisee | Article 18.3 | If you are an individual, your Franchise Agreement may be transferred to anyone without paying a transfer fee to Broadway. |
| q) Non-competition covenants during the term of the franchise | Article 23.2 | You may not participate in any restaurant, fast food, pizza, pasta or on-sale liquor business or other restaurant business that competes with a *Broadway Pizza*® |

| Provision (1) | Article in Franchise Agreement | Summary |
|---|---|---|
| | | Restaurant. |
| r) Non-competition covenants after the franchise is terminated or expires | Article 23.3 | You may not participate in any restaurant, fast food, pizza, pasta or on-sale liquor business or other restaurant business that is within five miles of the Franchised Location, any *Broadway Pizza*® Restaurant or any exclusive area granted by Broadway for nine months after the termination of your Franchise Agreement. |
| s) Modification of the agreement | Article 28.10 | Only by written agreement between you and Broadway. |
| t) Integration/merger clauses | Article 28.11 | The Franchise Agreement is the entire agreement between you and Broadway. |
| u) Dispute resolution by arbitration or mediation | Articles 26 and 27 | Except for certain claims, disputes must be submitted to non-binding mediation and arbitrated in Minneapolis, Minnesota. |
| v) Choice of forum (4) | Article 28.8 | Litigation must be in Hennepin County, Minnesota. |
| w) Choice of law | Article 32.1 | Governing law will be the laws of the state in which your *Broadway Pizza*® Restaurant is located |

Notes.

(1) The following states have statutes which may supersede the provisions of your Franchise Agreement, including the areas of termination and renewal of your *Broadway Pizza*® Restaurant franchise: ARKANSAS [Stat. Section 70-807], CONNECTICUT [Gen. Stat. Section 42-133e, et seq.], DELAWARE [Code Section 2552], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 8OC.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the provisions of the Franchise Agreement in your relationship with Broadway. Provisions in the Franchise Agreement which give Broadway the right to terminate in the event of your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. ' ' 101 - 1500 (1998).

(2) If your *Broadway Pizza*® Restaurant is located in Minnesota, Broadway will comply with Minn. Stat. Sec. 8OC. 14, subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewable of your franchise.

(3) If your *Broadway Pizza*® Restaurant is located in Minnesota, then the scope of the joint and mutual release executed by you as a condition to transfer of the franchised business will be limited by applicable law. See Article 32.2 of the Franchise Agreement.

(4) This Article may be superseded if your *Broadway Pizza*® Restaurant is located in Michigan (a provision of a franchise agreement which requires that arbitration or litigation be conducted outside of a Michigan franchisee's state will be unenforceable).

## 18. PUBLIC FIGURES

Broadway does not use any public figure to promote its franchise. No public figure is involved in the management of Broadway.

## 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Broadway does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. Broadway also does not authorize its 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 James A. Kruizenga, President, Broadway Stations Restaurants, Inc., 1818 Wooddale Drive, Suite 202, Woodbury, Minnesota 55125 and (651) 731-0800, the Federal Trade Commission, and the appropriate state regulatory agencies.

## 20. OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**
**SYSTEMWIDE OUTLET SUMMARY**
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2020, 2021**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2019 | 15 | 14 | -1 |
| | 2020 | 14 | 14 | -1 |
| | 2021 | 14 | 13 | -1 |
| Company-Owned | 2019 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| Total Outlets | 2019 | 14 | 14 | -1 |
| | 2020 | 14 | 14 | -1 |
| | 2021 | 14 | 13 | -1 |

**Table No. 2**
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**
**(OTHER THAN THE FRANCHISOR)**
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2020, 2021**

| State | Year | Number of Transfers |
|---|---|---|
| Minnesota | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 0 |
| Wisconsin | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Totals | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 0 |

**Table No. 3**
**STATUS OF FRANCHISE OUTLETS**
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2020, 2021**

| State | Year | Outlets at the Start of the Year | Outlets Opened | Terminations | Non-Renewals | Re-Acquired by Franchisor | Ceased Operations Other Reasons | Outlets at the End of the Year |
|---|---|---|---|---|---|---|---|---|
| Minnesota | 2019 | 15 | 0 | 0 | 0 | 0 | 1 | 14 |
| | 2020 | 14 | 1 | 1 | 0 | 0 | 0 | 14 |
| | 2021 | 14 | 1 | 1 | 0 | 0 | 1 | 13 |
| Wisconsin | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | 2019 | 15 | 0 | 0 | 0 | 0 | 1 | 14 |
| | 2020 | 14 | 1 | 1 | 0 | 0 | 0 | 14 |
| | 2021 | 14 | 1 | 1 | 0 | 0 | 1 | 13 |

**Table No. 4**
**STATUS OF COMPANY-OWNED OUTLETS**
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2020, 2021**

| State | Year | Outlets at the Start of the Year | Outlets Opened | Terminations | Non-Renewals | Re-Acquired by Franchisor | Ceased Operations Other Reasons | Outlets at the End of the Year |
|---|---|---|---|---|---|---|---|---|
| Minnesota | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wisconsin | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Table No. 5**
**PROJECTED OPENINGS BY DECEMBER 31, 2021**

| State | Franchise Agreements Signed but Outlet Not Opened | Projected New Franchised Outlet in the Next Fiscal Year | Projecting Company-Owned Outlet in Next Fiscal Year |
|---|---|---|---|
| Minnesota | 1 | 3 | 0 |
| Wisconsin | 0 | 0 | 0 |

Company Owned Restaurants. Broadway does not own a *Broadway Pizza*® Restaurant.

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

Current Franchisees. The following is a list of the names, addresses and telephone numbers of the 14 operational *Broadway Pizza*® Restaurant franchises:

| | |
|---|---|
| Flippin Dough, LLC<br>d/b/a Broadway Bar & Pizza® Blaine<br>11822 Aberdeen Street NE<br>Blaine, MN 55449<br>763-755-5080 | Flippin Dough, LLC<br>d/b/a Broadway Bar & Pizza® Plymouth<br>13705 - 27th Avenue North<br>Plymouth, MN 55441<br>763-551-0155 |
| 3Deep Restaurant Holdings, Inc.<br>d/b/a Broadway Bar & Pizza® Brooklyn Park<br>8525 Edinburgh Center Drive<br>Brooklyn Park, MN 55443<br>763-488-8484 | Buddy Buck, Inc.<br>d/b/a Broadway Pizza® Richfield<br>7514 Lyndale Avenue South<br>Richfield, MN 55423<br>612-861-3402 |
| Champlin Palace Inn, Inc.<br>d/b/a Broadway Bar & Pizza® Champlin<br>11186 Commerce Drive<br>Champlin, MN 55316<br>763-433-9228 | Flippin Dough, LLC<br>d/b/a Broadway Bar & Pizza® Rochester<br>4144 Highway 52 North<br>Rochester, MN 55901<br>507-208-4111 |
| MS Hospitality, Inc.<br>d/b/a Broadway Bar & Pizza® Coon Rapids<br>3420 – 129th Avenue NW<br>Coon Rapids, MN 55448<br>763-421-2503 | LOCO, LLC<br>d/b/a Broadway Bar & Pizza® Rogers<br>21431-141st Avenue North<br>Rogers, MN 55374<br>763-428-3013 |
| R.H.W. Kurth, Inc.<br>d/b/a Broadway Bar & Pizza® Elk River<br>P.O. Box 176<br>16754 Highway 10<br>Elk River, MN 55330<br>763-441-5180 | Getting Cheesy, LLC<br>d/b/a Broadway Pizza® St. Anthony<br>2702 Highway 88<br>St. Anthony, MN 55418<br>612-788-1718 |
| Pizza and Brew, LLC<br>d/b/a Broadway Bar & Pizza® Garrison<br>9347 US Highway 169<br>Garrison, MN 56450<br>320-692-2011 | Pizza the Pie, LLC<br>d/b/a Broadway Fast & Fresh® US Bank<br>200 South 6th Street, Suite 270<br>Minneapolis, MN 55402<br>612-332-9150 |
| GMME Dough, Inc.<br>d/b/a Broadway Bar & Pizza® Maple Grove<br>7951 Elm Creek Blvd N.<br>Maple Grove, MN 55369<br>763-416-4446 | St. Arnold, LLC<br>d/b/a Dan Kelly's Broadway Pizza®<br>212 South 7th Street<br>Minneapolis, MN 55402<br>612-445-8844 |

## 21. FINANCIAL STATEMENTS

Attached as Exhibit C are the audited Financial Statements of Broadway Station Restaurants, Inc. for the periods ended December 31, 2021, December 31, 2020, and December 31, 2019.

## 22. CONTRACTS

Attached as Exhibit D is the Franchise Agreement. Attached as Exhibit E is the Addendum to the Franchise Agreement for SBA Financing. Attached as Exhibit F is the Franchisee Questionnaire.

## 23. RECEIPT

The last page of this Disclosure Document is a detachable Acknowledgment of Receipt.

RECEIPT

BROADWAY STATION RESTAURANTS, INC.
Uniform Franchise Disclosure Document
Effective Date: May 1, 2022

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF BROADWAY STATION RESTAURANTS, INC. OFFERS YOU A FRANCHISE, BROADWAY STATION RESTAURANTS, INC. 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.

IF BROADWAY STATION RESTAURANTS, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE SECURITIES DIVISION, DEPARTMENT OF COMMERCE, 85 SEVENTH PLACE EAST, SUITE 280, ST. PAUL, MINNESOTA 55101.

Broadway Station Restaurants, Inc. authorizes any officer or director of Broadway Station Restaurants, Inc., 1818 Wooddale Drive, Suite 202, Woodbury, Minnesota 55125 to receive service of process for Broadway Station Restaurants, Inc.

I have received a Disclosure Document of Broadway Station Restaurants, Inc., effective as of the date indicated above. This Disclosure Document included the following documents: Exhibit A - Standard Operating Manual Table of Contents; Exhibit B - Standard Kitchen and Recipe Manual Table of Contents; Exhibit C - Audited Financial Statements; Exhibit D - Franchise Agreement; Attached as Exhibit E is the Addendum to the Franchise Agreement for SBA Financing. Exhibit F - Franchisee Questionnaire; and State Agency Exhibit.

I acknowledge that *Broadway Pizza*® Restaurants reserves the right to vary the terms or provisions within a contract or agreement designed to recognize individual differences in time, geography, market, volume, size or costs for goods, materials, and supplies incurred by *Broadway Pizza*® Restaurants. Any such variation to the terms or provisions within the contract or agreement shall not be considered as substantially varying so as to constitute a new franchise offering.

I acknowledge that the information contained in the Disclosure Document of Broadway Station Restaurants, Inc. is confidential and proprietary. I agree that this information will be used only for purposes of evaluating the possible purchase of a Broadway Station Restaurants, Inc. franchise, and will not be disclosed to any person other than my legal and financial advisors.

Signed: _____
Print Name: _____
Address: _____
_____
Telephone: (____) _____
Dated: _____

Signed: _____
Print Name: _____
Address: _____
_____
Telephone: (____) _____
Dated: _____

Copy to:
BROADWAY STATION RESTAURANTS, INC.
1818 Wooddale Drive, Suite 202
Woodbury, Minnesota 55125

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Signed: _____
Print Name: _____
Address: _____
_____
Telephone: (____) _____
Dated: _____

Signed: _____
Print Name: _____
Address: _____
_____
Telephone: (____) _____
Dated: _____

Copy to:
FRANCHISEE

RECEIPT

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Signed: _____
Print Name: _____
Address: _____
_____
Telephone: (____) _____
Dated: _____

Signed: _____
Print Name: _____
Address: _____
_____
Telephone: (____) _____
Dated: _____

Copy to:
Mark A. Tebelius, Esq.
Sjoberg & Tebelius, P.A.
2145 Woodlane Drive, Suite 101
Woodbury, Minnesota 55125

**Exhibit A**

**Standard Operating Manual**
**Table of Contents**


**GENERAL EMPLOYEE GUIDELINES**

- Broadway Pizza Locations
- What Is Broadway Pizza?
- A Classic American Story
- Employee Handbook
- Application
- Form W-4
- Form 1-9
- Shift Availability Form
- Uniform Deposit Form
- Employee Meal Policy
- Tour of Restaurant
- Seating Chart
- Basic Complaint Handling Rules
- Complaint Handling Suggestions
- Orientation Quiz
- Sample Coupons

**MANAGER TRAINING**

- Confidentiality Agreement
- Screening Qualifiers
- Second Interview Form
- Reference Check
- Sample Interview Questions
- Training Program Notes
- Manager Training
- Reprimand Notice
- Performance Counseling
- Annual Law Review

**HOSTESS TRAINING**

- Hostess Training Schedule
- Hostess Manual

**SERVER TRAINING**

- Server Training Schedule
- Server Manual
- Product Descriptions
- Server Evaluation
- Product Knowledge Quiz

**KITCHEN PERSONNEL TRAINING**

- Kitchen Personnel Training Schedule
- Kitchen Personnel Training Checklist
- Dishwasher Training
- Busser Training
- Line Cook Job Description Priorities
- Pizza Cook Job Description / Priorities
- Product Descriptions
- Product Knowledge Quiz
- Pizza Chart Quiz
- Food Production Knowledge Test

**DRIVER TRAINING**

- Obtaining Driving Record
- Vehicle Information

**TELEPHONE TRAINING**

- Telephone Etiquette Manual

**SANITATION**

- Sanitation Manual
- Sanitation Quiz

**Exhibit B**

**Standard Kitchen and Recipe Manual**
**Table of Contents**


**VENDORS**
- Approved Vendor List
- Beverage Vendors

**ORDER GUIDES**
- Food Ordering
- Order Guides by Vendor

**PREP LISTS/SET UP GUIDELINES**
- Salad Bar Setup
- Back Line Setup
- Pizza Line Setup
- Buffet Items by Day
- Buffet Usage Chart
- Back Line Food Prep List
- Pizza Line Prep List

**DUTY LISTS**
- Day Server Clean Up List
- Front Server Station
- Dessert Station
- Host Station
- Kitchen Server Station
- Cooler
- Swampers Cleaning List
- Host/Server Weekly Clean-ups
- Pizza Line Opening/Closing Duties
- Front Counter/Oven Tender Opening/Closing Duties
- Back Line Opening/Closing Duties
- Dish Area Closing Duties
- Prep/Delivery Area. Opening/Closing Duties
- Reservation Lists
- Waiting Line Sheet

**RECIPES**
- Appetizers
- Signature Salads
- Children's Menu
- Burgers and Sandwiches
- Hoagies
- Pasta! Pasta!
- Malts. Floats & Delectable Desserts
- Additional Recipes
- Sauces. Dressings. Greens

**PIZZA MANUAL**

Pizza Manual
Portion Charts

**ADMINISTRATIVE PROCEDURES**

Each Day
Procedure For End-of-day Reports
Daily Sales Reconciliation
Cash Owed Daily Worksheet
Cash Paid Outs Summary
Inter-Store Transfer
Weekly Procedures
Monthly Procedures
Daily Check Recap
FoodTracs Database Additions

**Exhibit C**

# Audited Financial Statements

Bauman Associates Ltd.
Certified Public Accountants & Advisors
For business. For you. For life.

Members of:
American Institute of Certified Public Accountants
Wisconsin Institute of Certified Public Accountants
www.baumancpa.com

## CONSENT OF INDEPENDENT ACCOUNTANTS

Bauman Associates, Ltd consents to the use in the Franchise Disclosure Document issued by Broadway Station Restaurants, Inc. on April 20, 2022, as it may be amended, of our report dated April 20, 2022, relating to the financial statements of the Franchisor for the periods ending December 31, 2021 and 2020.

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Hudson, Wisconsin
April 20, 2022

P.O. Box 1225 • Eau Claire, WI 54702-1225
715-834-2001 • Fax 715-834-2774 • Toll Free 1-888-952-2866

P.O. Box 880 • Hudson, WI 54016
715-386-8181 • Fax 715-386-6020

Bauman Associates Ltd.
Certified Public Accountants & Advisors
For business. For you. For life.

Members of:
American Institute of Certified Public Accountants
Wisconsin Institute of Certified Public Accountants
www.baumancpa.com

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Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Hudson, Wisconsin
April 20, 2022

P.O. Box 1225 • Eau Claire, WI 54702-1225
715-834-2001 • Fax 715-834-2774 • Toll Free 1-888-952-2866

P.O. Box 690 • Hudson, WI 54016
715-386-8181 • Fax 715-386-6020

BROADWAY STATION RESTAURANTS, INC.
(AN S-CORPORATION)
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
December 31, 2021 and 2020

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**

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## Report of Independent Certified Public Accountants

Board of Directors
Broadway Station Restaurants, Inc.
Woodbury, Minnesota

We have audited the accompanying financial statements of Broadway Station Restaurants, Inc. (an S-corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broadway Station Restaurants, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Broadway Station Restaurants, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Broadway Station Restaurants, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Broadway Station Restaurants, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Baumann Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Hudson, Wisconsin
April 20, 2022

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**BALANCE SHEETS**
**December 31, 2021 and 2020**

ASSETS

| | 2021 | 2020 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 228,447 | $ 308,529 |
| Restricted cash | 152,558 | 124,546 |
| Accounts receivable | 167,011 | 200,375 |
| Employee advances | 7,948 | 7,948 |
| Due from affiliates | 113,066 | 147,777 |
| Note receivable | 167,140 | 167,140 |
| Inventories | 31,506 | 40,910 |
| Prepaid expense | 32,126 | 34,811 |
| Total current assets | 899,801 | 1,032,036 |
| Property and equipment: | | |
| Furniture and fixtures | 36,889 | 36,889 |
| Office equipment | 50,530 | 47,798 |
| Leasehold improvements | 1,479 | 1,479 |
| | 88,898 | 86,166 |
| Less: Accumulated depreciation | 74,494 | 69,482 |
| Total property and equipment, net | 14,404 | 16,684 |
| Other assets: | | |
| Note receivable | 418,747 | 418,747 |
| Total other assets | 418,747 | 418,747 |
| TOTAL ASSETS | $ 1,332,952 | 1,467,467 |

## LIABILITIES AND STOCKHOLDERS' EQUITY

| | 2021 | 2020 |
|---|---|---|
| Current liabilities: | | |
| Accounts payable - Trade | $ 204,628 | $ 188,134 |
| Unearned Income | 30,000 | - |
| Due to franchisees | 209,496 | 174,845 |
| Current portion of note payable - Affiliate | 16,482 | 15,758 |
| Accrued liabilities: | | |
| Salaries | 25,885 | 22,812 |
| Interest | 567 | 626 |
| State fee | 12,079 | 620 |
| Sales tax | 632 | 446 |
| Other | 2,647 | 9,748 |
| Total current liabilities | 502,416 | 412,989 |
| Long-term liabilities: | | |
| Note payable - Affiliate | 134,805 | 151,287 |
| Total liabilities | 637,221 | 564,276 |
| Stockholders' equity: | | |
| Common stock, par value $0.01 per share, 1,000,000 shares authorized, 75,244 shares issued and outstanding for both years | 752 | 752 |
| Additional paid-in capital | 523,939 | 523,939 |
| Retained earnings | 171,039 | 378,500 |
| Total stockholders' equity | 695,731 | 903,191 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 1,332,952 | $ 1,467,467 |

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

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**STATEMENTS OF INCOME AND RETAINED EARNINGS (ACCUMULATED DEFICIT)**
**Years Ended December 31, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| Revenues: | | |
| Royalty income | $ 808,383 | $ 618,837 |
| Franchise fees | 2,500 | 30,000 |
| Advertising fee | 196,711 | 151,747 |
| Management fees | 139,783 | 136,794 |
| Total revenues | 1,147,377 | 937,378 |
| Operating expenses: | | |
| Salaries | 794,817 | 618,309 |
| Payroll taxes | 46,742 | 36,914 |
| Retirement plan contributions | 26,040 | 28,183 |
| Health insurance | 35,689 | 38,395 |
| Workers' compensation insurance | 1,103 | 1,076 |
| Advertising and promotion | 31,784 | 120,009 |
| Rent | 51,887 | 50,698 |
| Telephone | 7,765 | 6,907 |
| Repairs and maintenance | 6,469 | 6,548 |
| Office supplies | 23,965 | 13,574 |
| Printing | 8,104 | 4,924 |
| Postage and freight | 2,166 | 2,103 |
| Insurance | 2,740 | 2,877 |
| Professional fees | 41,187 | 30,341 |
| Dues and subscriptions | 12,886 | 13,691 |
| Auto | 38,187 | 40,404 |
| Travel | 2,415 | 1,283 |
| Meals and entertainment | 5,880 | 2,630 |
| Bank charges | 2,303 | 2,378 |
| Depreciation and amortization | 5,012 | 5,490 |
| Bad debt expense | 13,790 | - |
| Other | 12,892 | 4,514 |
| Total operating expenses | 1,173,822 | 1,031,248 |
| Operating income (loss) - carried forward | $ (26,445) | $ (93,870) |

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

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**STATEMENTS OF INCOME AND RETAINED EARNINGS (ACCUMULATED DEFICIT)**
**Years Ended December 31, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| Operating income (loss) - brought forward | $ (26,445) | $ (93,870) |
| Other income (expense): | | |
| Miscellaneous income | 306,485 | 253,464 |
| Interest income | - | 2,748 |
| Interest expense | (7,136) | (7,830) |
| Officers' life insurance | (366) | (354) |
| Total other income (expense) | 298,984 | 248,028 |
| Net income | 272,539 | 154,158 |
| Dividends paid | (480,000) | (80,000) |
| Retained earnings at beginning | 378,500 | 304,342 |
| Retained earnings at end | $ 171,039 | $ 378,500 |

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

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**STATEMENTS OF CASH FLOWS**
**Years Ended December 31, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 272,539 | $ 154,158 |
| Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities: | | |
| Depreciation | 2,280 | 3,734 |
| Change in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 33,364 | 13,414 |
| (Increase) Decrease in inventory | 9,404 | (1,761) |
| (Increase) Decrease in prepaid expenses | 2,683 | (14,692) |
| (Decrease) increase in accounts payable and accrued expenses | 58,705 | 45,152 |
| (Decrease) increase in deferred revenue | 30,000 | - |
| Net cash provided by (used in) operating activities | 408,975 | 200,005 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Collections (borrowings) on due from/to affiliate | 34,712 | 22,951 |
| Net cash provided by (used in) investing activities | 34,712 | 22,951 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal payments on debt | (15,758) | (15,066) |
| Dividends paid | (480,000) | (80,000) |
| Net cash provided by (used in) financing activities | (495,758) | (95,066) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (52,071) | 127,891 |
| Cash and cash equivalents at beginning | 433,075 | 305,185 |
| Cash and cash equivalents at end | $ 381,005 | $ 433,075 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | $ 7,195 | $ 7,887 |

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

BROADWAY STATION RESTAURANTS, INC.
(AN S-CORPORATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Operations

Broadway Station Restaurants, Inc. (the "Company") was incorporated in the State of Minnesota on October 3, 1990, to operate the franchise business of The Original Broadway Station, Inc., which is a brother/sister corporation with the same stockholders as the Company.

### Concentration of Credit Risk

Cash balances may exceed federally insured limits during the course of the year. No losses have been incurred or are anticipated to occur in future years.

The Company's revenue is largely derived from royalty income and the Company grants unsecured credit to its franchisees, most of whom are located in the Twin Cities area of Minnesota.

### Revenue Recognition

Royalty Income

Royalty income, representing monthly fees based upon a percentage of franchisees' sales, is recognized when earned.

Franchise fee income

Franchise fees, representing revenue for opening a franchise store, are recognized when the new store is opened.

Advertising fee income

Advertising fees are collected for local and regional advertising that benefits all franchises. The Company also charges a percentage of monthly franchisees' sales for various advertising services which are required to be provided by the Company to the franchisees based on the initial franchise contract. The advertising fees are recognized when earned.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue Recognition (continued)**

Miscellaneous income

The Company receives incentives from various vendors for exclusive use of specific products. These incentives vary from year to year. The Company records all incentive income in miscellaneous income on the statements of income and retained earnings in the year they are received. The Company also recorded their PPP loans in Miscellaneous income.

In February 2021, the Company applied for and received $168,700 in loan funds under the Payroll Protection Program offered by the Small Business Association (SBA). The purpose of the loan is to provide funding for organizations adversely affected by the COVID-19 pandemic. The Company will use the loan funds to fund its payroll and utilities in the year 2021 and has agreed to meet the certification requirements on SBA Form 2483 (Borrower Application Form). As of April 2022 forgiveness had been granted in full.

In April 2020, the Company applied for and received $120,500 in loan funds under the Payroll Protection Program offered by the Small Business Association (SBA). The loan was forgiven in March 2021, and in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, the proceeds have been included in these financial statements as *Miscellaneous income*.

**Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Restricted Cash**

The Company is custodian of certain funds contributed by an association of franchisees for cooperative advertising purposes, in addition to contributions for which they are contractually obligated to the Company. The Company keeps these funds segregated from operating funds. Because the contribution rate and advertising expenditures are determined by the franchisees, the balance in the checking account is presented under the caption *Restricted cash*, while the liability to the franchisees is presented under the caption *Due to franchisees*. The difference between the *Restricted cash* balance and the *Due to franchisees* total is caused by the uncollected portion of these amounts reflected in accounts receivable.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Accounts Receivable and Notes Receivable**

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Invoices are considered past due if not received by the determined due date. The Company does not currently charge interest on past due accounts. Management provides for uncollectible amounts through a charge to earnings based on its assessment of the current status of individual accounts. Total provision for bad debt was $0 for both 2021 and 2020. Amounts written off were $13,790 and $0 for 2021 and 2020.

**Inventory**

Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) basis.

**Property and Equipment**

Property and equipment are valued at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes with useful lives ranging from 3 to 10 years. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

**Long-Lived Assets**

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or their fair value less cost to sell.

**Retirement Plan**

The Company maintains a Section 401(k) retirement plan covering substantially all full-time employees. Costs under this plan are accrued and funded currently.

**Advertising**

The Company expenses advertising costs as they are incurred.

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income Taxes

Effective January 1, 1991, the Company elected to be treated as an "S" corporation for income tax purposes. Accordingly, no provision for income taxes has been included in the accompanying financial statements except provision for Minnesota minimum tax, as the Company's income is allocated to its stockholders for inclusion in their individual income tax returns.

The Company recognizes any accrued interest and penalties related to unrecognized benefits in income tax, if incurred.

### Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 20, 2021, the date the financial statements were available to be issued.

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which might negatively impact sales and/or the ability of our employees to perform their duties. Other financial impact could occur though such potential impact is unknown at this time.

## Note 2 CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

| | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents | $ 228,447 | $ 308,529 |
| Restricted cash | 152,558 | 124,546 |
| Total cash, cash equivalents and restricted cash shown in the statement of cash flows | $ 381,005 | $ 433,075 |

## Note 3 RELATED PARTIES

The Original Broadway Station, Inc., which is a brother/sister corporation, performs the initial training of new franchisees for the Company. The Company performs accounting and management services for The Original Broadway Station, Inc. and other related and unrelated parties.

The Company had the following transactions with The Original Broadway Station, Inc. and other related parties in the years ended December 31:

| | 2021 | 2020 |
|---|---|---|
| Royalty income | $ 290,186 | $ 233,605 |
| Management fees | 104,983 | 112,194 |
| Reimbursed expenses | 86,803 | 69,401 |
| Interest income | - | 2,748 |
| Interest expense | 7,136 | 7,830 |

In addition, the transactions with Affiliates resulted in the following balances receivable and payable at December 31:

| | 2021 | 2020 |
|---|---|---|
| Current | | |
| Due from Affiliates | $ 113,066 | $ 147,777 |
| Current portion of note payable - Affiliate | $ 16,482 | $ 15,758 |
| Long-term | | |
| Note payable with original amount of $250,000 payable to The Original Broadway Station, Inc. Interest accrues monthly on the unpaid balance at a rate of 4.50% at December 31, 2020. Monthly principal and interest payments due in the amount of $1,913, with final payment due October 2029. Note is unsecured. | $ 151,287 | $ 167,045 |
| Less - Current portion | 16,482 | 15,758 |
| | $ 134,805 | $ 151,287 |

Future maturities are as follows:

| | |
|---|---|
| 2022 | 16,482 |
| 2023 | 17,239 |
| 2024 | 18,031 |
| 2025 | 18,859 |
| 2026 | 19,726 |

## Note 4 NOTES RECEIVABLE

In March 2013, the Company issued a note receivable to a Minnesota Corporation in the amount of $200,000. The note was issued to consolidate unpaid accounts receivable and previously paid operating expenses the Company paid, and expensed, on behalf of the Minnesota Corporation in previous years. Monthly principal and interest payments are due in the amount of $1,211 with a final payment due in April 2022. The unpaid balance accrued interest at a rate of 4.0% at December 31, 2021. The Company did not accrue interest during the year ended December 31, 2021. The remaining principal balance to be received at December 31, 2021 and 2020, was $167,140.

In December 2019, the Company issued two notes receivable to a Minnesota Corporation in the amount of $154,090 and $272,230. The notes were issued to consolidate unpaid accounts receivable. Both notes require interest only payments which accrues at 4.0%. The notes are due in one year and two years, respectively, from the issue date. The remaining principal balance on the notes receivable were $154,090 and $264,657 at December 31, 2021 and 2020.

## Note 5 RETIREMENT PLAN

The Company has established a Section 401(k) retirement plan under which eligible employees may choose to contribute a maximum of 100% of salary income on a pre-tax basis, subject to certain IRS limits. The Company matches 100% of employees' eligible contributions not in excess of 3% of total compensation, plus 50% of the amount of the employee's contributions not exceeding 5% of their compensation. These amounts matched by the Company are considered 100% vested by the employees. The Company may, in its sole discretion, make an additional matching contribution based upon the employee's contributions to the Plan. The additional matching contribution will not apply to contributions that exceed 6% of their total compensation for that year.

The discretionary matching contribution will be vested according to the Plan's vesting schedule as follows:

| Years of Vesting Service | Vesting Percentage |
|---|---|
| Less than two years | 0% |
| Two years but less than three years | 20% |
| Three years but less than four years | 40% |
| Four years but less than five years | 60% |
| Five years but less than six years | 80% |
| Six or more years. | 100% |

Pension expense for years ended December 31, 2021 and 2020 was $26,040 and $28,183, respectively.

## Note 6 OPERATING LEASES

The Company renewed the office space lease agreement for the period of July 1, 2015 through June 30, 2022. This lease provides for monthly rental payments of approximately $2,900. During the years ended December 31, 2021 and 2020, the Company paid approximately $34,800, in rent, as well as $6,469 and $6,548 respectively, in maintenance.

The Company leases storage space on a month-to-month basis. During the years ended December 31, 2021 and 2020, the Company paid rent expense in the amount of $8,441 and $8,575, respectively.

The Company leases certain office equipment with operating leases expiring through December 2022. The lease expense totaled $14,388 for the years ended December 31, 2021 and 2020, respectively. For the sake of convenience, a limited amount of equipment is subleased to affiliates to facilitate communications. Lease income on this equipment is offset against lease expense.

The future minimum lease payments under the operating leases are as follows as of December 31,

| | | |
|---|---|---|
| 2022 | $ | 55,535 |
| 2023 | | 27,003 |
| 2024 | | 6,636 |
| 2025 | | - |
| 2026 | | - |
| Total | $ | 89,174 |

## Note 7 FRANCHISE OPERATIONS

The franchise agreements grant the franchisees use of the name "Broadway Station", "Broadway Pizza" or "Broadway Fast & Fresh" and the ability to purchase its secret recipe ingredients. Franchisees are required to pay an initial fee, for which the Company provides initial management assistance. A continuing service fee, based upon a percentage of the franchisee's sales, is also required to be paid for management services provided by the Company and is recognized as income when the franchisee records the sales over the term of the franchise agreements.

At December 31, 2021 the Company had 13 locations in operation, of which four are owned by affiliates. During 2021, no new locations were opened, and two were closed. All locations are in Minnesota.

At December 31, 2020 the Company had 15 locations in operation, of which five are owned by affiliates. During 2020, two new locations were opened, two were closed, and one changed ownership. All locations are in Minnesota.

## Note 8 STOCK REPURCHASE AGREEMENT

The Company has an agreement with the stockholders to purchase all the stock owned by a stockholder in the event of their death, disability or termination. On each April 1st, the purchase price per share shall be determined by the affirmative vote of a majority of the voting power of all shares entitled to vote. At December 31, 2021 and 2020, the price per share is fixed at $33.11. The terms of the agreement require that one-sixth of the repurchase price be paid initially, with the balance financed with a note bearing interest at the prime interest rate publicly announced by First Bank National Association of Minneapolis, Minnesota. The note is to be repaid in five equal annual installments.

## Note 9 COMMITMENTS AND CONTINGENCIES

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc., Flippin' Dough, LLC, and Triple RJ, LLC) of a Mortgage with Northeast Bank in the original amount of $1,500,000 as of March 1, 2016. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. The Mortgage was for the purpose of acquiring real estate owned by Triple RJ, LLC, and operated as a franchise by Flippin' Dough, LLC. At December 31, 2021 and 2020, the note balance was $1,200,116 and $1,257,928, respectively.

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc., Flippin' Dough, LLC, and Triple RJ, LLC) of a Mortgage with Northeast Bank in the original amount of $1,284,400 as of September 28, 2015. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. The Mortgage was for the purpose of acquiring real estate owned by Triple RJ, LLC, and operated as a franchise by Flippin' Dough, LLC. During 2021, the underlying real estate was sold and the note was paid off. At December 31, 2021 and 2020, the note balance was $0 and $1,069,762, respectively.

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc., Flippin' Dough, LLC, Triple RJ, LLC, and Pizza the Pie, LLC) of a Line of Credit with Northeast Bank in the original amount of $150,000 as of November 17, 2017. This Line of Credit is used for operational purposes by The Original Broadway Station Restaurants, Inc. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. In addition, two stockholders have limited guarantees of 50% each. At December 31, 2021 and 2020, the note balance was $0 and $0, respectively.

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc) of a Mortgage with Northeast Bank in the original amount of $130,000 as of March 7, 2019. This Mortgage is used for operational purposes by The Original Broadway Station Restaurants, Inc. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. In addition, four stockholders have limited guarantees equal to their percentage of stock ownership. At December 31, 2021 and 2020, the note balance was $0 and $119,164, respectively as the note was paid off during 2021.

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Wisconsin Institute of Certified Public Accountants
www.baumancpa.com

## CONSENT OF INDEPENDENT ACCOUNTANTS

Bauman Associates, Ltd consents to the use in the Franchise Disclosure Document issued by Broadway Station Restaurants, Inc. on April 26, 2021, as it may be amended, of our report dated April 26, 2021, relating to the financial statements of the Franchisor for the periods ending December 31, 2020 and 2019.

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Hudson, Wisconsin
April 26, 2021

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## CONSENT OF INDEPENDENT ACCOUNTANTS

Bauman Associates, Ltd consents to the use in the Franchise Disclosure Document issued by Broadway Station Restaurants, Inc. on April 26, 2021, as it may be amended, of our report dated April 26, 2021, relating to the financial statements of the Franchisor for the periods ending December 31, 2020 and 2019.

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Hudson, Wisconsin
April 26, 2021

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# BROADWAY STATION RESTAURANTS, INC.
# (AN S-CORPORATION)
# FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
**December 31, 2020 and 2019**

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**

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Members of:
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Wisconsin Institute of Certified Public Accountants
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## Report of Independent Certified Public Accountants

Board of Directors
Broadway Station Restaurants, Inc.
Woodbury, Minnesota

We have audited the accompanying financial statements of Broadway Station Restaurants, Inc. (an S-corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 Broadway Station Restaurants, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 10 to the financial statements, the Company recorded a prior period restatement related to ASC Topic 606. Our opinion is not modified with respect to that matter.

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Hudson, Wisconsin
April 26, 2021



Eau Claire, WI 54701
715-834-2001 • Fax 715-834-2774 • Toll Free 1-888-952-2866

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**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**BALANCE SHEETS**
**December 31, 2020 and 2019**

ASSETS

| | 2020 | Restated 2019 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 308,529 | $ 199,081 |
| Restricted cash | 124,546 | 106,104 |
| Accounts receivable | 200,375 | 206,215 |
| Employee advances | 7,948 | 7,948 |
| Due from affiliates | 147,777 | 170,728 |
| Note receivable | 167,140 | 321,230 |
| Inventories | 40,910 | 39,150 |
| Prepaid expense | 34,811 | 20,119 |
| Total current assets | 1,032,036 | 1,070,575 |
| Property and equipment: | | |
| Furniture and fixtures | 36,889 | 36,889 |
| Office equipment | 47,798 | 46,043 |
| Leasehold improvements | 1,479 | 1,479 |
| | 86,166 | 84,411 |
| Less: Accumulated depreciation | 69,482 | 63,993 |
| Total property and equipment, net | 16,684 | 20,418 |
| Other assets: | | |
| Note receivable | 418,747 | 272,230 |
| Total other assets | 418,747 | 272,230 |
| TOTAL ASSETS | $ 1,467,467 | $ 1,363,223 |

## LIABILITIES AND STOCKHOLDERS' EQUITY

| | 2020 | Restated 2019 |
|---|---|---|
| Current liabilities: | | |
| Accounts payable - Trade | $ 188,134 | $ 168,125 |
| Due to franchisees | 174,845 | 162,829 |
| Current portion of note payable - Affiliate | 15,758 | 15,066 |
| Accrued liabilities: | | |
| Salaries | 22,812 | 19,251 |
| Interest | 626 | 683 |
| State fee | 620 | 610 |
| Sales tax | 446 | 581 |
| Other | 9,748 | - |
| Total current liabilities | 412,989 | 367,145 |
| Long-term liabilities: | | |
| Note payable - Affiliate | 151,287 | 167,045 |
| Total liabilities | 564,276 | 534,190 |
| Stockholders' equity: | | |
| Common stock, par value $0.01 per share, 1,000,000 shares authorized, 75,244 shares issued and outstanding for both years | 752 | 752 |
| Additional paid-in capital | 523,939 | 523,939 |
| Retained earnings - Restated | 378,500 | 304,342 |
| Total stockholders' equity | 903,191 | 829,033 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 1,467,467 | $ 1,363,223 |

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

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**STATEMENTS OF INCOME AND RETAINED EARNINGS (ACCUMULATED DEFICIT)**
**Years ended December 31, 2020 and 2019**

| | 2020 | Restated 2019 |
|---|---|---|
| Revenues: | | |
| Royalty income | $ 618,837 | $ 761,073 |
| Franchise fees | 30,000 | 15,000 |
| Advertising fee | 151,747 | 190,268 |
| Management fees | 136,794 | 174,990 |
| Total revenues | 937,378 | 1,141,331 |
| Operating expenses: | | |
| Salaries | 618,309 | 613,073 |
| Payroll taxes | 36,914 | 47,368 |
| Retirement plan contributions | 28,183 | 25,667 |
| Health insurance | 38,395 | 32,087 |
| Workers' compensation insurance | 1,076 | 1,092 |
| Advertising and promotion | 120,009 | 187,127 |
| Rent | 50,698 | 51,990 |
| Telephone | 6,907 | 7,207 |
| Repairs and maintenance | 6,548 | 8,279 |
| Office supplies | 13,574 | 18,486 |
| Printing | 4,924 | 14,667 |
| Postage and freight | 2,103 | 2,198 |
| Insurance | 2,877 | 2,692 |
| Professional fees | 30,341 | 45,497 |
| Dues and subscriptions | 13,691 | 10,591 |
| Education and seminars | - | 535 |
| Auto | 40,404 | 42,808 |
| Travel | 1,283 | 2,305 |
| Meals and entertainment | 2,630 | 5,110 |
| Bank charges | 2,378 | 2,426 |
| Depreciation and amortization | 5,490 | 5,799 |
| Other | 4,514 | 1,884 |
| Total operating expenses | 1,031,248 | 1,128,888 |
| Operating income (loss) - carried forward | $ (93,870) | $ 12,443 |

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

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**STATEMENTS OF INCOME AND RETAINED EARNINGS (ACCUMULATED DEFICIT)**
**Years ended December 31, 2020 and 2019**

| | 2020 | Restated 2019 |
|---|---|---|
| Operating income (loss) - brought forward | $ (93,870) | $ 12,443 |
| Other income (expense): | | |
| Miscellaneous income | 253,464 | 253,160 |
| Interest income | 2,748 | 2,792 |
| Interest expense | (7,830) | (8,495) |
| Officers' life insurance | (354) | (344) |
| Total other income (expense) | 248,028 | 247,113 |
| Net income | 154,158 | 259,556 |
| Dividends paid | (80,000) | (60,000) |
| Retained earnings at beginning - Restated | 304,342 | 104,786 |
| Retained earnings at end | $ 378,500 | $ 304,342 |

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

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**STATEMENTS OF CASH FLOWS**
**Years Ended December 31, 2020 and 2019**

| | 2020 | Restated 2019 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 154,158 | $ 259,556 |
| Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities: | | |
| Depreciation | 3,734 | 5,799 |
| Change in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 13,413 | (101,011) |
| Increase in inventory | (1,760) | (4,525) |
| Increase in prepaid expenses | (14,692) | (13,403) |
| (Decrease) increase in accounts payable and accrued expenses | 45,152 | (62,036) |
| Net cash provided by operating activities | 200,005 | 84,380 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Collections (borrowings) on due from/to affiliate | 22,951 | (34,184) |
| Net cash provided by (used in) investing activities | 22,951 | (34,184) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal payments on debt | (15,066) | (14,404) |
| Dividends paid | (80,000) | (60,000) |
| Net cash used in financing activities | (95,066) | (74,404) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 127,890 | (24,208) |
| Cash, cash equivalents and restricted cash at beginning | 305,185 | 329,393 |
| Cash, cash equivalents and restricted cash at end | $ 433,075 | $ 305,185 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | $ 7,887 | $ 8,549 |

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

BROADWAY STATION RESTAURANTS, INC.
(AN S-CORPORATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Operations

Broadway Station Restaurants, Inc. (the "Company") was incorporated in the State of Minnesota on October 3, 1990, to operate the franchise business of The Original Broadway Station, Inc., which is a brother/sister corporation with the same stockholders as the Company.

### Concentration of Credit Risk

Cash balances may exceed federally insured limits during the course of the year. No losses have been incurred or are anticipated to occur in future years.

The Company's revenue is largely derived from royalty income and the Company grants unsecured credit to its franchisees, most of whom are located in the Twin Cities area of Minnesota.

### Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new accounting standard (ASC Topic 606) that amends the accounting guidance on revenue recognition. The new accounting standard is intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices, and improve disclosure requirements. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. The Company adopted the accounting standard effective January 1, 2019, using the modified retrospective approach. We have determined that the cumulative-effect adjustment to retained earnings at January 1, 2019 is $123,209 which has been reflected in retained earnings. This adjustment also decreased accounts payable by the same amount.

Royalty Income

Royalty income, representing monthly fees based upon a percentage of franchisees' sales, is recognized when earned.

Franchise fee income

Franchise fees, representing revenue for opening a franchise store, are recognized when the new store is opened.

Advertising fee income

Advertising fees are collected for local and regional advertising that benefits all franchises. The Company also charges a percentage of monthly franchisees' sales for various advertising services which are required to be provided by the Company to the franchisees based on the initial franchise contract. The advertising fees are recognized when earned. The Company recorded a prior period adjustment of $3,141 to increase advertising fee income to accurately report the balance as of December 31, 2019.

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue Recognition (continued)

Miscellaneous income

The Company receives incentives from various vendors for exclusive use of specific products. These incentives vary from year to year. The Company records all incentive income in miscellaneous income on the statements of income and retained earnings in the year they are received.

### Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

### Restricted Cash

The Company is custodian of certain funds contributed by an association of franchisees for cooperative advertising purposes, in addition to contributions for which they are contractually obligated to the Company. The Company keeps these funds segregated from operating funds. Because the contribution rate and advertising expenditures are determined by the franchisees, the balance in the checking account is presented under the caption *Restricted cash*, while the liability to the franchisees is presented under the caption *Due to franchisees*. The difference between the *Restricted cash* balance and the *Due to franchisees* total is caused by the uncollected portion of these amounts reflected in accounts receivable.

### Accounts Receivable and Notes Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Invoices are considered past due if not received by the determined due date. The Company does not currently charge interest on past due accounts. Management provides for uncollectible amounts through a charge to earnings based on its assessment of the current status of individual accounts. Total provision for bad debt was $0 for both December 31, 2020 and 2019. Amounts written off were $0 for both 2020 and 2019.

### Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) basis.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Property and Equipment**

Property and equipment are valued at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes with useful lives ranging from 3 to 10 years. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

**Long-Lived Assets**

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or their fair value less cost to sell.

**Retirement Plan**

The Company maintains a Section 401(k) retirement plan covering substantially all full-time employees. Costs under this plan are accrued and funded currently.

**Advertising**

The Company expenses advertising costs as they are incurred.

**Income Taxes**

Effective January 1, 1991, the Company elected to be treated as an "S" corporation for income tax purposes. Accordingly, no provision for income taxes has been included in the accompanying financial statements except provision for Minnesota minimum tax, as the Company's income is allocated to its stockholders for inclusion in their individual income tax returns.

The Company recognizes any accrued interest and penalties related to unrecognized benefits in income tax, if incurred.

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 26, 2021, the date the financial statements were available to be issued.

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which might negatively impact sales and/or the ability of our employees to perform their duties. Other financial impact could occur though such potential impact is unknown at this time.

In February 2021, the Company applied for and received $168,700 in loan funds under the Payroll Protection Program offered by the Small Business Association (SBA). The purpose of the loan is to provide funding for organizations adversely affected by the COVID-19 pandemic. The Company will use the loan funds to fund its payroll and utilities in the year 2021 and has agreed to meet the certification requirements on SBA Form 2483 (Borrower Application Form).

In April 2020, the Company applied for and received $120,500 in loan funds under the Payroll Protection Program offered by the Small Business Association (SBA). The loan was forgiven in March 2021, and in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, the proceeds have been included in these financial statements as *Miscellaneous income*.

## Note 2 CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

| | 2020 | 2019 |
|---|---|---|
| Cash and cash equivalents | $ 308,529 | $ 199,081 |
| Restricted cash | 124,546 | 106,104 |
| Total cash, cash equivalents and restricted cash shown in the statement of cash flows | $ 433,075 | $ 305,185 |

## Note 3 RELATED PARTIES

The Original Broadway Station, Inc., which is a brother/sister corporation, performs the initial training of new franchisees for the Company. The Company performs accounting and management services for The Original Broadway Station, Inc. and other related and unrelated parties.

The Company had the following transactions with The Original Broadway Station, Inc. and other related parties in the years ended December 31:

| | 2020 | 2019 |
|---|---|---|
| Royalty income | $ 233,605 | $ 365,826 |
| Management fees | 112,194 | 145,990 |
| Reimbursed expenses | 69,401 | 85,168 |
| Interest income | 2,748 | 2,792 |
| Interest expense | 7,830 | 8,495 |

In addition, the transactions with Affiliates resulted in the following balances receivable and payable at December 31:

| | 2020 | 2019 |
|---|---|---|
| Current | | |
| Due from Affiliates | $ 147,777 | $ 170,728 |
| Current portion of note payable - Affiliate | $ 15,758 | $ 15,066 |
| Long-term | | |
| Note payable with original amount of $250,000 payable to The Original Broadway Station, Inc. Interest accrues monthly on the unpaid balance at a rate of 4.50% at December 31, 2020. Monthly principal and interest payments due in the amount of $1,913, with final payment due October 2029. Note is unsecured. | $ 167,045 | $ 182,111 |
| Less - Current portion | 15,758 | 15,066 |
| | $ 151,287 | $ 167,045 |

Future maturities are as follows:

| | |
|---|---|
| 2021 | $ 15,758 |
| 2022 | 16,482 |
| 2023 | 17,239 |
| 2024 | 18,031 |
| 2025 | 18,859 |

## Note 4 NOTES RECEIVABLE

In March 2013, the Company issued a note receivable to a Minnesota Corporation in the amount of $200,000. The note was issued to consolidate unpaid accounts receivable and previously paid operating expenses the Company paid, and expensed, on behalf of the Minnesota Corporation in previous years Monthly principal and interest payments are due in the amount of $1,211 with a final payment due in April 2020 The unpaid balance accrued interest at a rate of 4.0% at December 31, 2019. The Company did not accrue interest during the year ended December 31, 2020. The remaining principal balance to be received at December 31, 2020 and 2019, was $167,140.

In December 2019, the Company issued two notes receivable to a Minnesota Corporation in the amount of $154,090 and $272,230. The notes were issued to consolidate unpaid accounts receivable. Both notes require interest only payments which accrues at 4.0%. The notes are due in one year and two years, respectively, from the issue date. The remaining principal balance on the notes receivable were $154,090 and $264,657 at December 31, 2020 and 2019.

## Note 5 RETIREMENT PLAN

The Company has established a Section 401(k) retirement plan under which eligible employees may choose to contribute a maximum of 100% of salary income on a pre-tax basis, subject to certain IRS limits. The Company matches 100% of employees' eligible contributions not in excess of 3% of total compensation, plus 50% of the amount of the employee's contributions not exceeding 5% of their compensation. These amounts matched by the Company are considered 100% vested by the employees. The Company may, in its sole discretion, make an additional matching contribution based upon the employee's contributions to the Plan. The additional matching contribution will not apply to contributions that exceed 6% of their total compensation for that year.

The discretionary matching contribution will be vested according to the Plan's vesting schedule as follows:

| Years of Vesting Service | Vesting Percentage |
|---|---|
| Less than two years | 0% |
| Two years but less than three years | 20% |
| Three years but less than four years | 40% |
| Four years but less than five years | 60% |
| Five years but less than six years | 80% |
| Six or more years. | 100% |

Pension expense for years ended December 31, 2020 and 2019 was $28,183 and $25,667 respectively.

## Note 6 OPERATING LEASES

The Company renewed the office space lease agreement for the period of July 1, 2015 through June 30, 2022. This lease provides for monthly rental payments of approximately $2,900. During the years ended December 31, 2020 and 2019, the Company paid approximately $34,800 respectively, in rent, as well as $6,548 and $7,408 respectively, in maintenance.

The Company leases storage space on a month-to-month basis. During the years ended December 31, 2020 and 2019, the Company paid rent expense in the amount of $8,575 and $8,124, respectively.

The Company leases certain office equipment with operating leases expiring through December 2022. The lease expense totaled $14,388 for the years ended December 31, 2020 and 2019, respectively. For the sake of convenience, a limited amount of equipment is subleased to affiliates to facilitate communications. Lease income on this equipment is offset against lease expense.

The future minimum lease payments under the operating leases are as follows as of December 31,

| | | |
|---|---|---|
| 2021 | $ | 65,364 |
| 2022 | | 33,576 |
| 2023 | | 13,453 |
| 2024 | | 3,836 |
| 2025 | | - |
| Total | $ | 116,229 |

## Note 7 FRANCHISE OPERATIONS

The franchise agreements grant the franchisees use of the name "Broadway Station", "Broadway Pizza" or "Broadway Fast & Fresh" and the ability to purchase its secret recipe ingredients. Franchisees are required to pay an initial fee, for which the Company provides initial management assistance. A continuing service fee, based upon a percentage of the franchisee's sales, is also required to be paid for management services provided by the Company and is recognized as income when the franchisee records the sales over the term of the franchise agreements.

At December 31, 2020, the Company had 15 locations in operation, of which five are owned by affiliates. During 2020, two new locations were opened, two were closed, and one changed ownership. All locations are in Minnesota.

At December 31, 2019, the Company had 15 locations in operation, of which six are owned by affiliates. During 2019, no locations were closed, and one changed ownership. All locations are in Minnesota.

## Note 8 STOCK REPURCHASE AGREEMENT

The Company has an agreement with the stockholders to purchase all the stock owned by a stockholder in the event of their death, disability or termination. On each April 1st, the purchase price per share shall be determined by the affirmative vote of a majority of the voting power of all shares entitled to vote. At December 31, 2020 and 2019, the price per share is fixed at $33.11. The terms of the agreement require that one-sixth of the repurchase price be paid initially, with the balance financed with a note bearing interest at the prime interest rate publicly announced by First Bank National Association of Minneapolis, Minnesota. The note is to be repaid in five equal annual installments.

## Note 9 COMMITMENTS AND CONTINGENCIES

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc., Flippin' Dough, LLC, and Triple RJ, LLC) of a Mortgage with Northeast Bank in the original amount of $1,500,000 as of March 1, 2016. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. The Mortgage was for the purpose of acquiring real estate owned by Triple RJ, LLC, and operated as a franchise by Flippin' Dough, LLC. At December 31, 2020 and 2019, the note balance was $1,257,928 and $1,311,991, respectively.

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc., Flippin' Dough, LLC, and Triple RJ, LLC) of a Mortgage with Northeast Bank in the original amount of $1,284,400 as of September 28, 2015. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. The Mortgage was for the purpose of acquiring real estate owned by Triple RJ, LLC, and operated as a franchise by Flippin' Dough, LLC. At December 31, 2020 and 2019, the note balance was $1,069,762 and $1,104,971, respectively.

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc., Flippin' Dough, LLC, Triple RJ, LLC, and Pizza the Pie, LLC) of a Line of Credit with Northeast Bank in the original amount of $150,000 as of November 17, 2017. This Line of Credit is used for operational purposes by The Original Broadway Station Restaurants, Inc. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. In addition, two stockholders have limited guarantees of 50% each. At December 31, 2020 and 2019, the note balance was $0 and $107,880, respectively.

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc) of a Mortgage with Northeast Bank in the original amount of $130,000 as of March 7, 2019. This Mortgage is used for operational purposes by The Original Broadway Station Restaurants, Inc. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. In addition, four stockholders have limited guarantees equal to their percentage of stock ownership. At December 31, 2020 and 2019, the note balance was $119,164 and $125,567, respectively.

## Note 10 RESTATEMENT

The Company recorded a prior period adjustment to reflect the impact of ASC Topic 606 relating to revenue recognition. See Note 1 for additional information regarding ASC Topic 606. The adjustment to retained earnings at January 1, 2019 was as follows:

| | |
|---|---|
| Accumulated deficit at 1/1/19 as previously stated | $ (18,423) |
| Prior period adjustment | 123,209 |
| Retained earnings at 1/1/19 - Restated | $ 104,786 |

Bauman Associates Ltd.
Certified Public Accountants & Advisors
For business. For you. For life.

Members of:
American Institute of Certified Public Accountants
Wisconsin Institute of Certified Public Accountants
www.baumancpa.com

## CONSENT OF INDEPENDENT ACCOUNTANTS

Bauman Associates, Ltd consents to the use in the Franchise Disclosure Document issued by Broadway Station Restaurants, Inc. on June 24, 2020, as it may be amended, of our report dated June 24, 2020, relating to the financial statements of the Franchisor for the periods ending December 31, 2019 and 2018.

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Hudson, Wisconsin
June 24, 2020

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## CONSENT OF INDEPENDENT ACCOUNTANTS

Bauman Associates, Ltd consents to the use in the Franchise Disclosure Document issued by Broadway Station Restaurants, Inc. on June 24, 2020, as it may be amended, of our report dated June 24, 2020, relating to the financial statements of the Franchisor for the periods ending December 31, 2019 and 2018.

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Hudson, Wisconsin
June 24, 2020

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# BROADWAY STATION RESTAURANTS, INC.
# (AN S-CORPORATION)
# FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
# December 31, 2019 and 2018

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**

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# Report of Independent Certified Public Accountants

Board of Directors
Broadway Station Restaurants, Inc.
Woodbury, Minnesota

We have audited the accompanying financial statements of Broadway Station Restaurants, Inc. (an S-corporation), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income and retained earnings (accumulated deficit), and cash flows for the years then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 Broadway Station Restaurants, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Bauman Associates, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS

Hudson, Wisconsin
June 24, 2020



P.O. Box 1225 • Eau Claire, WI 54702-1225
715-834-2001 • Fax 715-834-2774 • Toll Free 1-888-952-2866

P.O. Box 890 • Hudson, WI 54016
715-386-8181 • Fax 715-386-6020

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**BALANCE SHEETS**
**December 31, 2019 and 2018**

ASSETS

| | 2019 | 2018 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 199,081 | $ 233,616 |
| Restricted cash | 106,104 | 95,777 |
| Accounts receivable | 206,215 | 531,524 |
| Employee advances | 7,948 | 7,948 |
| Due from affiliates | 170,728 | 136,544 |
| Note receivable | 321,230 | - |
| Inventories | 39,150 | 34,625 |
| Prepaid expense | 20,119 | 6,716 |
| Total current assets | 1,070,575 | 1,046,750 |
| Property and equipment: | | |
| Furniture and fixtures | 36,889 | 36,889 |
| Office equipment | 46,043 | 46,043 |
| Leasehold improvements | 1,479 | 1,479 |
| | 84,411 | 84,411 |
| Less: Accumulated depreciation | 63,993 | 58,194 |
| Total property and equipment, net | 20,418 | 26,217 |
| Other assets: | | |
| Note receivable | 272,230 | 167,140 |
| Total other assets | 272,230 | 167,140 |
| TOTAL ASSETS | $ 1,363,223 | $ 1,240,107 |

## LIABILITIES AND STOCKHOLDERS' EQUITY

| | 2019 | 2018 |
|---|---|---|
| Current liabilities: | | |
| Accounts payable - Trade | $ 294,475 | 288,726 |
| Due to franchisees | 162,829 | 152,836 |
| Current portion of note payable - Affiliate | 15,066 | 14,404 |
| Accrued liabilities: | | |
| Salaries | 19,251 | 14,731 |
| Interest | 683 | 737 |
| State fee | 610 | 600 |
| Sales tax | 581 | 515 |
| Other | - | 79,179 |
| Total current liabilities | 493,495 | 551,728 |
| Long-term liabilities: | | |
| Note payable - Affiliate | 167,045 | 182,111 |
| Total liabilities | 660,540 | 733,839 |
| Stockholders' equity: | | |
| Common stock, par value $0.01 per share, 1,000,000 shares authorized, 75,244 and 75,244 shares issued and outstanding | 752 | 752 |
| Additional paid-in capital | 523,939 | 523,939 |
| Retained earnings (Accumulated deficit) | 177,992 | (18,423) |
| Total stockholders' equity | 702,683 | 506,268 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 1,363,223 | $ 1,240,107 |

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

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**STATEMENTS OF INCOME AND RETAINED EARNINGS (ACCUMULATED DEFICIT)**
**Years ended December 31, 2019 and 2018**

| | 2019 | 2018 |
|---|---|---|
| Revenues: | | |
| Royalty income | $ 761,073 | $ 803,266 |
| Franchise fees | 15,000 | - |
| Advertising fee | 187,127 | - |
| Management fees | 174,990 | 182,857 |
| Total revenues | 1,138,190 | 986,123 |
| Operating expenses: | | |
| Salaries | 613,073 | 719,835 |
| Payroll taxes | 47,368 | 53,409 |
| Retirement plan contributions | 25,667 | 25,545 |
| Health insurance | 32,087 | 35,710 |
| Workers' compensation insurance | 1,092 | 1,309 |
| Advertising and promotion | 187,127 | - |
| Rent | 51,990 | 50,048 |
| Telephone | 7,207 | 8,991 |
| Repairs and maintenance | 8,279 | 6,703 |
| Office supplies | 18,486 | 12,007 |
| Printing | 14,667 | 13,762 |
| Postage and freight | 2,198 | 1,091 |
| Insurance | 2,692 | 300 |
| Professional fees | 45,497 | 41,431 |
| Dues and subscriptions | 10,591 | 11,574 |
| Education and seminars | 535 | 1,650 |
| Auto | 42,808 | 36,211 |
| Travel | 2,305 | 5,760 |
| Meals and entertainment | 5,110 | 12,634 |
| Bank charges | 2,426 | 2,521 |
| Depreciation and amortization | 5,799 | 6,902 |
| Other | 1,884 | 811 |
| Total operating expenses | 1,128,888 | 1,048,204 |
| Operating income (loss) - carried forward | $ 9,302 | $ (62,081) |

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

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**STATEMENTS OF INCOME AND RETAINED EARNINGS (ACCUMULATED DEFICIT)**
**Years ended December 31, 2019 and 2018**

| | 2019 | 2018 |
|---|---|---|
| Operating income (loss) - brought forward | $ 9,302 | $ (62,081) |
| Other income (expense): | | |
| Miscellaneous income | 253,160 | 320,163 |
| Interest income | 2,792 | 1,934 |
| Interest expense | (8,495) | (9,181) |
| Officers' life insurance | (344) | (5,033) |
| Total other income (expense) | 247,113 | 307,883 |
| Net income | 256,415 | 245,802 |
| Dividends paid | (60,000) | - |
| Accumulated deficit at beginning | (18,423) | (264,225) |
| Retained earnings (Accumulated deficit) at end | $ 177,992 | $ (18,423) |

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

**BROADWAY STATION RESTAURANTS, INC.**
**(AN S-CORPORATION)**
**STATEMENTS OF CASH FLOWS**
**Years Ended December 31, 2019 and 2018**

| | 2019 | 2018 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 256,415 | $ 245,802 |
| Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities: | | |
| Depreciation | 5,799 | 6,902 |
| Change in assets and liabilities: | | |
| Increase in accounts receivable | (101,011) | (165,985) |
| (Increase) decrease in inventory | (4,525) | 6,315 |
| (Increase) decrease in prepaid expenses | (13,403) | 4,317 |
| (Decrease) increase in accounts payable and accrued expenses | (58,895) | 13,695 |
| Net cash provided by operating activities | 84,380 | 111,046 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | - | (1,349) |
| Collections (borrowings) on due from/to affiliate | (34,184) | 26,073 |
| Net cash provided by (used in) investing activities | (34,184) | 24,724 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal payments on debt | (14,404) | (13,771) |
| Dividends paid | (60,000) | - |
| Net cash used in financing activities | (74,404) | (13,771) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (24,208) | 121,999 |
| Cash, cash equivalents and restricted cash at beginning | 329,393 | 207,394 |
| Cash, cash equivalents and restricted cash at end | $ 305,185 | $ 329,393 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | $ 8,549 | $ 9,233 |

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

BROADWAY STATION RESTAURANTS, INC.
(AN S-CORPORATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Operations

Broadway Station Restaurants, Inc. (the "Company") was incorporated in the State of Minnesota on October 3, 1990, to operate the franchise business of The Original Broadway Station, Inc., which is a brother/sister corporation with the same stockholders as the Company.

### Concentration of Credit Risk

Cash balances may exceed federally insured limits during the course of the year. No losses have been incurred or are anticipated to occur in future years.

The Company's revenue is largely derived from royalty income and the Company grants unsecured credit to its franchisees, most of whom are located in the Twin Cities area of Minnesota.

### Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new accounting standard (ASC Topic 606) that amends the accounting guidance on revenue recognition. The new accounting standard is intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices, and improve disclosure requirements. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services We adopted the accounting standard effective January 1, 2019, using the modified retrospective approach. We have determined that any cumulative-effect adjustment to retained earnings would be immaterial.

Royalty Income

Royalty income, representing monthly fees based upon a percentage of franchisees' sales, is recognized when earned.

Franchise fee income

Franchise fees, representing revenue for opening a franchise store, are recognized when the new store is opened.

Advertising fee income

Advertising fees are collected for local and regional advertising that benefits all franchises. The Company also charges a percentage of monthly franchisees' sales for various advertising services which are required to be provided by the Company to the franchisees based on the initial franchise contract. The advertising fees are recognized when earned.

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue Recognition (continued)

Miscellaneous income
The Company receives incentives from various vendors for exclusive use of specific products. These incentives vary from year to year. The Company records all incentive income in miscellaneous income on the statements of income and retained earnings (accumulated deficit) in the year they are received.

### Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

### Restricted Cash

The Company is custodian of certain funds contributed by an association of franchisees for cooperative advertising purposes, in addition to contributions for which they are contractually obligated to the Company. The Company keeps these funds segregated from operating funds. Because the contribution rate and advertising expenditures are determined by the franchisees, the balance in the checking account is presented under the caption *Restricted cash*, while the liability to the franchisees is presented under the caption *Due to franchisees*. The difference between the *Restricted cash* balance and the *Due to franchisees* total is caused by the uncollected portion of these amounts reflected in accounts receivable.

### Accounts Receivable and Notes Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Invoices are considered past due if not received by the determined due date. The Company does not currently charge interest on past due accounts. Management provides for uncollectible amounts through a charge to earnings based on its assessment of the current status of individual accounts. Total provision for bad debt was $0 for both December 31, 2019 and 2018. Amounts written off were $0 for both 2019 and 2018.

### Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) basis.

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Property and Equipment

Property and equipment are valued at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes with useful lives ranging from 3 to 10 years. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

### Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or their fair value less cost to sell.

### Retirement Plan

The Company maintains a Section 401(k) retirement plan covering substantially all full-time employees. Costs under this plan are accrued and funded currently.

### Advertising

The Company expenses advertising costs as they are incurred.

### Income Taxes

Effective January 1, 1991, the Company elected to be treated as an "S" corporation for income tax purposes. Accordingly, no provision for income taxes has been included in the accompanying financial statements except provision for Minnesota minimum tax, as the Company's income is allocated to its stockholders for inclusion in their individual income tax returns.

The Company recognizes any accrued interest and penalties related to unrecognized benefits in income tax, if incurred.

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through June 24, 2020, the date the financial statements were available to be issued.

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which might negatively impact sales and/or ability of our employees to perform their duties. Other financial impact could occur though such potential impact is unknown at this time.

In April 2020, the Company applied for and received $122,500 in loan funds under the Payroll Protection Program offered by the Small Business Association (SBA). The purpose of the loan is to provide funding for organizations adversely affected by the COVID-19 pandemic. The Company will use the loan funds to fund its payroll and utilities in the year 2020 and has agreed to meet the certification requirement on SBA Form 2483 (Borrower Application Form).

## Note 2 CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

| | 2019 | 2018 |
|---|---|---|
| Cash and cash equivalents | $ 199,081 | $ 233,616 |
| Restricted cash | 106,104 | 95,777 |
| Total cash, cash equivalents and restricted cash shown in the statement of cash flows | $ 305,185 | $ 329,393 |

## Note 3 RELATED PARTIES

The Original Broadway Station, Inc., which is a brother/sister corporation, performs the initial training of new franchisees for the Company. The Company performs accounting and management services for The Original Broadway Station, Inc. and other related and unrelated parties.

The Company had the following transactions with The Original Broadway Station, Inc. and other related parties in the years ended December 31:

| | 2019 | 2018 |
|---|---|---|
| Royalty income | $ 365,826 | $ 387,232 |
| Management fees | 145,990 | 146,857 |
| Reimbursed expenses | 85,168 | 99,383 |
| Interest income | 2,792 | 1,934 |
| Interest expense | 8,495 | 9,181 |

In addition, the transactions with Affiliates resulted in the following balances receivable and payable at December 31:

| | 2019 | 2018 |
|---|---|---|
| Current | | |
| Due from Affiliates | $ 170,728 | $ 136,544 |
| Current portion of note payable - Affiliate | $ 15,066 | $ 14,404 |
| Long-term | | |
| Note payable with original amount of $250,000 payable to The Original Broadway Station, Inc. Interest accrues monthly on the unpaid balance at a rate of 4.50% at December 31, 2019. Monthly principal and interest payments due in the amount of $1,913, with final payment due October 2029. Note is unsecured. | $ 182,111 | $ 196,515 |
| Less - Current portion | 15,066 | 14,404 |
| | $ 167,045 | $ 182,111 |

Future maturities are as follows:

| | |
|---|---|
| 2020 | $ 15,066 |
| 2021 | 15,758 |
| 2022 | 16,482 |
| 2023 | 17,239 |
| 2024 | 18,031 |

## Note 4 NOTES RECEIVABLE

In March 2013, the Company issued a note receivable to a Minnesota Corporation in the amount of $200,000. The note was issued to consolidate unpaid accounts receivable and previously paid operating expenses the Company paid, and expensed, on behalf of the Minnesota Corporation in previous years Monthly principal and interest payments are due in the amount of $1,211 with a final payment due in April 2020 The unpaid balance accrued interest at a rate of 4.0% at December 31, 2018. The Company did not accrue interest during the year ended December 31, 2019. The remaining principal balance to be received at December 31, 2019 and 2018, was $167,140.

In December 2019, the Company issued two notes receivable to a Minnesota Corporation in the amount of $154,090 and $272,230. The notes were issued to consolidate unpaid accounts receivable. Both notes require interest only payments which accrues at 4.0%. The notes are due in one year and two years, respectively, from the issue date. The remaining principal balance on the notes receivable were $154,090 and $272,230 at December 31, 2019.

## Note 5 RETIREMENT PLAN

The Company has established a Section 401(k) retirement plan under which eligible employees may choose to contribute a maximum of 100% of salary income on a pre-tax basis, subject to certain IRS limits. The Company matches 100% of employees' eligible contributions not in excess of 3% of total compensation, plus 50% of the amount of the employee's contributions not exceeding 5% of their compensation. These amounts matched by the Company are considered 100% vested by the employees. The Company may, in its sole discretion, make an additional matching contribution based upon the employee's contributions to the Plan. The additional matching contribution will not apply to contributions that exceed 6% of their total compensation for that year.

The discretionary matching contribution will be vested according to the Plan's vesting schedule as follows:

| Years of Vesting Service | Vesting Percentage |
|---|---|
| Less than two years | 0% |
| Two years but less than three years | 20% |
| Three years but less than four years | 40% |
| Four years but less than five years | 60% |
| Five years but less than six years | 80% |
| Six or more years. | 100% |

Pension expense for years ended December 31, 2019 and 2018 was $25,667 and $25,545 respectively.

## Note 6 OPERATING LEASES

The Company renewed the office space lease agreement for the period of July 1, 2015 through June 30, 2020. This lease provides for monthly rental payments of approximately $2,900. During the years ended December 31, 2019 and 2018, the Company paid approximately $34,800 respectively, in rent, as well as $9,066 and $7,173 respectively, in maintenance.

The Company leases storage space on a month-to-month basis. During the years ended December 31, 2019 and 2018, the Company paid rent expense in the amount of $8,124 and $8,075, respectively.

The Company leases certain office equipment with operating leases expiring through December 2022. The lease expense totaled $14,388 and $17,450 for the years ended December 31, 2019 and 2018, respectively. For the sake of convenience, a limited amount of equipment is subleased to affiliates to facilitate communications. Lease income on this equipment is offset against lease expense.

The future minimum lease payments under the operating leases are as follows as of December 31,

| | | |
|---|---|---|
| 2020 | $ | 31,788 |
| 2021 | | 14,388 |
| 2022 | | 14,388 |
| 2023 | | - |
| 2024 | | - |
| Total | $ | 60,564 |

## Note 7 FRANCHISE OPERATIONS

The franchise agreements grant the franchisees use of the name "Broadway Station", "Broadway Pizza" or "Broadway Fast & Fresh" and the ability to purchase its secret recipe ingredients. Franchisees are required to pay an initial fee, for which the Company provides initial management assistance. A continuing service fee, based upon a percentage of the franchisee's sales, is also required to be paid for management services provided by the Company and is recognized as income when the franchisee records the sales over the term of the franchise agreements.

At December 31, 2019, the Company had 15 locations in operation, of which six are owned by affiliates. During 2019, no locations were closed, and one changed ownership. All locations are in Minnesota.

At December 31, 2018, the Company had 15 locations in operation, of which six are owned by affiliates. During 2018, one location was closed. All locations are in Minnesota.

## Note 8 STOCK REPURCHASE AGREEMENT

The Company has an agreement with the stockholders to purchase all the stock owned by a stockholder in the event of their death, disability or termination. On each April 1st, the purchase price per share shall be determined by the affirmative vote of a majority of the voting power of all shares entitled to vote. At December 31, 2019 and 2018, the price per share is fixed at $33.23. The terms of the agreement require that one-sixth of the repurchase price be paid initially, with the balance financed with a note bearing interest at the prime interest rate publicly announced by First Bank National Association of Minneapolis, Minnesota. The note is to be repaid in five equal annual installments.

## Note 9 COMMITMENTS AND CONTINGENCIES

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc., Flippin' Dough, LLC, and Triple RJ, LLC) of a Mortgage with Northeast Bank in the original amount of $1,500,000 as of March 1, 2016. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. The Mortgage was for the purpose of acquiring real estate owned by Triple RJ, LLC, and operated as a franchise by Flippin' Dough, LLC. At December 31, 2019 and 2018, the note balance was $1,311,991 and $1,365,023, respectively.

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc., Flippin' Dough, LLC, and Triple RJ, LLC) of a Mortgage with Northeast Bank in the original amount of $1,284,400 as of September 28, 2015. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. The Mortgage was for the purpose of acquiring real estate owned by Triple RJ, LLC, and operated as a franchise by Flippin' Dough, LLC. At December 31, 2019 and 2018, the note balance was $1,104,971 and $1,151,171, respectively.

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc., Flippin' Dough, LLC, Triple RJ, LLC, and Pizza the Pie, LLC) of a Line of Credit with Northeast Bank in the original amount of $150,000 as of November 17, 2017. This Line of Credit is used for operational purposes by The Original Broadway Station Restaurants, Inc. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. In addition, two stockholders have limited guarantees of 50% each. At December 31, 2019 and 2018, the note balance was $107,880 and $149,880, respectively.

The Company is a co-guarantor (with The Original Broadway Station Restaurants, Inc) of a Mortgage with Northeast Bank in the original amount of $130,000 as of March 7, 2019. This Mortgage is used for operational purposes by The Original Broadway Station Restaurants, Inc. The Commercial Guaranty is an Unlimited, Continuing Guaranty of Payment and Performance and is collateralized by all Company assets. In addition, four stockholders have limited guarantees equal to their percentage of stock ownership. At December 31, 2019 and 2018, the note balance was $125,567 and $0, respectively.

**Exhibit D**

# Franchise Agreement

**FOR USE ONLY IN THE STATE OF WISCONSIN**

# FRANCHISE AGREEMENT

BETWEEN

**BROADWAY STATION RESTAURANTS, INC.**
1818 Wooddale Drive, Suite 202
Woodbury, Minnesota 55125
Telephone: (651) 731-0800
Fax Number: (651) 731-9609
www.broadwaypizza.com

AND

_____
_____
_____
_____
Name(s) of FRANCHISEE

**BUSINESS ADDRESS:**

_____
Street

_____
City State Zip Code
(_____)_____
Area Code Telephone

_____
E-Mail WWW Site

**FRANCHISED LOCATION:**

_____
Street

_____
City State Zip Code
(_____)_____
Area Code Telephone

_____
E-Mail WWW Site

**DATE OF FRANCHISE AGREEMENT:**

_____

| Article | Page | Information Required | Date Completed | Person Completing Information |
|---|---|---|---|---|
| N/A | Cover | Date; Name and Address of FRANCHISEE; Address of FRANCHISED LOCATION | _____ | _____ |
| N/A | 1 | Date of AGREEMENT | _____ | _____ |
| N/A | 1 | Name and Entity of FRANCHISEE | _____ | _____ |
| 1.1 | 2 | Description of FRANCHISED LOCATION | _____ | _____ |
| 31.3 | 51 | Name, address and telephone number of attorney representing FRANCHISEE | _____ | _____ |
| N/A | 55 | Signature of BROADWAY | _____ | _____ |
| N/A | 55 | Signature of FRANCHISEE | _____ | _____ |
| N/A | 55 | Signature(s) of Shareholder(s) or partner(s) | _____ | _____ |
| N/A | 56 | Signature(s) of Personal Guarantor(s) | _____ | _____ |
| N/A | N/A | Signature(s) of FDD Receipt Pages | _____ | _____ |
| N/A | N/A | Signature(s) of Franchisee Questionnaire | _____ | _____ |

**BROADWAY STATION RESTAURANTS, INC.**
FRANCHISE AGREEMENT
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**BROADWAY STATION RESTAURANTS, INC.**
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** ("AGREEMENT") made, entered into and effective this _____day of_____, _____, by and between **BROADWAY STATION RESTAURANTS, INC.**, a Minnesota corporation ("BROADWAY"), and _____ _____, a_____ (the "FRANCHISEE").

RECITALS

BROADWAY has developed a business system for operating theme pizza and pasta restaurants that provide the public with high quality food and beverages of a distinctive character and quality under the name *"Broadway Pizza®," "Broadway Bar & Pizza®," or " Broadway Fast & Fresh™"* (the "Business System") and has publicized the names "Broadway Station®," "Broadway Station® Restaurant and Pizzeria," "Broadway Pizza®," "Broadway Bar & Pizza®," *"Broadway Fast & Fresh™"* and other names to the public as an organization of restaurant businesses operating under the Business System.

BROADWAY represents that it has the right and the authority to license the use of the name "Broadway Pizza®," "Broadway Bar & Pizza®," "Broadway Fast & Fresh™," and certain other trademarks, trade names, service marks, logos, slogans and commercial symbols ("Marks") to selected persons, businesses or entities who will comply with BROADWAY's uniformity requirements and quality standards.

The FRANCHISEE desires to own and operate a *Broadway Pizza®,* a *Broadway Bar & Pizza®,* or a *"Broadway Fast & Fresh™"* Business at the location set forth in ARTICLE 1 in conformity with the Business System and BROADWAY'S uniformity requirements and quality standards as established and promulgated from time to time by BROADWAY.

BROADWAY is willing to provide the FRANCHISEE with marketing, advertising, operational and other business information, experience and "know-how" about the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business that has been developed over time by BROADWAY and a predecessor of BROADWAY at a significant cost to BROADWAY.

The FRANCHISEE acknowledges that it would take substantial capital and human resources to develop a business similar to the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business and, as a consequence, the FRANCHISEE desires to acquire the right to use the Marks and the Business System and to own and operate a *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business subject to and under the terms and conditions set forth in this AGREEMENT.

The FRANCHISEE acknowledges that BROADWAY would not provide the FRANCHISEE with any business information or know-how about the Business System unless the FRANCHISEE agreed to comply with all of the terms and conditions of this AGREEMENT and to pay the Initial Fee, the Continuing Fees and the Marketing and Promotion Fees specified in this AGREEMENT.

The FRANCHISEE has had a full and adequate opportunity to read and review this AGREEMENT and to be thoroughly advised of the terms and conditions of this AGREEMENT by an attorney or other personal advisor, and has had sufficient time to evaluate and investigate the Business System, the financial requirements, and the business risks associated with owning and operating a *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business.

In consideration of the mutual promises and covenants set forth in this AGREEMENT and for other good and valuable consideration, the parties hereby contract as follows:

## ARTICLE 1
## GRANT OF FRANCHISE; FRANCHISED LOCATION

**1.1 FRANCHISED LOCATION**. BROADWAY hereby grants the FRANCHISEE the nonexclusive personal right to own and operate one (1) *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business in conformity with the Business System at the following single location:

_____

Street

_____

City State Zip Code

("FRANCHISED LOCATION"). "Nonexclusive," for the purposes of this provision, will mean that BROADWAY has the absolute and unconditional right to grant licenses or franchises to others throughout the world authorizing others to use the Marks or to own and operate *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Businesses in conformity with the Business System.

**1.2 EXCLUSIVE TERRITORY**. FRANCHISEE will have an Exclusive Territory equal to a one (1) mile radius from the FRANCHISED LOCATION ("Exclusive Territory"). The Exclusive Territory is exclusive to the extent that, during the term of this AGREEMENT, BROADWAY will not own, operate or grant to any other person or entity the right to own and operate a *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business within the Exclusive Territory. BROADWAY will have the absolute right to own, operate or franchise other *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Businesses outside of the Exclusive Territory and sell its proprietary products within the Exclusive Territory pursuant to Section 1.3 of this AGREEMENT. BROADWAY will have the right to conduct promotional events and to participate in promotional activities within the Exclusive Territory. The FRANCHISEE will not dispute, litigate, arbitrate, mediate or in any manner contest: (A) the FRANCHISEE's Exclusive Territory as it is defined in this Agreement; or (B) the operation of any other *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business or business system operated by BROADWAY or its parent, subsidiaries, franchisees, licensees, partners or joint ventures outside of the Exclusive Territory, even if any such business lessens the FRANCHISEE's sales for its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**1.3 PROPRIETARY PRODUCTS**. BROADWAY will have the worldwide rights to sell *"Broadway Station®," "Broadway Station® Restaurant and Pizzeria," "Broadway Pizza®,"* and *"Broadway Bar & Pizza®"* products including, but not limited to, foods, sauces, spices, seasonings, premiums, novelty items, hats, sweatshirts, T-shirts, clothing and souvenirs through methods of distribution other than full-service restaurant or take-out or delivery *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* businesses, but including television, direct mail, radio, print media, newspapers, magazines, grocery stores, convenience stores, department stores and other retail and wholesale methods of distribution anywhere, including within your Exclusive Territory.

**1.4 FRANCHISED LOCATION NOT DETERMINED**. If the FRANCHISED LOCATION has not yet been determined as of the date of this AGREEMENT, then the geographical area in which the FRANCHISEE'S Restaurant Business is to be located will be described or otherwise defined in an exhibit signed by the parties and attached to this AGREEMENT. At such time as the address of the FRANCHISED LOCATION is determined, then the address will be inserted into Section 1.1 of this AGREEMENT.

**1.5 RELOCATION**. The FRANCHISEE may, with the prior written approval of BROADWAY, relocate the FRANCHISED LOCATION to another location during the term of this AGREEMENT, provided that (A) the proposed new location does not compete with any *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business owned or operated by BROADWAY or any of BROADWAY's franchisees; (B) the proposed new location is not located in any territory licensed to any other franchisee; (C) the proposed new location does not compete with any location previously proposed by BROADWAY or any other franchisee for a new *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business; (D) the proposed new location is open to the public for business within thirty (30) days after the FRANCHISED LOCATION is closed to the public; and (E) the proposed new location is located within one-half (½) mile of the FRANCHISED LOCATION. The failure of the FRANCHISEE to obtain the written approval of BROADWAY prior to the relocation of the FRANCHISED LOCATION will constitute a material breach of this AGREEMENT. In the event the FRANCHISED LOCATION is relocated pursuant to this provision, the "new" location, including the real estate, the building, the interior decor, the color schemes, and the furniture, fixtures and equipment, must comply with all applicable provisions of this AGREEMENT and with BROADWAY's then-current specifications.

**1.6 RELOCATION FEE**. If pursuant to the terms of Section 1.5, the FRANCHISEE relocates the FRANCHISED LOCATION to another location during the term of this AGREEMENT, then the FRANCHISEE will pay BROADWAY a Relocation Fee in the amount of Ten Thousand Dollars ($10,000). The Relocation Fee will be due and payable prior to the date BROADWAY consents in writing to the relocation of the FRANCHISED LOCATION.

**1.7 CONDITIONS**. The FRANCHISEE hereby undertakes the obligation to operate a *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business at the FRANCHISED LOCATION in strict compliance with the terms and conditions of this AGREEMENT for the entire term of this AGREEMENT. The rights and privileges granted to the FRANCHISEE by BROADWAY under this AGREEMENT are applicable only to the single location designated as the FRANCHISED LOCATION, are personal in nature, and may not be used elsewhere or at any other location by the FRANCHISEE.

**1.8 PERSONAL LICENSE**. The FRANCHISEE will not have the right to franchise, subfranchise, license or sublicense its rights under this AGREEMENT. The FRANCHISEE will not have the right to assign or transfer this AGREEMENT or its rights under this AGREEMENT, except as specifically provided for in this AGREEMENT.

## ARTICLE 2
## TERM OF FRANCHISE

**2.1** **TERM.** The term of this AGREEMENT will be for ten (10) years unless otherwise terminated pursuant to this Agreement, and will commence on the date set forth on Page 1 of this AGREEMENT. This AGREEMENT will not be enforceable until it has been signed by both the FRANCHISEE and BROADWAY and until this AGREEMENT, signed by the FRANCHISEE and BROADWAY (and, if applicable, the FRANCHISEE'S shareholders or partners and Personal Guarantors), has been delivered to the FRANCHISEE by BROADWAY.

**2.2** **TERM OF LEASE**. The term of the lease for the FRANCHISED LOCATION will not affect the term of this AGREEMENT.

**2.3** **RIGHTS UPON EXPIRATION**. The FRANCHISEE will not have the right to renew this AGREEMENT, but will have the right of first refusal, as provided for in ARTICLE 3 of this AGREEMENT, to reacquire the Franchise for the FRANCHISED LOCATION after the term of this AGREEMENT expires.

## ARTICLE 3
## FRANCHISEE'S RIGHT OF FIRST REFUSAL TO REACQUIRE FRANCHISE

**3.1 CONDITIONS TO RIGHT OF FIRST REFUSAL.** At the end of the term of this AGREEMENT, the FRANCHISEE will have the right of first refusal to reacquire the Franchise for the FRANCHISED LOCATION, provided that the FRANCHISEE has agreed to and has complied in all respects with the following conditions:

(A) The FRANCHISEE has given BROADWAY written notice at least one hundred eighty (180) days prior to the end of the term of this AGREEMENT of its intention to reacquire the Franchise for the FRANCHISED LOCATION; and

(B) During the term of this AGREEMENT, the FRANCHISEE has complied with all of the material terms and conditions of this AGREEMENT and has complied with BROADWAY's material operating and quality standards and procedures; and

(C) All monetary obligations owed by the FRANCHISEE to BROADWAY have been paid or satisfied prior to the end of the term of this AGREEMENT, and have been timely met throughout the term of this AGREEMENT; and

(D) The FRANCHISEE has agreed, in writing, to make the reasonable capital expenditures necessary to remodel, modernize and redecorate the FRANCHISED LOCATION, and to replace and modernize the furniture, fixtures, supplies and equipment used in the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business so that the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business will reflect the image portrayed by BROADWAY's then-current decor and specifications; and

(E) As of the date the FRANCHISEE exercises its right of first refusal to reacquire the Franchise for the FRANCHISED LOCATION, the FRANCHISEE either owns the FRANCHISED LOCATION, or the FRANCHISEE has the right to lease the FRANCHISED LOCATION for a term that coincides with the term of BROADWAY's then-current standard Franchise Agreement; and

(F) The FRANCHISEE agrees to execute and comply with the then-current standard Franchise Agreement then being offered to new franchisees by BROADWAY, subject further to the provisions of Section 3.2 of this AGREEMENT; and

(G) The Operating Owner, as defined in ARTICLE 33, agrees to attend, at the FRANCHISEE'S sole expense, a two (2) day refresher training program conducted by BROADWAY in Woodbury, Minnesota or such other location as may be designated by BROADWAY; and

(H) The FRANCHISEE pays BROADWAY a Training and Assessment Fee of Two Thousand Five Hundred Dollars ($2,500).

**3.2 TERMS OF RIGHT OF FIRST REFUSAL.** The FRANCHISEE will have the right of first refusal to reacquire the Franchise for the FRANCHISED LOCATION under the same terms and conditions then being offered to other franchisees by BROADWAY under BROADWAY's then-current standard Franchise Agreement. If the FRANCHISEE exercised its right of first refusal to reacquire the Franchise for the FRANCHISED LOCATION and executes the then-current standard Franchise Agreement, then the FRANCHISEE will not be required to pay the Initial Fee, if any, specified in the then-current standard Franchise Agreement. The FRANCHISEE will, however, be required to pay the Training and Assessment Fee specified in Section 3.1(H) and the Continuing Fees, the Marketing and

Promotion Fees and all other fees at the rates specified in the then-current standard Franchise Agreement, and to pay any additional fees not specified or provided for in this AGREEMENT but which are required to be paid to BROADWAY or others by the terms of the then-current standard Franchise Agreement. BROADWAY will not offer to sell the Franchise for the FRANCHISED LOCATION at the end of the term of this AGREEMENT to any other person or entity on more favorable terms or conditions than those being offered to the FRANCHISEE. The FRANCHISEE acknowledges that the terms, conditions, capital requirements and economics of the then-current standard Franchise Agreement of BROADWAY may, at that time, vary in substance and form from the terms, conditions, capital requirements and economics of this AGREEMENT, and may contain less economically favorable terms, including, but not limited to, a change in or addition of continuing fees, additional fees, transfer provisions, limited Exclusive Territory, standards and specifications and requirements to purchase from BROADWAY and/or designated suppliers.

## ARTICLE 4
## INITIAL FEE; APPROVAL OF FRANCHISEE

**4.1 INITIAL FEE**. The FRANCHISEE will pay BROADWAY an Initial Fee of Thirty Thousand Dollars ($30,000), payable when you sign this AGREEMENT. Regardless of any other provision of this AGREEMENT to the contrary, this AGREEMENT will not become effective until the Initial Fee has been paid in full by the FRANCHISEE. The Initial Fee payable by the FRANCHISEE to BROADWAY is payment, in part, for the costs incurred by BROADWAY to operate its business, including costs for general sales and administrative expenses, travel, public relations, advertising, long distance telephone calls, training, marketing and promotion costs, advertising materials, legal and accounting fees, compliance with federal and state franchising and other laws, and the initial services rendered by BROADWAY to the FRANCHISEE as set forth in this AGREEMENT. Except as set forth in Section 4.3, the Initial Fee is nonrefundable to the FRANCHISEE and fully earned by BROADWAY.

**4.2 BROADWAY'S RIGHT TO REJECT FRANCHISEE**. BROADWAY will have the absolute right to reject or disapprove the FRANCHISEE and to terminate this AGREEMENT at any time within one hundred eighty (180) days after the date of this AGREEMENT if: (A) BROADWAY determines that any required or other financial, personal or other information provided by the FRANCHISEE to BROADWAY is materially false, misleading, incomplete or inaccurate; (B) BROADWAY determines that the FRANCHISEE'S Operating Owner, the FRANCHISEE'S Store Manager, as defined in ARTICLE 33, or the FRANCHISEE'S Associate Manager is not qualified or competent to properly manage or participate in the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business because such person has failed to successfully complete BROADWAY'S training program and has not been certified by BROADWAY, or because such person is deemed by BROADWAY to be incapable of successfully completing BROADWAY's training program; (C) the FRANCHISEE fails to purchase, lease or contract for a suitable site for the FRANCHISED LOCATION within forty-five (45) days after the date of this AGREEMENT; (D) the FRANCHISEE fails to have the FRANCHISED LOCATION "under construction," as defined in ARTICLE 33, within one hundred twenty (120) days after the date of this AGREEMENT; (E) the FRANCHISEE fails to open and commence operations of its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business within one hundred seventy (170) days after the date of this AGREEMENT or when the FRANCHISED LOCATION is ready for the FRANCHISEE'S occupancy, whichever is earlier; (F) the FRANCHISEE fails to apply for and obtain the required license for the service of food for its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business from the appropriate governmental agency; or (G) the FRANCHISEE fails to apply for and obtain the required liquor license for its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business from the appropriate governmental agency. The FRANCHISEE will not sign a lease for the FRANCHISED LOCATION, unless the enforceability of the lease is conditioned upon both the FRANCHISEE being approved by BROADWAY and until this AGREEMENT is deemed legally enforceable.

**4.3 REFUND OF INITIAL FEE**. If the FRANCHISEE is not approved by BROADWAY and this AGREEMENT is terminated pursuant to Section 4.2, then the Initial Fee paid by the FRANCHISEE pursuant to Section 4.1 will be refunded to the FRANCHISEE after BROADWAY deducts the greater of Five Thousand Dollars ($5,000) or the total of the administrative and out-of-pocket expenses incurred by BROADWAY in its business dealings with the FRANCHISEE including, but not limited to, executive and employee salaries and fringe benefits, salespersons' commissions, design fees, legal and accounting fees, travel expenses, training costs, marketing costs and long distance telephone calls. The FRANCHISEE will be notified by BROADWAY in writing if the FRANCHISEE is not approved and this AGREEMENT is terminated by BROADWAY pursuant to Section 4.2 and BROADWAY will provide the FRANCHISEE with a written accounting of the administrative and out-of-pocket expenses that were incurred by BROADWAY and deducted from the Initial Fee paid by the FRANCHISEE. If the FRANCHISEE is rejected and this AGREEMENT is terminated by BROADWAY pursuant to Section 4.2(G) and the reason for the FRANCHISEE'S failure to apply for and/or obtain a valid liquor license is due to the FRANCHISEE'S criminal history or bankruptcy status, then Fifteen Thousand Dollars ($15,000) of the Initial Fee payable by the FRANCHISEE pursuant to Section 4.1 will be nonrefundable and payable to BROADWAY.

## ARTICLE 5
## CONTINUING FEES

**5.1 AMOUNT OF CONTINUING FEES.** In addition to the Initial Fee payable by the FRANCHISEE, the FRANCHISEE will pay BROADWAY monthly Continuing Fees equal to four and one-half percent (4.5%) of the FRANCHISEE'S monthly Gross Revenues, as defined in ARTICLE 33, which are received, billed or generated by, as a result of, in connection with or from the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. The Continuing Fees paid to BROADWAY will not be refundable to the FRANCHISEE under any circumstances.

**5.2 FRANCHISEE'S OBLIGATION TO PAY.** The monthly Continuing Fees payable to BROADWAY under this ARTICLE will be calculated and paid to BROADWAY by the FRANCHISEE on a monthly basis during the entire term of this AGREEMENT, and the FRANCHISEE'S failure to pay the monthly Continuing Fees to BROADWAY will be deemed to be a material breach of this AGREEMENT. The FRANCHISEE'S obligation to pay BROADWAY the monthly Continuing Fees pursuant to the terms of this AGREEMENT will be absolute and unconditional, and will remain in full force and effect during the entire term of this AGREEMENT. The FRANCHISEE will not have the "right of offset" and, as a consequence, the FRANCHISEE will timely pay all Continuing Fees due to BROADWAY under this AGREEMENT regardless of any claims or allegations for damages or other payments that the FRANCHISEE may allege against BROADWAY.

**5.3 DATE PAYABLE.** The FRANCHISEE will pay the monthly Continuing Fees to BROADWAY on the 10th day of each month for the preceding month. The FRANCHISEE'S report of Gross Revenues required under ARTICLE 7 of this AGREEMENT will be submitted to BROADWAY concurrently with payment of the monthly Continuing Fees. If, however, the FRANCHISEE is in arrears, the monthly Continuing Fee may be converted, at BROADWAY'S sole discretion, to a *weekly* Continuing Fee, payable on the Wednesday of each week for the preceding week (Monday through Sunday). Failure to timely pay Continuing Fees may also cause BROADWAY to exercise its rights on Section 8.7 to automatically deduct said fees from FRANCHISEE'S account by pre-authorized bank debit.

**5.4 INTEREST ON UNPAID CONTINUING FEES.** If the FRANCHISEE fails to pay the Continuing Fees due to BROADWAY under Sections 5.1 and 5.3, then the amount of the unpaid and past due Continuing Fees will bear simple interest at the rate equal to the lesser of (A) the maximum legal interest rate allowable in the state in which the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business is located, or (B) eighteen percent (18%) per annum.

**5.5 SERVICE CHARGE.** If the FRANCHISEE fails to pay any Continuing Fees within ten (10) days after the due date, then in addition to the interest payable by the FRANCHISEE as set forth above, the FRANCHISEE will pay BROADWAY a service charge of One Hundred Dollars ($100), with 1% accrual of interest, which will be immediately due and payable.

**5.6 COLLECTION COSTS.** The FRANCHISEE will pay BROADWAY for any and all costs incurred by BROADWAY in the collection of unpaid and past due Continuing Fees due from the FRANCHISEE including, but not limited to, the amount of actual attorneys' fees, deposition costs, expert witness fees, investigation costs, accounting fees, filing fees and travel expenses incurred by BROADWAY.

## ARTICLE 6
## MARKETING AND PROMOTION FEES; LOCAL DMA MARKETING AND PROMOTION GROUP

**6.1 AMOUNT OF MARKETING AND PROMOTION FEES; USE OF FUNDS.** Each month during the term of this AGREEMENT, the FRANCHISEE will pay BROADWAY Marketing and Promotion Fees equal to one percent (1%) of the FRANCHISEE'S monthly Gross Revenues for deposit in a Marketing and Promotion Fund which will be administered and controlled exclusively by BROADWAY. The FRANCHISEE'S failure to pay the monthly Marketing and Promotion Fees will be deemed to be a material breach of this AGREEMENT. BROADWAY will have the absolute and unilateral right to determine when, how and where the Marketing and Promotion Fees in the Marketing and Promotion Fund will be spent. As a result, BROADWAY will have the absolute right to purchase and pay for product research, creative costs, advertising agencies, public relations firms, production costs, ad slicks, brochures, radio and television commercials, market research, media time and space advertising (including radio, television, internet, newspaper, magazine and other print advertising), promotions, marketing, public relations, menu development, research and design, telemarketing and national, regional and local advertising that BROADWAY deems appropriate and in the best interests of the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Businesses and the Business System. BROADWAY will also have the absolute right to use the Marketing and Promotion Fees in the Marketing and Promotion Fund for the payment of long-distance telephone charges, fax costs, office rental, furniture, fixtures and equipment, leasehold improvements, staff, employee and personnel salaries, travel costs, office supplies, collection costs, legal and accounting fees, consulting fees and other administrative costs incurred by the Marketing and Promotion Fund. The FRANCHISEE may obtain an accounting of the expenditures made by BROADWAY from the Marketing and Promotion Fees in the Marketing and Promotion Fund by requesting an accounting in writing from BROADWAY. BROADWAY will not be required to contribute to the Marketing and Promotion Fund; however, all *Broadway Pizza®, Broadway Bar & Pizza®,* and *Broadway Fast & Fresh™* Businesses that are owned and operated by BROADWAY will be required to contribute to the Marketing and Promotion Fund in accordance with the terms of their respective Franchise Agreements. The Marketing and Promotion Fees paid by the FRANCHISEE will be nonrefundable.

**6.2 RIGHT TO BORROW MONEY.** If the Marketing and Promotion Fund does not contain sufficient money to make the necessary or advisable expenditures, as determined by BROADWAY in its sole discretion, then BROADWAY will have the right, but not the obligation, to loan money to the Marketing and Promotion Fund in an amount sufficient to cover such expenditures, and the loan (plus interest as provided for herein) will be repaid. from future Marketing and Promotion Fees made by all *Broadway Pizza®, Broadway Bar & Pizza®,* and *Broadway Fast & Fresh™* Businesses pursuant to their Franchise Agreements with BROADWAY. BROADWAY will have the right and option to either use its own funds, or borrow the necessary money in the name of the Marketing and Promotion Fund from one or more financial institutions. The unpaid balance of any loan made by BROADWAY to the Marketing and Promotion Fund will be subject to interest at either: (A) a rate equal to the rate of interest established by US Bank Minneapolis N.A., Minneapolis, Minnesota as its "Reference Rate" at the time of the loan, if BROADWAY utilized its own funds for the loan; or (B) a rate equal to the rate of interest charged to BROADWAY by the financial institution for the amount of the loan, if BROADWAY borrowed the money for the loan from a financial institution.

**6.3 DATE PAYABLE; INTEREST ON UNPAID MARKETING AND PROMOTION FEES.** The Marketing and Promotion Fees will be paid by the FRANCHISEE directly to BROADWAY on or before the 10th day of each month for the preceding month. The FRANCHISEE'S report of Gross Revenues required under ARTICLE 7 of this AGREEMENT will be submitted to BROADWAY concurrently with payment of the monthly Marketing and Promotion Fees. If, however, the FRANCHISEE is in arrears, the monthly Marketing and Promotion Fees may be converted, at BROADWAY'S sole discretion, to a *weekly* Marketing and Promotion Fee, payable on the Wednesday of each week for the preceding week (Monday through Sunday). Failure to timely pay Marketing and

Promotion Fees may also cause BROADWAY to exercise its rights on Section 8.7 to automatically deduct said fees from FRANCHISEE'S account by pre-authorized bank debit.

**6.4 INTEREST ON UNPAID MARKETING AND PROMOTION FEES**. Any Marketing and Promotion Fees not timely paid by the FRANCHISEE will bear simple interest at the rate equal to the lesser of (A) the maximum legal interest rate allowable in the state in which the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business is located, or (B) eighteen percent (18%) per annum.

**6.5 SERVICE CHARGE**. If the FRANCHISEE fails to pay any Marketing and Promotion Fees within ten (10) days after the due date, then in addition to the interest payable by the FRANCHISEE as set forth above, the FRANCHISEE will pay BROADWAY a service charge of One Hundred Dollars ($100) which will be immediately due and payable by the FRANCHISEE.

**6.6 COLLECTION COSTS.** The FRANCHISEE will pay the Marketing and Promotion Fund for any and all costs incurred by the Marketing and Promotion Fund in the collection of unpaid and past due Marketing and Promotion Fees payable by the FRANCHISEE including, but not limited to, the actual attorneys' fees paid by the Marketing and Promotion Fund.

**6.7 LOCAL ADVERTISING**. In addition to payment of the Marketing and Promotion Fees required by Section 6.1 above, each quarter the FRANCHISEE must spend at least one and one-half percent (1.5%) of its Gross Revenues for approved local media advertising and promotion. All local media advertising and promotions conducted by the FRANCHISEE must have the prior written approval of BROADWAY. On or before the tenth (10th) day following the end of each quarter, the FRANCHISEE will furnish to BROADWAY, in the form prescribed by BROADWAY, an accurate accounting of the FRANCHISEE'S previous quarter's expenditures for approved local media advertising and promotion. If the FRANCHISEE has failed to spend at least one and one-half percent (1.5%) of its Gross Revenues for approved local media advertising and promotion as required under this ARTICLE, then the FRANCHISEE will be required to deposit with BROADWAY the difference between one and one-half percent (1.5%) of its Gross Revenues and what it actually spent for such advertising, and this amount will be spent by BROADWAY in the FRANCHISEE'S area for any type of advertising or promotion that BROADWAY deems to be in the best interests of the FRANCHISEE'S Business. Amounts contributed by the FRANCHISEE to a Local DMA Marketing and Promotion Group pursuant to Section 6.6 below will be credited toward the FRANCHISEE'S quarterly local media advertising and promotion obligations under this Section 6.5.

**6.8 LOCAL DMA MARKETING AND PROMOTION GROUP**. At such time as there are two (2) or more *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Businesses (including the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business) in the FRANCHISEE'S Designated Market Area ("DMA"), as defined in ARTICLE 33, then the FRANCHISEE will be required to become a "Member" of and will participate in a local DMA marketing and promotion group (the "Local DMA Marketing and Promotion Group") which will conduct and administer media advertising, promotions, marketing, public relations and telemarketing for the benefit of the Broadway Station® franchisees located in the FRANCHISEE'S DMA, subject to all of the following terms and conditions:

(A) The Local DMA Marketing and Promotion Group will consist of all *Broadway Pizza®, Broadway Bar & Pizza®,* and *Broadway Fast & Fresh™* Businesses in the FRANCHISEE'S DMA.

(B) In addition to payment of the Marketing and Promotion Fees required by Section 6.5 above, each quarter the FRANCHISEE must contribute at least one-half percent (1/2%) of its Gross Revenues to the Local DMA Marketing and Promotion Group.

(C) Each *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business in the Local DMA Marketing and Promotion Group will be a "Member" of the Local DMA Marketing and Promotion Group, and each Member will have one (1) vote on all matters to be voted upon at duly convened meetings. Accordingly, each franchisee in the DMA will have one (1) vote for each franchised *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business that it owns in the DMA, and BROADWAY will have one (1) vote for each *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business that it owns and operates in the DMA. Each Member will be given five (5) days prior written notice of any proposed meeting. A quorum consisting of a majority of all Members will be required to convene any meeting of Members. A majority vote by the Members present at a duly convened meeting will be required to pass any proposed resolutions or motions. All meetings will be conducted according to Roberts Rules of Order.

(D) The Local DMA Marketing and Promotion Group will not conduct any media advertising, promotion, marketing, public relations or telemarketing program or campaign for the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Businesses in the DMA unless and until BROADWAY has given the Local DMA Marketing and Promotion Group prior approval for all concepts, materials or media proposed for any such media advertising, promotion, marketing, public relations or telemarketing program or campaign.

(E) The cost of all media advertising, promotion, marketing, public relations and telemarketing in the DMA must be approved by a majority vote of all Members present at a duly convened meeting. The cost of the media advertising, promotion, marketing, public relations or telemarketing will be paid equally by the Members of the Local DMA Marketing and Promotion Group after deducting any contribution received from BROADWAY from the Marketing and Promotion Fund.

(F) Except as set forth in Section 6.5, contributions to the Local DMA Marketing and Promotion Group by the FRANCHISEE will be in addition to the Marketing and Promotion Fees and all other marketing and promotion obligations of the FRANCHISEE which are set forth in this AGREEMENT.

**6.9 MARKETING THROUGH SOCIAL MEDIA**. The FRANCISEE may market its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business by participating in Facebook®, Twitter®, MySpace®, LinkedIn®, and other social networking internet sites ("Social Media"), but only according to the Social Media Compliance Standards set forth in Section 13.7.

## ARTICLE 7
## FINANCIAL STATEMENTS; REPORTS OF GROSS REVENUES, TAX RETURNS, FORMS AND ACCOUNTING

**7.1 MONTHLY, YEAR-TO-DATE AND ANNUAL FINANCIAL STATEMENTS**. The FRANCHISEE will, at its expense, provide BROADWAY with monthly and year-to-date balance sheets and profit and loss statements, and annual financial statements for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business which will consist of a balance sheet, profit and loss statement, statement of cash flows with explanatory footnotes and an annual copy of the FRANCHISEE's federal and state income tax filing for the applicable year. All financial statements provided to BROADWAY under this AGREEMENT for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business will be presented in the exact form and format prescribed by BROADWAY in writing, will be prepared using the accounting software specified by BROADWAY and will be categorized according to the standard chart of accounts developed and approved by BROADWAY. The FRANCHISEE'S financial statements will be prepared in accordance with generally accepted accounting principles applied on a consistent basis. If FRANCHISEE fails to prepare and provide financial statements in accordance with this Section 7.1, FRANCHISOR may employ a third-party auditor to prepare said statements at FRANCHISEE'S expense. The FRANCHISEE'S failure to comply with the provisions of this Section 7.1 may also be deemed to be a material breach of this AGREEMENT and may be grounds for termination of this AGREEMENT by BROADWAY pursuant to ARTICLE 20.

**7.2 AUDIT OR REVIEW OF ANNUAL FINANCIAL STATEMENTS**. The FRANCHISEE'S annual financial statements will be either audited or reviewed by an independent Certified Public Accountant. The accountant's opinion letter, in the case of an audit, or the accountant's review letter, in the case of a review, will be attached to the annual financial statements submitted to BROADWAY by the FRANCHISEE.

**7.3 DUE DATE**. The FRANCHISEE'S monthly and year to date financial statements will be delivered to BROADWAY by the twentieth (20th) day of each month for the preceding month, and the FRANCHISEE'S annual financial statements will be delivered to BROADWAY within one hundred twenty (120) days after the FRANCHISEE'S fiscal year end.

**7.4 INCOME TAX RETURNS**. Within one hundred twenty (120) days after the FRANCHISEE'S fiscal year end, the FRANCHISEE will provide BROADWAY with signed copies of the FRANCHISEE'S annual federal and state income tax returns filed by the FRANCHISEE for the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business (including any amended tax returns filed by the FRANCHISEE) together with proof that the FRANCHISEE has paid all federal and state income taxes due.

**7.5 STATE SALES TAX RETURNS**. By the twentieth (20th) day of each month, the FRANCHISEE will provide BROADWAY with signed copies of the FRANCHISEE'S monthly state sales tax returns for the preceding month, together with proof that the FRANCHISEE has paid all state sales taxes due.

**7.6 PAYROLL TAX RETURNS**. By the thirtieth (30th) day after the end of each calendar quarter, the FRANCHISEE will provide BROADWAY with signed copies of the FRANCHISEE'S quarterly federal and state payroll tax returns, together with proof that the FRANCHISEE has paid all federal and state payroll taxes due.

**7.7 REPORTS OF GROSS REVENUES**. The FRANCHISEE will maintain an accurate written record of the daily Gross Revenues for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business and will remit a signed and verified statement of the monthly Gross Revenues generated by, at, as a result of, or from the FRANCHISEE'S *Broadway Pizza®,*

*Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business using such forms as BROADWAY may from time to time prescribe in writing. The statement of monthly Gross Revenues will be delivered to BROADWAY on 10th day of each month concurrently with the FRANCHISEE'S payment of the monthly Continuing Fees and the monthly Marketing and Promotion Fees. If FRANCHISEE fails to prepare and provide gross revenue reports in accordance with this Section 7.7, FRANCHISOR may employ a third-party auditor to prepare said reports at FRANCHISEE'S expense. The FRANCHISEE'S failure to comply with the provisions of this Section 7.7 may also be deemed to be a material breach of this AGREEMENT and may be grounds for termination of this AGREEMENT by BROADWAY pursuant to ARTICLE 20. BROADWAY will have total access to FRANCHISEE'S computer system so as to independently download FRANCHISEE'S Gross Revenue records at its discretion.

**7.8 BROADWAY'S AUDIT RIGHTS**. The FRANCHISEE and the FRANCHISEE'S accountants will make all of their records, ledgers, workpapers, books, accounts and financial information ("financial records") available to BROADWAY at all reasonable times for review and audit by BROADWAY or its designee, and the financial records for each fiscal year will be kept in a secure place by the FRANCHISEE and will be available for audit by BROADWAY for at least five (5) years. The FRANCHISEE will provide BROADWAY with adequate facilities to conduct the audit, including a working area with a desk and chair at either the Franchised Location or at the FRANCHISEE'S accountants' offices. If an audit by BROADWAY results in a determination that the FRANCHISEE'S Gross Revenues were understated by more than one-half percent (1/2%), or that the FRANCHISEE has underpaid the monthly Continuing Fees by more than One Thousand Dollars ($1,000) in any twelve month period, then the FRANCHISEE will, in addition to paying any deficiency in Continuing Fees, Marketing and Promotion Fees, costs of products purchased from BROADWAY or other amounts due to BROADWAY, reimburse BROADWAY for all costs and expenses (including salaries of BROADWAY's employees, travel costs, room and board, and audit fees) that BROADWAY has incurred as a result of the audit, including any fees paid to its accountants to conduct the audit. The FRANCHISEE will reimburse BROADWAY for such costs and expenses within ten (10) days of receipt of an invoice from BROADWAY indicating the amount owed as a result of the audit, pay to BROADWAY any deficiency in Continuing Fees, Marketing and Promotion Fees, or other amounts owed to BROADWAY, including interest and service charges, and all costs and expenses (including salaries of BROADWAY's employees, travel costs, food and lodging, and audit fees) that BROADWAY incurred as a result of the audit of the FRANCHISEE'S financial records. The FRANCHISEE'S failure to comply with the provisions of this Section 7.9 will be deemed to be a material breach of this AGREEMENT and will be grounds for termination of this AGREEMENT by BROADWAY pursuant to ARTICLE 20.

**7.9 BROADWAY'S RIGHT TO REQUIRE CERTIFIED AUDIT**. If the audit by BROADWAY results in a determination that the FRANCHISEE'S annual Gross Revenues were understated by more than one-half percent (1/2%), or that the FRANCHISEE has underpaid the monthly Continuing Fees to BROADWAY by more than One Thousand Dollars ($1,000) in any twelve month period, then the FRANCHISEE, at its sole expense, will have its annual financial statements audited by an independent Certified Public Accountant for the next three consecutive fiscal years, beginning with the fiscal year which is in progress at the date the determination of any understatement or underpayment is made by BROADWAY, and the FRANCHISEE'S annual audited financial statements will be provided to BROADWAY within three (3) months after the FRANCHISEE'S fiscal year end.

## ARTICLE 8
## QUALITY CONTROL; UNIFORMITY AND STANDARDS REQUIRED OF FRANCHISEE

BROADWAY will promulgate, from time to time, uniform standards of quality, service and cleanliness for the business operations of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business so as to protect and maintain (for the benefit of all *Broadway Pizza®, Broadway Bar & Pizza®*, and *Broadway Fast & Fresh™* franchisees and BROADWAY) the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and the Business System. Accordingly, to ensure that all *Broadway Pizza®, Broadway Bar & Pizza®*, and *Broadway Fast & Fresh™* franchisees will maintain and adhere to the uniformity requirements and quality standards for the foods, products and services associated with the Marks and the Business System, the FRANCHISEE agrees to maintain the uniformity, quality, service and cleanliness standards required by BROADWAY for all foods, products and services associated with the Marks and the Business System and agrees to the following terms and conditions to assure that all *Broadway Pizza®, Broadway Bar & Pizza®*, and *Broadway Fast & Fresh™* Businesses will be uniform in nature and will sell and dispense quality foods, products and services to the public:

**8.1 IDENTIFICATION OF *BROADWAY PIZZA®, BROADWAY BAR & PIZZA®, OR BROADWAY FAST & FRESH™* BUSINESS**. The FRANCHISEE will operate its *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business so that it is clearly identified and advertised as a *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business. The style and form of the words *"Broadway Pizza®," "Broadway Bar & Pizza®,"* or *"Broadway Fast & Fresh™"* and the Marks used in any advertising, marketing, public relations, telemarketing, promotional programs, or internet advertising, including, but not limited to, web sites, blogs and social networking sites, must have the prior written approval of BROADWAY. The FRANCHISEE will use the name *"Broadway Pizza®," "Broadway Bar & Pizza®,"* or *"Broadway Fast & Fresh™,"* the approved logo and all graphics commonly associated with the Business System and the Marks which now or hereafter may form a part of BROADWAY's Business System, on all paper supplies, furnishings, advertising, internet applications, including web sites, blogs and social networking sites, public relations and promotional materials, signs, stationery, business cards, linens, towels, napkins, aprons, menus, food and beverage containers, placemats, uniforms, clothing, furnishings and other materials in the identical combination and manner as may be prescribed by BROADWAY in writing. The FRANCHISEE will, at its expense, comply with all legal notices of registration required by BROADWAY or its attorneys and will, at its expense, comply with all trademarks, trade names, service marks, copyrights, patents or other notice markings that are required by BROADWAY or by applicable law.

**8.2 COMPLIANCE WITH STANDARDS**. The FRANCHISEE will use the Marks and the Business System in strict compliance with the moral and ethical standards, quality standards, operating procedures, specifications, requirements and instructions specified by BROADWAY, which may be amended and supplemented by BROADWAY from time to time.

**8.3 FRANCHISEE'S NAME**. The FRANCHISEE will not use the names *"Broadway Pizza®," "Broadway Bar & Pizza®," "Broadway Fast & Fresh™," or "Broadway Station®,"* or the words "Broadway" or "Station," in its corporate, partnership or sole proprietorship name. The FRANCHISEE will hold itself out to the public as an independent contractor operating its *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business pursuant to a Franchise from BROADWAY. Whenever practical, the FRANCHISEE will clearly indicate on its business checks, stationery, purchase orders, business cards, invoices, receipts, advertising, public relations and promotional materials, and other written materials that the FRANCHISEE is a franchisee of BROADWAY. The FRANCHISEE will display signs at each entrance to the FRANCHISEE'S business premises which are clearly visible to the general public indicating that the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business is independently owned and operated as a franchised business. The FRANCHISEE will file for a certificate of assumed name in the manner required by applicable state law

so as to notify the public that the FRANCHISEE is operating its *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business as an independent business pursuant to this AGREEMENT.

**8.4 SIGNS**. The FRANCHISEE will only display signs that are required and that have been approved by BROADWAY in writing, and the FRANCHISEE will not use or display any other signs of any kind or nature at the FRANCHISED LOCATION without obtaining the written approval of BROADWAY prior to their installation or use.

**8.5 APPROVED MARKETING AND PROMOTION**. The FRANCHISEE will not conduct any media advertising, promotion, marketing, public relations, telemarketing programs or campaigns or any internet advertising, including, but not limited to, a web site, blog or social networking site, for its *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business unless and until BROADWAY has given the FRANCHISEE prior written approval for all concepts, materials or media proposed for any media advertising, promotion, marketing, public relations, telemarketing program or campaign or internet advertising, including, but not limited to, a web site, blog or social networking site. The FRANCHISEE will not permit any third party to advertise its business, services or products on the premises of the FRANCHISED LOCATION without obtaining the prior written approval of BROADWAY. BROADWAY may require the FRANCHISEE to withdraw and/or discontinue the use of any media advertising, promotion, marketing, public relations, telemarketing program or campaign or internet advertising, including, but not limited to, a web site, blog or social networking site, even if previously approved, if within BROADWAY's sole discretion, the materials may violate the law, infringe on the use of any of the BROADWAY's Marks, injure or be harmful to the Business System, BROADWAY, or any FRANCHISEE in any way.

**8.6 COUPONS**. The FRANCHISEE will honor, accept and participate in all national and regional coupon programs, special promotions, customer rebates, and customer guarantees that are specified or approved in writing by BROADWAY.

**8.7 PRE-AUTHORIZED BANK DEBITS**. The FRANCHISEE will, from time to time during the term of this AGREEMENT, execute such documents as BROADWAY may request to provide the FRANCHISEE'S unconditional and irrevocable authority and direction to its bank or financial institution, authorizing and directing the bank or financial institution to pay and deposit directly to the account of BROADWAY, and to charge to the account of the FRANCHISEE, on Wednesday of each week for the preceding week, the amount of Continuing Fees, Marketing and Promotion Fees, and other sums due and payable by the FRANCHISEE to BROADWAY pursuant to this AGREEMENT. The authorizations will be in the form prescribed by BROADWAY's bank. The FRANCHISEE'S authorizations will permit BROADWAY to designate the amount to be debited from the FRANCHISEE'S account, and to adjust such amount from time to time, in accordance with the Continuing Fees, Marketing and Promotion Fees, and other sums then payable to BROADWAY from the FRANCHISEE.

BROADWAY shall only exercise its right to withdraw its fees from the FRANCHISEE'S account if the FRANCHISEE is in arrears, or at any time fails to provide monthly reports of Gross Revenues required under ARTICLE 7 of this AGREEMENT. In such circumstances, BROADWAY will have the right, in its sole discretion, to estimate the amount of Continuing Fees, Marketing and Promotion Fees, and other sums due and payable to BROADWAY, and to designate such estimated amount as the amount to be debited from the FRANCHISEE'S account.

**8.8 DELIVERY AREA**. The area for which the FRANCHISEE is authorized by BROADWAY to deliver food products to customers will be the "Delivery Area." The FRANCHISEE will not deliver food products to customers located beyond the FRANCHISEE'S Exclusive Territory without the written consent of BROADWAY. The Delivery Area may be increased with the written consent of BROADWAY only if BROADWAY determines that the FRANCHISEE will be able to maintain

BROADWAY's food delivery standards for quality, freshness and taste. BROADWAY reserves the right to increase or decrease the FRANCHISEE'S Delivery Area, outside of the FRANCHISEE'S Exclusive Territory, solely at BROADWAY'S discretion.

**8.9 SITE REVIEW; FEASIBILITY STUDY**. The FRANCHISEE will not lease space, purchase a building, or purchase land for the construction of a building until the FRANCHISEE has completed and submitted to BROADWAY all site evaluation forms required by BROADWAY and the proposed site for the FRANCHISED LOCATION has been reviewed in writing by BROADWAY. The review of the site conducted by BROADWAY will not be deemed to be a warranty or guaranty by BROADWAY that the site or *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business will be a financial or economic success if the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business is opened and operated at that site. BROADWAY will have the right to require that the FRANCHISEE obtain, at the FRANCHISEE'S expense, an economic feasibility study for the FRANCHISED LOCATION. Any feasibility study required by BROADWAY will be completed by an expert mutually agreed upon by BROADWAY and the FRANCHISEE in writing.

**8.10 COMPLIANCE WITH STANDARDS AND SPECIFICATIONS**. The FRANCHISED LOCATION and the FRANCHISEE'S *Broadway Pizza®* Business will conform to BROADWAY's standards and specifications for the computers, software, computerized point-of-sale systems, floor plans, layout, personal property, furniture, fixtures, equipment, accessories, exterior and interior decor, designs, decorations, music and music selections, landscaping and color schemes. The FRANCHISEE will obtain and pay for the furniture, fixtures, supplies and equipment required by BROADWAY and used by the FRANCHISEE for the operation of its *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business. The furniture, fixtures and equipment used in the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business must be installed and located in accordance with the floor plans and specifications approved by BROADWAY, and must conform to the quality standards and uniformity requirements established by BROADWAY from time to time.

**8.11 MAINTENANCE**. The FRANCHISEE will, at its expense, repair, paint and keep in a clean and sanitary condition the interior, the exterior and the grounds of the FRANCHISED LOCATION and the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business, and will replace all floor coverings, wall coverings, light fixtures, interior and exterior signs, curtains, blinds, shades, furniture, room furnishings, wall hangings, fixtures and other decor items as such items become worn-out, soiled or in disrepair. All mechanical equipment, including ventilation, heating and air conditioning, must be kept in good working order by the FRANCHISEE at all times and must meet BROADWAY's quality standards. All replacement equipment, signs, decor items, furniture, fixtures, supplies and other items used in the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business by the FRANCHISEE must comply with BROADWAY's then-current standards and specifications.

**8.12 REMODELING AND REDECORATION OF BUSINESS PREMISES**. The FRANCHISEE will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate and renovate the FRANCHISED LOCATION and the FRANCHISEE'S Restaurant Business and to replace and modernize the furniture, fixtures, supplies and equipment ("Remodeling") so that the FRANCHISED LOCATION and the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Business will reflect the then-current image intended to be portrayed by BROADWAY and will provide the ambiance associated with *Broadway Pizza®, Broadway Bar & Pizza®*, or *Broadway Fast & Fresh™* Businesses. All remodeling must be performed in accordance with BROADWAY's standards and specifications and must have the prior written approval of BROADWAY. All replacements for the furniture, fixtures, supplies and equipment must conform to BROADWAY's then-current quality standards, and must be approved by BROADWAY in writing. The FRANCHISEE will commence remodeling the FRANCHISED LOCATION within three (3) months from the date that the FRANCHISEE receives written notice from BROADWAY specifying the required Remodeling and

will diligently complete such Remodeling within a reasonable time after its commencement. Except as provided for in Section 8.11 of this AGREEMENT, the FRANCHISEE will not be required to extensively remodel, modernize, redecorate or renovate the FRANCHISED LOCATION or the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, or to replace and modernize its furniture, fixtures, supplies and equipment more than once every five (5) years during the term of this AGREEMENT.

**8.13 LIMITATIONS ON PRODUCTS AND SERVICES**. The FRANCHISEE will sell only those foods, pizza products, pasta products, sandwiches, salads, beverages (alcoholic and non-alcoholic), products, premiums, novelty items, clothing, souvenirs and services that have been approved by BROADWAY in writing and the FRANCHISEE will offer for sale all foods, pizza products, pasta products, sandwiches, salads, beverages, products, premiums, novelty items, clothing, souvenirs and services prescribed by BROADWAY. The FRANCHISEE will conform to all customer service standards prescribed by BROADWAY in writing. The FRANCHISEE will have the absolute right to sell all foods, pizza products, pasta products, sandwiches, salads, beverages, products, premiums, novelty items, clothing, souvenirs and services at whatever prices and whatever terms it deems appropriate; provided that the FRANCHISEE acknowledges BROADWAY's right to set maximum and minimum prices, so long as the price range is reasonable and does not substantially harm competition in the market, and that these maximum and minimum prices may be less than/more than prevailing prices in the relevant restaurant market. If BROADWAY authorizes the FRANCHISEE to test market and sell any foods, beverages, products, premiums, novelty items, clothing, souvenirs or services not prescribed by BROADWAY's Business System, then all of the FRANCHISEE'S rights in the product or service and all information relating to the manufacture, distribution and use of the product or service will become the property of BROADWAY. The FRANCHISEE will only sell the approved products and services to the FRANCHISEE'S retail customers at the FRANCHISED LOCATION and will not sell any products or services at retail or wholesale at or from any other location without BROADWAY's prior written consent.

**8.14 COMPLIANCE WITH MANUALS AND MENU**. BROADWAY will provide the FRANCHISEE with one copy of its Operating Manual and its Kitchen and Recipe Manual, (sometimes collectively referred to as the "Manuals"), and one sample of its Menu. The FRANCHISEE will conform to the common image and identity created by the foods, pizza products, pasta products, sandwiches, salads, beverages, products, premiums, novelty items, food portions, recipes, ingredients, cooking techniques and processes and the services associated with the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business which are portrayed and described by the Manuals and the Menu, and the FRANCHISEE will conform to all changes and modifications to the Manuals and the Menu made by BROADWAY and provided to the FRANCHISEE that are deemed necessary by BROADWAY to: (A) improve the standards of service or the quality of the food, pizza products, pasta products, sandwiches, salads, food items, beverages, premiums, novelty items or other products offered for sale under the Business System; (B) protect the goodwill associated with the Marks; (C) improve the operation of the FRANCHISEE'S Restaurant Business; and (D) maintain the product and service consistency required by BROADWAY. BROADWAY reserves the right to revise, combine or eliminate the Manuals and the Menu at any time during the term of this AGREEMENT. The Manuals and all supplements, changes and modifications to the Manuals are and will be deemed confidential in all respects, and are and will remain the sole and exclusive property of BROADWAY. The FRANCHISEE will not use the Manuals or the Menu or any information contained therein in connection with the operation of any other business or for any purpose other than in conjunction with the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**8.15 FLOUR BLENDS AND SEASONINGS; FOOD AND PRODUCT BRANDS; MEAT SPECIFICATIONS**. The FRANCHISEE will purchase from BROADWAY or suppliers designated by BROADWAY all flour blends and designated proprietary seasoning blends and such seasoning blends and sauces and such other items or products as may be developed from time to time by BROADWAY in the future for BROADWAY's pizza and pasta sauces, sausage, sandwich spreads, vegetables, gravies, salad dressings and other food products. The FRANCHISEE will purchase the food and product brands

specified and approved by BROADWAY for all foods, food items and beverages used in preparing the food or food items and/or sold by the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. The FRANCHISEE will only purchase meats that meet the cut, grade, trim and dating specifications established by BROADWAY for use in preparing the food and food items sold by the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**8.16 APPROVED SUPPLIERS**. Except as set forth in Section 8.15, the FRANCHISEE will purchase from suppliers approved in writing by BROADWAY those foods, food items, beverages, liquor, recipe ingredients, products, goods, premiums, novelty items, clothing, souvenirs, merchandise, supplies, sundries, uniforms, machinery, signs, computers, software, point-of-purchase register systems, personal property, furniture, fixtures, equipment and services (sometimes referred to in this AGREEMENT as "goods and services") which are to be used or sold by the FRANCHISEE and which BROADWAY determines must meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and the Business System. With the exception of the flour blends and all proprietary seasoning blends, sauces, meat blends, custom-made products, and recipe items, the FRANCHISEE will have the right and option to purchase goods and services from other or outside suppliers, provided that FRANCHISEE first obtain BROADWAY'S written consent. BROADWAY shall not withhold its consent so long as the goods and/or services obtained from the alternative supplier are the identical product from the same brand as those goods or services provided by BROADWAY'S designated or approved suppliers.

**8.17 VENDING AND GAMING MACHINES; TICKETS**. The FRANCHISEE will not permit any jukebox, video and electronic games, vending machines, coin or token operated machines (including pinball) or gambling devices to be used on the premises of the FRANCHISED LOCATION, other than those approved by BROADWAY in writing. The FRANCHISEE will not keep or offer for sale or allow employees to offer for sale at or near the FRANCHISED LOCATION any tickets, subscriptions, pools, chances, raffles, lottery tickets or pull tabs, except with the prior written approval of BROADWAY.

**8.18 COMPLIANCE WITH APPLICABLE LAWS**. The FRANCHISEE will, at its expense, comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the construction or remodeling of the FRANCHISED LOCATION and the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, including, but not limited to, all health, liquor licensing laws, food service licensing laws, all health and safety regulations, all laws relating to employees, all discrimination laws, all sexual harassment laws, all laws relating to the disabled, all environmental laws and all other applicable state and federal laws. The FRANCHISEE will, at its expense, be absolutely and exclusively responsible for determining the licenses and permits required by law for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, for obtaining and qualifying for all such licenses and permits, and for complying with all applicable laws.

**8.19 PAYMENT OF OBLIGATIONS**. The FRANCHISEE will timely pay all of its uncontested and liquidated obligations and liabilities due and payable to BROADWAY, and to the suppliers, lessors and creditors of the FRANCHISEE.

**8.20 PAYMENT OF TAXES**. The FRANCHISEE will be absolutely and exclusively responsible and liable for the prompt payment of all federal, state, city and local taxes including, but not limited to, individual and corporate income taxes, state sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, unemployment taxes, inventory taxes, liquor taxes, personal property taxes and real estate taxes ("taxes") payable in connection with the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. BROADWAY will have no liability for these or any other taxes which arise or result from the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business and the FRANCHISEE will indemnify

BROADWAY for any such taxes that may be assessed or levied against BROADWAY which arise or result from the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. It is expressly understood and agreed by the Personal Guarantors to this AGREEMENT that their personal guaranty applies to the prompt payment of all taxes which arise or result from the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**8.21 REIMBURSEMENT OF BROADWAY FOR TAXES.** In the event any "franchise" or other tax which is based upon the Gross Revenues, receipts, sales, business activities or operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business is imposed upon BROADWAY by any taxing authority, then the FRANCHISEE will reimburse BROADWAY in an amount equal to the amount of such taxes and related costs imposed upon and paid by BROADWAY. The FRANCHISEE will be notified in writing when BROADWAY is entitled to reimbursement for the payment of such taxes and, in that event, the FRANCHISEE will pay BROADWAY the amount specified in the written notice within ten (10) days of receipt of the written notice.

**8.22 STANDARD ATTIRE OR UNIFORMS.** The FRANCHISEE will require its employees to wear the standard seasonal attire or uniforms which have been established and approved by BROADWAY. The FRANCHISEE will also be required to provide uniforms to its employees for any special events or promotions designated by BROADWAY. All employees of the FRANCHISEE will wear clean and neat attire or uniforms and will practice good personal hygiene.

**8.23 BUSINESS HOURS; PERSONNEL.** The FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business will be open for business seven (7) days a week and, at a minimum, from 11:00 a.m. to 10:00 p.m. on Sunday, Monday, Tuesday, Wednesday and Thursday, and from 11:00 a.m. to 11:00 p.m. on Friday and Saturday (unless the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business serves breakfast, in which case the FRANCHISEE will open for business by 7:00 a.m.), except on nationally recognized holidays, in which case the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business may, with the prior written approval of BROADWAY, open for business later or close earlier, depending on market conditions. The FRANCHISEE will at all times during business hours have either the Operating Owner, the Store Manager or the Associate Manager on duty who will be responsible for supervising the employees and the business operations of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. The FRANCHISEE will have a sufficient number of adequately trained and competent service, kitchen, bar and other personnel on duty to guarantee efficient service to the FRANCHISEE'S customers.

**8.24 SMOKING; DRUG AND ALCOHOL USE.** The FRANCHISEE will prohibit its employees from using, possessing or being under the influence of alcohol or any controlled substance (except as prescribed by a physician) on the premises of the FRANCHISED LOCATION. The FRANCHISEE will adopt and enforce employee policies requiring discharge of any employee who violates the above policies. The FRANCHISEE'S failure to enforce the above policies will be deemed to be a material breach of this AGREEMENT.

**8.25 BROADWAY'S INSPECTION RIGHTS.** BROADWAY will have the absolute right to take photographs and videotapes of the interior and exterior of the FRANCHISED LOCATION at all times during business hours, to examine representative samples of the pizzas, pastas, sandwiches, salads, foods, beverages and other products sold or used at the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, at no cost to BROADWAY, and to evaluate the quality of the foods, beverages, products and services provided by the FRANCHISEE to its customers. BROADWAY will have the right to use all photographs and videotapes of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business for such purposes as

BROADWAY deems appropriate including, but not limited to, the right to use the photographs or videotapes for training, advertising, marketing and promotional, and as evidence in any court or arbitration proceeding. The FRANCHISEE will not be entitled, and hereby expressly waives any right that it may have, to be compensated by BROADWAY, its advertising agencies, and other Broadway Station® franchisees for using such photographs or videotapes for training, advertising, marketing, promotional and litigation purposes.

**8.26 SECURITY INTEREST**. This AGREEMENT, the Franchise granted to the FRANCHISEE hereunder and the FRANCHISEE'S liquor license (if applicable) may not be used as collateral or be the subject of a security interest, lien, levy, attachment or execution by the FRANCHISEE'S creditors or any financial institution, except with the prior written approval of BROADWAY.

**8.27 CREDIT CARDS**. The FRANCHISEE will honor all credit, charge, courtesy or cash cards or other credit devices required or approved by BROADWAY. The FRANCHISEE must obtain the written approval of BROADWAY prior to honoring any other credit, charge, courtesy or cash cards or other credit devices.

**8.28 NOTICES OF DEFAULT, LAWSUITS OR CLAIMS**. The FRANCHISEE will immediately deliver to BROADWAY copies of any notice of default received from any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party with respect to the FRANCHISED LOCATION or the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business and copies of all written notifications of any lawsuits, consumer claims, employee claims, federal or state administrative or agency proceedings or investigations or any other civil or governmental claims, actions or proceedings relating to the FRANCHISED LOCATION or the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. Upon request by BROADWAY, the FRANCHISEE will provide all additional information requested by BROADWAY regarding the alleged default, lawsuit, claim, action, investigation or proceeding, and any subsequent action or proceeding in connection with the alleged default, lawsuit, claim, action, investigation or proceeding.

**8.29 SALE OF CAPITAL STOCK TO PUBLIC**. If the FRANCHISEE is a corporation, it may not offer for sale or sell any of its stock, whether common or preferred, to the general public or in any manner that would require the offering or the stock to be registered pursuant to federal or state securities laws or regulations. The FRANCHISEE may not have more than thirty-five (35) shareholders, members, or partners (general and limited). A husband and wife will be treated as one shareholder, member, or partner.

**8.30 COMMUNICATION EQUIPMENT AND SERVICES**. The FRANCHISEE will, at its sole expense, obtain and maintain at all times during the term of this AGREEMENT, electronic telephone facsimile ("fax") equipment, electronic mail equipment, internet service, website and such other communication or information processing equipment and services as may from time to time be specified by BROADWAY for use in the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. All such equipment and services must meet the then-current standards and specifications established by BROADWAY and must be in operation to communicate information at such times and in such manner as specified by BROADWAY.

**8.31 COMPUTER EQUIPMENT, SOFTWARE AND SERVICES**. The FRANCHISEE will, at its sole expense, obtain and maintain at all times during the term of this AGREEMENT, such computer or information processing equipment, computer software and computer services as may from time to time be required by BROADWAY for use in the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. All such equipment and services must meet the then-current standards and specifications established by BROADWAY.

**8.32 COMPUTERIZED POINT-OF-SALE SYSTEMS**. The FRANCHISEE will acquire, at its expense, the computerized point-of-sale systems required and designated by BROADWAY for use in the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**8.33 MUSIC**. In order to maintain the image and ambiance associated with the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, the FRANCHISEE will only play music that has been approved by BROADWAY in writing.

**8.34 OPERATION OF FRANCHISED BUSINESS**. The FRANCHISEE will be totally and solely responsible for the operation of its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the FRANCHISEE. The FRANCHISEE will be responsible for the acts of its employees, agents and independent contractors and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. BROADWAY will not have any right, obligation or responsibility to control, supervise or manage the FRANCHISEE'S employees, agents or independent contractors.

**8.35 SECURITY SYSTEM**. The FRANCHISEE will, at its sole expense, obtain and maintain at all times during the term of this AGREEMENT, such 24-hour monitored security system equipment and services as may from time to time be required by BROADWAY for the protection of the FRANCHISED LOCATION, the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business and the FRANCHISEE'S employees and customers. All security system equipment and services must meet the then-current standards and specifications established by BROADWAY.

## ARTICLE 9
## CONFIDENTIAL MANUALS AND OTHER INFORMATION

**9.1 COMPLIANCE WITH MANUALS.** In order to protect the reputation and goodwill of BROADWAY, and to maintain uniform operating standards under the Marks and the Business System, the FRANCHISEE will at all times during the term of this AGREEMENT conduct its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business in accordance with BROADWAY's confidential Operating Manual and BROADWAY's confidential Kitchen and Recipe Manual. The FRANCHISEE acknowledges having received as a loan one copy of the Operating Manual and one copy of the Kitchen and Recipe Manual. The Manuals and all supplements, changes and modifications to the Manuals are and will be deemed confidential in all respects, and are and will remain the sole and exclusive property of BROADWAY. The FRANCHISEE will not use the Manuals or any information contained therein in connection with the operation of any other business or for any purpose other than in conjunction with the operation of the FRANCHISEE'S Broadway Pizza® Business, and the FRANCHISEE will comply with all changes, revisions and modifications to the Manuals.

**9.2 CONFIDENTIALITY OF MANUALS.** The FRANCHISEE will, at all times during the term of this AGREEMENT and thereafter, treat the Manuals, any other manuals created for or approved for use in the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, and the information contained therein as secret and confidential, and the FRANCHISEE will use all reasonable means to keep such information secret and confidential. Neither the FRANCHISEE nor any employees of the FRANCHISEE will make any copy, duplication, record or reproduction of the Manuals, or any portion thereof, available to any unauthorized person.

**9.3 REVISIONS TO MANUALS.** The Manuals will, at all times during the term of this AGREEMENT and thereafter, remain the sole and exclusive property of BROADWAY. BROADWAY may from time to time revise the Manuals, and the FRANCHISEE expressly agrees to operate its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business in accordance with all such revisions. The FRANCHISEE will at all times keep the Manuals current and up-to-date, and in the event of any dispute regarding the Manuals, the terms of the master copy of the Manuals maintained by BROADWAY will be controlling in all respects.

**9.4 CONFIDENTIALITY OF PROPRIETARY SEASONING BLENDS.** Due to their incalculably high value, the recipes for all foods and food items and for all of BROADWAY's proprietary seasoning blends, and any other seasoning blends or sauces developed from time to time by BROADWAY, will be strictly secret and confidential. The FRANCHISEE will not disclose or divulge any of the recipes of BROADWAY's foods and food items or BROADWAY's proprietary seasoning blends to any person or entity either during or after the term of this AGREEMENT. The FRANCHISEE warrants and guarantees that it will not attempt to analyze or have any other person or entity attempt to analyze any of BROADWAY's recipes or proprietary seasoning blends or sauces for any reason whatsoever.

**9.5 CONFIDENTIALITY OF OTHER INFORMATION.** BROADWAY and the FRANCHISEE expressly understand and agree that BROADWAY will be disclosing and providing to the FRANCHISEE certain confidential and proprietary information concerning the Business System and the procedures, operations, technology and data used in connection with the Business System. The FRANCHISEE will not, during the term of this AGREEMENT or thereafter, communicate, divulge or use for the benefit of any other person or entity any such confidential and proprietary information, knowledge or know-how concerning the methods of operation of the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business which may be communicated to the FRANCHISEE, or of which the FRANCHISEE may be apprised by virtue of this AGREEMENT. The FRANCHISEE will divulge such confidential and proprietary information only to its employees who must have access to it in order to operate the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. Any and all information, knowledge and know-how including, without limitation,

drawings, client lists, materials, equipment, technology, methods, procedures, recipes, seasoning blends, specifications, techniques, teaching methods, computer programs, systems and other data which BROADWAY copyrights or designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this AGREEMENT.

**9.6** **REMEDIES**. The FRANCHISEE recognizes that the provisions contained in this ARTICLE are necessary for the protection of BROADWAY and BROADWAY's franchisees. If the FRANCHISEE violates any of the provisions contained in this ARTICLE, then BROADWAY will have the right to: (A) terminate this AGREEMENT as provided for in ARTICLE 20; (B) seek injunctive relief from a Court of competent jurisdiction; (C) commence an action or lawsuit against the FRANCHISEE for damages; and (D) enforce all other remedies or take such other actions against the FRANCHISEE that are available to BROADWAY under common law, in equity and any federal and state statutes in an action or lawsuit against the FRANCHISEE.

## ARTICLE 10
## SITE SELECTION; CONSTRUCTION COSTS; BUSINESS PREMISES SPECIFICATIONS

**10.1 SITE SELECTION**. The FRANCHISEE will be solely responsible for selecting the site of the FRANCHISED LOCATION for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, regardless of whether the FRANCHISED LOCATION is owned or leased by the FRANCHISEE. BROADWAY has strongly recommended that the FRANCHISEE should retain an experienced commercial real estate broker or salesperson ("real estate broker") who has at least five (5) years experience in locating and/or leasing retail/restaurant space to locate, acquire, purchase or lease a site for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. Accordingly, no provision of this AGREEMENT may be construed or interpreted to impose any obligation upon BROADWAY to locate a suitable site for the FRANCHISED LOCATION, to assist the FRANCHISEE in the selection of a suitable site for the FRANCHISED LOCATION, or to provide any assistance to the FRANCHISEE in the purchase or lease of the FRANCHISED LOCATION. The FRANCHISEE acknowledges that neither BROADWAY'S review of the site nor its assistance with regard to the selection or development of the site constitutes a representation, warranty or guaranty by BROADWAY that the site of the FRANCHISED LOCATION will be a financially successful location for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, and the FRANCHISEE assumes all business and economic risks associated with the site.

**10.2 CONSTRUCTION AND REMODELING COSTS**. The FRANCHISEE will, at its sole expense, be solely responsible for all costs and expenses incurred in the construction or renovation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business at the FRANCHISED LOCATION including, but not limited to, all costs to acquire the site, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior decorations, fixtures, leasehold improvements, labor, construction drawings, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors. All contractors, vendors and other suppliers retained by the FRANCHISEE to construct or renovate the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business must be approved in writing by BROADWAY prior to the commencement of such improvements.

**10.3 LEASE**. If the FRANCHISED LOCATION is leased by the FRANCHISEE, then the FRANCHISEE will be solely responsible for negotiating and obtaining a lease for the FRANCHISED LOCATION with a term that is consistent with the term of this AGREEMENT.

**10.4 COMPLIANCE WITH STANDARD BUSINESS PREMISES SPECIFICATIONS**. BROADWAY will provide the FRANCHISEE with the standard business premises specifications for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business and for the FRANCHISED LOCATION. BROADWAY will provide the FRANCHISEE with the design and layout of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business which will include the decor package, concept design for the interior and exterior of the building, and floor plans. The FRANCHISEE must construct its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business in strict compliance with both BROADWAY'S standard business premises specifications and the design and decorating specifications provided by BROADWAY. BROADWAY will not provide the FRANCHISEE with construction plans or drawings since the FRANCHISED LOCATION will differ from the business premises of other *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Businesses in size, layout, location, design and configuration. The FRANCHISEE will, at its sole expense, be responsible for: (A) all architectural plans, construction plans or drawings, and site plans; and (B) constructing or remodeling the FRANCHISED LOCATION in strict compliance with BROADWAY'S standard business premises specifications. The FRANCHISEE will be responsible for and will pay for registered architectural fees, engineering fees and all construction costs incurred in connection with the construction or remodeling of the FRANCHISEE'S business premises at the FRANCHISED LOCATION, including the costs for the preparation of any

architectural plans and specifications, engineering fees and construction costs that are required by law or otherwise for the construction or remodeling of the FRANCHISED LOCATION and any registered architectural fees, engineering fees, construction costs and all other costs incurred because of modifications, additions or supplements required by law or otherwise to BROADWAY'S standard business premises specifications and design and decorating specifications. Any and all variances from BROADWAY's standard business premises specifications must have the prior written approval of BROADWAY. Any unauthorized variances from BROADWAY'S standard business premises specifications and design and decorating specifications that have not been approved by BROADWAY in writing will be deemed to be a material breach of this AGREEMENT.

**10.5 COMPLIANCE WITH LAWS; INSPECTION DURING CONSTRUCTION OR RENOVATION**. The FRANCHISEE will be solely responsible for complying with all applicable federal, state and local laws, ordinances, statutes and building codes, and for acquiring all licenses and building and other permits required by all federal, state, city, municipal and local laws in connection with the construction or renovation of the FRANCHISEE'S business premises at the FRANCHISED LOCATION. The FRANCHISEE will be solely responsible for inspecting the FRANCHISED LOCATION during construction, remodeling or renovation to insure that the FRANCHISED LOCATION is being constructed, remodeled or renovated according to BROADWAY'S standard business premises specifications.

**10.6 BROADWAY'S OPTION TO VIEW FRANCHISED LOCATION**. BROADWAY may, at its expense, view the FRANCHISED LOCATION during construction, remodeling or renovation, at such times as it deems necessary, for the purpose of determining the progress of construction, remodeling or renovation of the FRANCHISED LOCATION and to ascertain that the interior and exterior of the FRANCHISED LOCATION have or will have the physical appearance and ambiance associated with *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Businesses. Neither BROADWAY'S approval of the FRANCHISEE'S business premises plans and specifications, nor BROADWAY'S viewing of the FRANCHISED LOCATION during construction, remodeling or renovation will be for the purposes of determining that the FRANCHISEE'S business premises are being constructed, remodeled or renovated according to BROADWAY'S standard business premises specifications, in compliance with any applicable laws or ordinances, or in a good workman-like manner. Accordingly, BROADWAY will have no responsibility to the FRANCHISEE or any other party if the FRANCHISED LOCATION is not constructed, remodeled or renovated by the contractor: (A) according to BROADWAY'S standard business premises specifications; (B) in compliance with all applicable federal, state or local laws or ordinances; or (C) in a good workman-like manner.

## ARTICLE 11
## SIGNS

**11.1 APPROVED SIGNS.** The signs used at the FRANCHISED LOCATION ("Signs") must comply with BROADWAY'S standard sign plans and specifications. BROADWAY will provide to the FRANCHISEE a written copy of BROADWAY'S standard sign plans and specifications and the FRANCHISEE will, at its expense, prepare or cause to be prepared complete and detailed plans and specifications for the Signs and will submit such plans and specifications to BROADWAY for its written approval. The Signs must be installed or erected at the FRANCHISED LOCATION precisely in the place, location and manner specified by BROADWAY in writing. BROADWAY will have the absolute right to inspect, examine, videotape and photograph the Signs at any time during the term of this AGREEMENT.

**11.2 PAYMENT OF COSTS AND EXPENSES.** The FRANCHISEE will, at its expense, be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the erection or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. The FRANCHISEE will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the erection, maintenance and use of the Signs.

**11.3 MODIFICATIONS; INSPECTION.** The FRANCHISEE may not alter, remove, change, modify, or redesign the Signs unless approved by BROADWAY in writing. BROADWAY will have the unequivocal and unilateral right to redesign the plans and specifications for the Signs during the term of this AGREEMENT without the approval or consent of the FRANCHISEE. In that event, the FRANCHISEE must, at its expense, either modify or replace the Signs so that the Signs displayed at the FRANCHISED LOCATION will comply with BROADWAY'S redesigned plans and specifications. The FRANCHISEE will not be required to modify or replace the Signs more than once every five (5) years.

**11.4 INJUNCTIVE RELIEF.** BROADWAY will be entitled to seek injunctive relief against the FRANCHISEE without the posting of any bond or security to require the FRANCHISEE, at the FRANCHISEE'S expense, to: (A) exhibit, use and display the approved Signs at the FRANCHISED LOCATION during the term of this AGREEMENT; (B) remove the Signs from the FRANCHISED LOCATION upon the termination or expiration of this AGREEMENT; and (C) remove the Signs from the former franchised location upon the relocation of the FRANCHISED LOCATION.

## ARTICLE 12
## INSURANCE

**12.1 GENERAL LIABILITY INSURANCE**. The FRANCHISEE will procure and maintain in full force and effect, at its sole cost and expense, general liability insurance with coverage of at least Two Million Dollars ($2,000,000) insuring the FRANCHISEE, BROADWAY and their respective officers, Directors, agents and employees from and against any and all loss, liability, claim or expense of any kind whatsoever, including bodily injury, personal injury, death, property damage, products liability and all other occurrences resulting from the condition, operation, use, business or occupancy of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business and the FRANCHISED LOCATION, including the surrounding premises or area, the parking area and the sidewalks of the FRANCHISED LOCATION.

**12.2 LIQUOR LIABILITY INSURANCE**. The FRANCHISEE will procure and maintain in full force and effect, at its sole cost and expense, liquor liability insurance with coverage of at least One Million Dollars ($1,000,000) insuring the FRANCHISEE, BROADWAY and their respective officers, Director, agents and employees from any and all loss, liability, claim or expense of any kind whatsoever, including bodily injury, personal injury, death, property damage and all other occurrences resulting from the sale of liquor by the FRANCHISEE or any of the FRANCHISEE'S employees in connection with the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**12.3 VEHICLE INSURANCE**. The FRANCHISEE will procure and maintain in full force and effect, at its sole cost and expense, vehicle liability insurance with coverage of at least One Million Dollars ($1,000,000) insuring the FRANCHISEE, BROADWAY and their respective officers, Directors, agents and employees from any and all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation or maintenance of all automobiles or other vehicles owned by the FRANCHISEE or used by the FRANCHISEE or any of the FRANCHISEE'S employees (including automobiles or other vehicles owned or leased by any employee of the FRANCHISEE) in connection with the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**12.4 PROPERTY INSURANCE**. The FRANCHISEE will procure and maintain in full force and effect, at its sole cost and expense, "all risks" property insurance coverage, which will include fire and extended coverage, for the inventory, machinery, equipment, fixtures and furnishings owned or leased by the FRANCHISEE and used by the FRANCHISEE or at the FRANCHISED LOCATION. The FRANCHISEE'S property insurance policy (including fire and extended coverage) must have coverage limits of at least "replacement" cost.

**12.5 BUSINESS INTERRUPTION INSURANCE**. The FRANCHISEE will, when practicable, procure and maintain in full force and effect, at its sole cost and expense, business interruption insurance with coverage for actual losses sustained insuring the FRANCHISEE for and against all losses and damages resulting from an interruption in the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**12.6 THEFT INSURANCE**. The FRANCHISEE will procure and maintain in full force and effect, at its sole cost and expense, theft insurance coverage in an amount equal to at least "replacement" cost insuring the FRANCHISEE for and against all losses or damages incurred due to any theft occurring in connection with the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**12.7 CRIME INSURANCE**. The FRANCHISEE will procure and maintain in full force and effect, at its sole cost and expense, crime insurance coverage of at least Ten Thousand Dollars ($10,000) per occurrence insuring the FRANCHISEE for and against all losses or damages incurred due to any robbery, burglary, or other similar crime occurring in connection with the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**12.8 BUILDING INSURANCE**. If the FRANCHISEE, or any of the FRANCHISEE'S shareholders or partners, owns, either directly or indirectly, the building or the business premises at the FRANCHISED LOCATION, then the FRANCHISEE will insure the building or the business premises for and against all risk, loss and damages in an amount equal to at least "replacement" cost. If the FRANCHISED LOCATION is either partially or completely destroyed by fire or any other catastrophe, then the FRANCHISEE will use the insurance proceeds to repair or reconstruct the FRANCHISED LOCATION and recommence business as soon as reasonably possible.

**12.9 UMBRELLA LIABILITY POLICY**. The FRANCHISEE will, at its sole cost and expense, purchase and maintain umbrella liability insurance in the amount of One Million Dollars ($1,000,000) that will provide liability insurance coverage for any liability incurred by BROADWAY in excess of the primary liability insurance coverage carried by the FRANCHISEE.

**12.10 INSURANCE REQUIRED BY LAW**. The FRANCHISEE will, at its sole cost and expense, procure and maintain all other insurance required by state or federal law, including, but not limited to, workers' compensation insurance for its employees and insurance for employee automobiles used in the delivery of products and services for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**12.11 OTHER INSURANCE**. The FRANCHISEE will, at its sole cost and expense, also procure and maintain all insurance required under any lease, mortgage, deed of trust, contract for deed or any other legal contract in connection with the FRANCHISED LOCATION or the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**12.12 INSURANCE COMPANIES; EVIDENCE OF COVERAGE**. All insurance companies providing coverage to the FRANCHISEE must be acceptable to and approved by BROADWAY and must be licensed in the state where coverage is provided. The FRANCHISEE will provide BROADWAY with certificates of insurance evidencing the insurance coverage required of the FRANCHISEE pursuant to this ARTICLE no later than the date the FRANCHISEE opens for business, and the FRANCHISEE will immediately provide, upon expiration, change or cancellation, a new certificate of insurance to BROADWAY.

**12.13 DEFENSE OF CLAIMS**. All liability insurance policies procured and maintained by the FRANCHISEE will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against the FRANCHISEE, BROADWAY, and their respective officers, Directors, agents and employees.

**12.14 BROADWAY'S RIGHTS**. All insurance policies procured and maintained by the FRANCHISEE pursuant to this ARTICLE will name BROADWAY as an additional insured as its interests may appear, will contain endorsements by the insurance companies waiving all rights of subrogation against BROADWAY, and will stipulate that BROADWAY will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least thirty (30) days prior to the effective date of such cancellation, nonrenewal or coverage change.

**12.15 MATERIAL BREACH**. The FRANCHISEE'S failure to comply with the provisions of this ARTICLE 12 will be deemed to be a material breach of this AGREEMENT.

## ARTICLE 13
## LICENSING OF MARKS AND BUSINESS SYSTEM TO FRANCHISEE

**13.1 BROADWAY'S RIGHT TO LICENSE MARKS**. BROADWAY warrants that it has the right to grant the Franchise and, except as provided herein, to license the Marks and the Business System to the FRANCHISEE. Any and all improvements made by the FRANCHISEE relating to the Marks or the Business System will be the sole and absolute property of BROADWAY who will have the exclusive right to register and protect all such improvements in its name in accordance with applicable law. The FRANCHISEE'S right to use and identify with the Marks and the Business System will exist concurrently with the term of this AGREEMENT and such use by the FRANCHISEE will inure exclusively to the benefit of BROADWAY.

**13.2 CONDITIONS TO LICENSE OF MARKS**. The FRANCHISEE'S nonexclusive personal right to use the name *"Broadway Pizza®"* or *"Broadway Bar & Pizza®"* as the name of the FRANCHISEE'S Restaurant Business and its right to use the Marks and the Business System applies only to the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business at the FRANCHISED LOCATION and such rights will exist only so long as the FRANCHISEE fully performs and complies with all of the conditions, terms and covenants of this AGREEMENT. The FRANCHISEE will not have or acquire any rights in any of the Marks or the Business System other than the right of use as provided herein. The FRANCHISEE will have the right to use the Marks and the Business System only in the manner prescribed, directed and approved by BROADWAY in writing. In order to ensure the quality and uniformity of all goods and products sold in connection with the Marks, and to protect the goodwill associated with the Marks, the FRANCHISEE will not sell or distribute any goods or products bearing the Marks ("Private Label Products") unless the Private Label Products have been obtained either from BROADWAY or from a supplier designated or approved by BROADWAY. If, in the judgment of BROADWAY, the acts of the FRANCHISEE infringe upon or demean the goodwill, uniformity, quality or business standing associated with the Marks or the Business System, then the FRANCHISEE will, upon written notice from BROADWAY, immediately modify its use of the Marks or the Business System in the manner prescribed by BROADWAY in writing. Any and all goodwill associated with the Marks and the Business System will inure exclusively to BROADWAY'S benefit and upon the expiration or termination of this AGREEMENT, no monetary amount will be assigned as attributable to any goodwill associated with the FRANCHISEE'S use of the Marks and the Business System. The FRANCHISEE will at no time take any action whatsoever to contest the validity or ownership of the Marks and the goodwill associated therewith.

**13.3 ADVERSE CLAIMS TO MARKS**. If there are any claims by any third party that its rights to any or all of the Marks are superior to those of BROADWAY and if BROADWAY'S attorneys are of the opinion that such claim by a third party is legally meritorious, or if there is an adjudication by a Court of competent jurisdiction that any party's, rights to the Marks are superior to those of BROADWAY, then upon receiving written notice from BROADWAY, the FRANCHISEE will, at its sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by BROADWAY and, if so specified, the FRANCHISEE will immediately cease using the Marks specified by BROADWAY, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by BROADWAY in writing at the FRANCHISED LOCATION, and in connection with all advertising, marketing and promotion of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. The FRANCHISEE will not make any changes or amendments whatsoever to the Marks or the Business System unless specified or approved in advance by BROADWAY in writing.

**13.4 DEFENSE OR ENFORCEMENT OF RIGHTS TO MARKS**. The FRANCHISEE will have no right to and will not defend or enforce any rights associated with the Marks or the Business System in any Court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. The FRANCHISEE will give BROADWAY prompt and immediate written notice of any and all claims or complaints made against or associated with the Marks and the Business System and will, without compensation for its time and at its expense, cooperate in all respects with BROADWAY in any lawsuits or other proceedings involving the Marks and the Business System. BROADWAY will have the sole and absolute right to determine whether it will commence any action or defend any litigation involving the Marks and/or the Business System, and the cost and expense of all litigation incurred by BROADWAY, including attorneys' fees, specifically relating to the Marks or the Business System will be paid by BROADWAY.

**13.5 TENDER OF DEFENSE**. If the FRANCHISEE is named as a defendant or party in any action involving the Marks or the Business System and if the FRANCHISEE is named as a defendant or party solely because the plaintiff or claimant is alleging that the FRANCHISEE does not have the right to use the Marks or the Business System licensed by BROADWAY to the FRANCHISEE at the FRANCHISED LOCATION pursuant to this AGREEMENT, then the FRANCHISEE will have the right to tender the defense of the action to BROADWAY and BROADWAY will, at its expense, defend the FRANCHISEE in the action provided that the FRANCHISEE has tendered the defense of the action to BROADWAY within seven (7) days after receiving service of the Pleadings or Summons and Complaint involving the action. BROADWAY will indemnify and hold the FRANCHISEE harmless from any damages assessed against the FRANCHISEE in any actions resulting solely from the FRANCHISEE'S use of the Marks and the Business System at the FRANCHISED LOCATION if the FRANCHISEE has timely tendered the defense of the action to BROADWAY.

**13.6 FRANCHISEE'S RIGHT TO PARTICIPATE IN LITIGATION**. The FRANCHISEE may, at its expense, retain an attorney to represent it individually in all litigation and Court proceedings involving the Marks or the Business System, and may do so with respect to matters involving only the FRANCHISEE (i.e. not involving BROADWAY or its interests); however, BROADWAY and its attorneys will control and conduct all litigation involving the Marks, the Business System and the interests of BROADWAY. Except as provided for herein, BROADWAY will have no liability to the FRANCHISEE for any costs that the FRANCHISEE may incur in any litigation involving the Marks or the Business System, and the FRANCHISEE will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this ARTICLE, unless it tenders the defense to BROADWAY in a timely manner as provided for herein.

**13.7 FRANCHISEE'S RIGHT TO USE MARKS IN SOCIAL MEDIA**. The FRANCHISEE may market its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business by participating in Facebook®, Twitter®, MySpace®, LinkedIn®, or any other Social Media under the name of *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™*, or any other Mark associated with BROADWAY, but only insofar as the FRANCHISEE provides BROADWAY with the passwords and other necessary tools to access its Social Media account(s). BROADWAY will provide the FRANCHISEE with an avatar of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Mark to use on Social Media sites (See Section 8.1) Social Media is to be used solely for the purpose of marketing the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business in a way that also adds value to BROADWAY and all its Franchisees; therefore, the FRANCHISEE must follow the Social Media Compliance Standards set forth below. Failure to do so may result in BROADWAY unilaterally editing the content of the posted message(s), contacting the host to shut down the Social Media site, or even terminating this Agreement. BROADWAY will determine the appropriate remedy on a case-by-case basis.

**Social Media Compliance Standards**

- Do not post any confidential or proprietary information in regards to BROADWAY, your *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, or your customers on Social Media;
- Do not express any personal opinion on Social Media regarding politics, religion, race, national origin, age, disabilities, gender, sexual orientation, or social/political causes that could be construed as judgmental or discriminatory. All posts shall be made for the purpose of adding value to BROADWAY and your *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business;
- Do not post any message on Social Media that is not positive and respectful;
- Do not vent your displeasure with BROADWAY or any other Franchisee on Social Media;
- Do not address Customer complaints on Social Media, but handle all complaints according to the customer service standards prescribed by BROADWAY;
- Do not counter a negative message about you, your *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business or BROADWAY with a negative post on Social Media. Instead, immediately seek guidance from BROADWAY on how to properly respond;
- Do not criticize your competitors on Social Media;
- Do not post or link to any materials that are defamatory, harassing, or indecent. When in doubt, use the most cautious approach;
- Do not repost messages of questionable content. BROADWAY and all other Franchisees may be judged by the company you keep;
- Do not seek connections (*e.g.*, Facebook® "Friends" or Twitter® "Followers") outside your own Territory;
- Do not use a Facebook® Fan Page for anything other than your *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business contacts. Personal contacts should be left for your individual page, if you have one;
- Do not use any title other than "Franchise Owner" on any Social Media profile or bio, unless a different title has been pre-approved by BROADWAY;
- Do not use a Twitter® background that has not been pre-approved by BROADWAY;
- DO use the Twitter® hashtag #BroadwayPizza with all tweets posted;
- DO thank people who opt to follow your *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business on Twitter® and follow them back, unless they are spammers or indecent followers;
- DO thank people who Re-Tweet your Twitter® posts.

## ARTICLE 14
## TRAINING PROGRAM

**14.1 MANDATORY TRAINING PROGRAM**. BROADWAY will provide the FRANCHISEE with a mandatory training program which must be attended by the Operating Owner, the Non-Operating Owners, as defined in ARTICLE 33, the FRANCHISEE'S Store Manager and the FRANCHISEE'S Associate Manager in Woodbury, Minnesota or at such other location as may be designated by BROADWAY, to educate, familiarize and acquaint them with the Business System and the operations of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business. The training program for the Operating Owner, the Store Manager and the Associate Manager will include on-the-job instruction and classroom instruction (which may include videotape instruction) on basic business procedures, equipment operation, training of employees, basic accounting principles, the point-of-purchase registers, purchasing, advertising and promotion, purchasing procedures, food preparation, food presentation, food quality, kitchen and restaurant sanitation, serving and hosting techniques, food portions, food and beverage cost control, customer relations, housekeeping, maintenance, security and other business and marketing topics selected by BROADWAY. In addition, the training program will include a sanitation course approved by BROADWAY in which the Store Manager and/or the Associate Manager will be required to become certified sanitarians. The training program for the Non-Operating Owners of the FRANCHISEE will include an overview of the operation of a *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business. The Operating Owner, the FRANCHISEE'S Store Manager and the FRANCHISEE'S Associate Manager must successfully complete the training program prior to the opening of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business.

**14.2 TRAINING PERIOD**. The mandatory training program will be scheduled by BROADWAY in its sole discretion and will be at least three (3) days for the Non-Operating Owners, thirty (30) days for the Operating Owner and the FRANCHISEE'S Store Manager, and twenty (20) days for the FRANCHISEE'S Associate Manager. During training, the Operating Owner, the Store Manager and the Associate Manager must be available for training seven (7) days a week, except as specified to the contrary by BROADWAY. The Operating Owner, the FRANCHISEE'S Store Manager and the FRANCHISEE'S Associate Manager must successfully complete BROADWAY'S training program and be certified by BROADWAY as qualified to operate the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business. If the FRANCHISEE'S Operating Owner, the FRANCHISEE'S Store Manager and the FRANCHISEE'S Associate Manager have not been certified by BROADWAY or have failed to successfully complete BROADWAY'S training program, then the FRANCHISEE'S Operating Owner, the FRANCHISEE'S Store Manager and the FRANCHISEE'S Associate Manager will not be permitted or authorized to participate in the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, and BROADWAY will have the right to reject the FRANCHISEE and terminate this AGREEMENT pursuant to Section 4.2.

**14.3 CHANGES IN PERSONNEL**. The FRANCHISEE will immediately notify BROADWAY in writing of any personnel changes in the management positions of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business. If the FRANCHISEE appoints another owner to act as the Operating Owner or if the FRANCHISEE hires a new Store Manager or a new Associate Manager, then the new Operating Owner, the new Store Manager or the new Associate Manager must successfully complete BROADWAY'S training program within sixty (60) days after the new Operating Owner is appointed. If the FRANCHISEE hires a new Store Manager or a new Associate Manager, then the new Store Manager or the new Associate Manager must be certified by BROADWAY as having successfully completed approved training given either by BROADWAY, or with the prior written approval of BROADWAY, by the FRANCHISEE or the FRANCHISEE'S Operating Owner, within sixty (60) days after the new Store Manager or the new Associate Manager is hired. Until the new Operating Owner, new Store Manager or new Associate Manager has successfully completed the required training program and has been certified by BROADWAY, the FRANCHISEE will not permit the new

Operating Owner, new Store Manager or new Associate Manager to participate in the operation of the FRANCHISEE'S Restaurant Business. The FRANCHISEE will pay BROADWAY the then-current training fee for each such person who attends BROADWAY'S training program.

**14.4 ONGOING AND NEW PRODUCT TRAINING**. From time to time during the term of this AGREEMENT, BROADWAY may provide the FRANCHISEE'S employees with ongoing training on various business, administrative, operating, marketing and promotional topics determined by BROADWAY. In addition, if the BROADWAY introduces a new food, product or service for *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Businesses and if BROADWAY determines that additional training is necessary relating to the new food, product or service, then BROADWAY will provide, and the FRANCHISEE'S Operating Owner and Store Manager will be required to attend, the new food, product or service training program conducted by BROADWAY. The FRANCHISEE will pay BROADWAY the then-current training fee for each person who attends ongoing training or new food, product or service training programs.

**14.5 PAYMENT OF SALARIES AND EXPENSES**. The FRANCHISEE will pay the salaries, fringe benefits, payroll taxes, federal and state unemployment taxes, workers' compensation insurance, lodging, food, automobile rental, travel costs and all other expenses for all persons who attend BROADWAY's training programs on behalf of the FRANCHISEE including the initial mandatory training program and any ongoing and new product training programs.

## ARTICLE 15
## PREOPENING AND OPENING ASSISTANCE; GRAND OPENING MARKETING AND PROMOTION

**15.1 PREOPENING AND OPENING ASSISTANCE.** BROADWAY will provide one (1) operations person for a period of not less than fourteen (14) days who will provide pre-opening and opening assistance to the FRANCHISEE at the FRANCHISED LOCATION or such other location as may be designated by BROADWAY. The preopening and opening assistance provided by the operations person will include: (A) implementing internal controls; (B) assistance with training employees; (C) purchasing foods, beverages, supplies, premiums and novelty items; (D) utilizing accounting procedures; (E) implementing the Business System; and (F) evaluating the FRANCHISEE'S initial business operations. The FRANCHISEE will not open for business or commence operations of its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business until BROADWAY has given the FRANCHISEE written approval to open the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business and the FRANCHISEE'S Operating Owner, Store Manager and Associate Manager have successfully completed BROADWAY's initial training program and have been certified by BROADWAY.

**15.2 GRAND OPENING MARKETING AND PROMOTION.** BROADWAY will provide the FRANCHISEE with a grand opening marketing and promotion package including signs, promotional advertisements, point-of-purchase materials, press releases, gift certificates, the format for a grand opening party and such other materials as BROADWAY deems appropriate. The FRANCHISEE will spend a minimum of Two Thousand Five Hundred Dollars ($2,500) on grand opening marketing and promotion for its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business within one hundred eighty (180) days after the opening of its Restaurant Business or when BROADWAY designates, whichever is earliest.

## ARTICLE 16
## BROADWAY'S OBLIGATIONS

**16.1 BUSINESS SYSTEM**. Consistent with BROADWAY'S uniformity requirements and quality, service and cleanliness standards, BROADWAY or its authorized representative will: (A) provide the FRANCHISEE with a written schedule of all foods, food items, beverages, liquors, premiums, novelty items, clothing, souvenirs, furniture, fixtures, supplies and equipment necessary and required for the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business; (B) provide the FRANCHISEE with BROADWAY'S standard business premises specifications and design and decor specifications for the FRANCHISED LOCATION; (C) provide the FRANCHISEE with a list of approved suppliers for the goods and services necessary and required for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business; (D) make available to the FRANCHISEE basic accounting and business procedures for use by the FRANCHISEE in its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business; (E) review the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business as often as BROADWAY deems necessary and render written reports to the FRANCHISEE as deemed appropriate by BROADWAY; (F) legally protect and enforce the Marks and the Business System for the benefit of all *Broadway Pizza®, Broadway Bar & Pizza®,* and *Broadway Fast & Fresh™* franchisees in the manner deemed appropriate by BROADWAY; (G) upon the reasonable written request of the FRANCHISEE, render reasonable advisory services by telephone or in writing pertaining to use of the Business System and the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business; (H) provide the FRANCHISEE with a sample of the Menu, a copy of the Operating Manual, a copy of the Kitchen and Recipe Manual and any supplements and modifications to the Menu and the Manuals that may be published by BROADWAY; and (I) provide designated sources for or sell to the FRANCHISEE the designated proprietary seasoning blends, sauces and flour blends required by the FRANCHISEE to prepare the foods and food items sold by the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business.

**16.2 CONSULTING SERVICES**. During the term of this AGREEMENT, BROADWAY may, upon the reasonable written request of the FRANCHISEE, provide consulting services to the FRANCHISEE at the FRANCHISED LOCATION. The FRANCHISEE will pay for the travel costs, lodging, food, automobile rental and other expenses incurred by the individual or individuals employed or retained by BROADWAY who provide such consulting services to the FRANCHISEE. If such consulting services exceed three (3) days at the FRANCHISED LOCATION in any year during the term of this AGREEMENT, then the FRANCHISEE will also pay to BROADWAY the then-current charge imposed by BROADWAY for such consulting services.

## ARTICLE 17
## BROADWAY'S RIGHTS OF FIRST REFUSAL

**17.1 RIGHT TO PURCHASE BUSINESS ASSETS.** The FRANCHISEE will not pledge, sell, assign, trade, transfer, lease, sublease, or otherwise dispose of any interest in or any part of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business or the Business Assets, as defined in this provision, to any party without first offering the same to BROADWAY in a written offer that contains all material terms and conditions of the proposed sale or transfer (the "Price and Terms"). This provision will be applicable to the proposed sale or transfer of: (A) the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business; (B) any of the FRANCHISEE'S capital stock, membership interests, or partnership interests; (C) any of the FRANCHISEE'S assets; (D) the FRANCHISED LOCATION; (E) the lease for the FRANCHISED LOCATION; (F) the land and building (if applicable) used for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business; (G) this AGREEMENT; or (H) the furniture, fixtures, supplies and equipment used in the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, except for transactions involving the sale of such items in the normal course of business (the "Business Assets"). This provision does not apply to the assignment or pledge of the Business Assets (with the exception of this AGREEMENT) by the FRANCHISEE to a bank, financial institution or other lender made in connection with the financing of the Business Assets.

**17.2 NOTICE OF PROPOSED SALE.** Within thirty (30) business days after receipt by BROADWAY of the FRANCHISEE'S written offer containing the Price and Terms for the proposed sale of the Business Assets, BROADWAY will give the FRANCHISEE written notice in which BROADWAY will either waive its right of first refusal to purchase, or will state an interest in negotiating to purchase the Business Assets. If BROADWAY commences negotiations to purchase the FRANCHISEE'S Business Assets as set forth herein, then the FRANCHISEE may not sell the Business Assets to a third party until BROADWAY and the FRANCHISEE agree in writing that the negotiations have terminated. If BROADWAY waives its right to purchase, then the FRANCHISEE will have the right to complete the sale or transfer of the Business Assets according to the Price and Terms set forth in the written notice to BROADWAY; however, any such sale, transfer or assignment to a third party is expressly subject to the terms and conditions set forth in ARTICLE 18 of this AGREEMENT. If the FRANCHISEE does not consummate the sale, transfer, or assignment of the Business Assets to a third party upon the Price and Terms previously presented to BROADWAY in writing, but negotiates a sale price with a third party that is lower or on different terms and conditions than the stated Price and Terms for the Business Assets presented to BROADWAY, then the offer must be re-communicated or made to BROADWAY by the FRANCHISEE. BROADWAY will give the FRANCHISEE written notice within thirty (30) business days thereafter which will state whether or not BROADWAY is interested in purchasing the Business Assets according to the proposed new terms. The FRANCHISEE'S obligations under this AGREEMENT including, but not limited to, its obligation to pay the Continuing Fees, the Marketing and Promotion Fees and to operate the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business in accordance with this AGREEMENT, will in no way be affected or changed because of BROADWAY'S non-acceptance of the FRANCHISEE'S written offer to purchase the Business Assets, and as a consequence, the terms and conditions of this AGREEMENT will remain in full force and effect. Moreover, if BROADWAY does not exercise the rights granted to it pursuant to this provision and if the FRANCHISEE complies with ARTICLE 18 and sells, transfers, assigns, or otherwise disposes of the Business Assets to a third party, then both the FRANCHISEE and the third party purchaser will be required to comply in all respects with the terms and conditions of this AGREEMENT and the sale of the Business Assets will not relieve the FRANCHISEE of its obligations under this AGREEMENT. BROADWAY's decision not to exercise the rights granted to it pursuant to this provision will not, in any way, be deemed to grant the FRANCHISEE the right to terminate this AGREEMENT and will not affect the term of this AGREEMENT.

**17.3 SALE OF CAPITAL STOCK, MEMBERSHIP INTERESTS, OR PARTNERSHIP INTERESTS BY FRANCHISEE'S SHAREHOLDERS, MEMBERS, OR PARTNERS.** The shareholders, members, or partners of the FRANCHISEE may not sell, pledge, assign, trade, transfer, or otherwise dispose of their capital stock, membership interests, or partnership interests in the FRANCHISEE without first offering the capital stock, membership interests, or partnership interests for sale or transfer to BROADWAY in writing under the same terms and conditions offered to any third party. BROADWAY will have thirty (30) business days within which to accept any shareholder's, member's, or partner's offer to sell, pledge, assign, trade, transfer or otherwise dispose of their capital stock, membership interests or partnership interests. Notwithstanding the terms of this ARTICLE, the FRANCHISEE'S shareholders, members, or partners may bequeath, sell, assign, trade or transfer their capital stock, membership interest, or partnership interest to their spouse or children or to the other shareholders, members, or partners of the FRANCHISEE without first offering it to BROADWAY, provided that each proposed transferee shareholder, member, or partner who will be involved in the operations or management of the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business as the Operating Owner or the Store Manager has completed BROADWAY's training program and has been certified by BROADWAY and is, in BROADWAY's reasonable business judgment, qualified from a managerial and financial standpoint to operate the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business in an economic and businesslike manner. The FRANCHISEE and the FRANCHISEE'S shareholders, members, or partners must provide BROADWAY with prior written notice of all such transactions, and the proposed transferee shareholders, members, or partners must agree to be personally liable under this AGREEMENT and enter into a written agreement where they agree to perform all the terms and conditions of this AGREEMENT.

All shares of capital stock issued by the FRANCHISEE to its shareholders must bear the following legend:

> The shares of capital stock represented by this stock certificate are subject to a written Franchise Agreement which grants BROADWAY STATION RESTAURANTS, INC. the right of first refusal to purchase these shares of capital stock from the shareholder. Any person acquiring the shares of capital stock represented by this stock certificate will be subject to the terms and conditions of the Franchise Agreement between the company named on this stock certificate and BROADWAY STATION RESTAURANTS, INC., which includes provisions containing covenants not to compete that apply to all shareholders.

**17.4 ACKNOWLEDGMENT OF RESTRICTIONS.** The FRANCHISEE acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Business System and the Marks, as well as BROADWAY's reputation and image, and are for the protection of BROADWAY, the FRANCHISEE and all other franchisees who own and operate *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Businesses. Any assignment or transfer permitted by this ARTICLE 17 will not be effective until BROADWAY receives a completely executed copy of all transfer documents and BROADWAY consents to the transfer in writing.

**17.5 SALES AND TRANSFERS SUBJECT TO COVENANT NOT TO COMPETE.** Any shareholder, member, or partner of the FRANCHISEE that sells, assigns, trades, bequeaths, transfers or disposes of any shares of capital stock, membership interests, or partnership interests in the FRANCHISEE will be subject to the provisions of Section 23.3 of this AGREEMENT.

**17.6 RIGHT OF BROADWAY TO PURCHASE FRANCHISE ASSETS.** If this AGREEMENT expires or is terminated by either BROADWAY or the FRANCHISEE for any reason whatsoever, if the FRANCHISEE wrongfully terminates this AGREEMENT by failing to comply with ARTICLE 21 or otherwise, or if the FRANCHISEE at any time ceases to do business at the FRANCHISED LOCATION as a *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, then

BROADWAY will have the right, but not the obligation, to purchase the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, including the then-usable furniture, supplies, inventory, fixtures and equipment, the FRANCHISED LOCATION, the land and building for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, and all other assets owned and used by the FRANCHISEE in its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business and to acquire all lease and other contract rights of the FRANCHISEE (the "Franchise Assets"). BROADWAY will not purchase any assets from the FRANCHISEE that are not part of the standard *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. The FRANCHISEE must give BROADWAY written notice listing the cost of each one of the Franchise Assets in detail and the FRANCHISEE'S asking price for the Franchise Assets within twenty-four (24) hours after the FRANCHISEE ceases to do business as a *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, or after this AGREEMENT expires or is terminated by either party, or is wrongfully terminated by the FRANCHISEE.

17.7 **DETERMINATION OF FAIR MARKET VALUE**. If the FRANCHISEE fails to give BROADWAY this notice and/or if BROADWAY and the FRANCHISEE cannot agree on the price of the Franchise Assets, then either party will have the right to demand that the price of the Franchise Assets be determined by Arbitration in accordance with the Rules and Regulations of the American Arbitration Association. The Arbitrator will determine the fair market value of the Franchise Assets. The Arbitrator will not consider any value for goodwill associated with the name *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* or for going concern value in determining the fair market value of the Franchise Assets since the right of purchase granted to BROADWAY pursuant to this provision applies only after this AGREEMENT has expired or has been terminated, or the FRANCHISEE has ceased doing business. Furthermore, the Arbitrator will not consider any value for the Lease for the FRANCHISED LOCATION if BROADWAY agrees to assume the Lease and pay the rental and operating costs. If the Arbitrator is unable to determine the fair market value of any of the Franchise Assets, then they will be valued at book value (costless depreciation). BROADWAY will have the right, but not the obligation, to purchase any or all of the Franchise Assets from the FRANCHISEE for cash within thirty (30) business days after the fair market value of the Franchise Assets has been established by the Arbitrator in writing. Nothing in this ARTICLE will be construed to prohibit BROADWAY from enforcing the terms and conditions of this AGREEMENT, including the covenants not to compete contained in ARTICLE 23.

## ARTICLE 18
## ASSIGNMENT

**18.1 ASSIGNMENT BY BROADWAY.** This AGREEMENT may be unilaterally assigned and transferred by BROADWAY without the approval or consent of the FRANCHISEE and will inure to the benefit of BROADWAY's successors and assigns. BROADWAY will provide the FRANCHISEE with written notice of any assignment or transfer, and the assignee will be required to fully perform BROADWAY'S obligations to the FRANCHISEE under this AGREEMENT.

**18.2 ASSIGNMENT BY INDIVIDUAL FRANCHISEE IN EVENT OF DEATH OR PERMANENT DISABILITY.** If the FRANCHISEE is an individual, then in the event of the death or permanent disability of the FRANCHISEE, this AGREEMENT may be assigned, transferred or bequeathed by the FRANCHISEE to any designated person or beneficiary without first offering BROADWAY the right to acquire this AGREEMENT pursuant to ARTICLE 17 of this AGREEMENT and without the payment of any transfer fee. However, the assignment of this AGREEMENT to the transferee, assignee or beneficiary of the FRANCHISEE will be subject to the provisions of Section 18.3, and will not be valid or effective until BROADWAY has received the properly executed legal documents which its attorneys deem necessary to properly and legally document the transfer, assignment or bequest of this AGREEMENT. Furthermore, the transferee, assignee or beneficiary must agree to be unconditionally bound by the terms and conditions of this AGREEMENT and must agree to personally guarantee the performance of the FRANCHISEE'S obligations under this AGREEMENT.

**18.3 APPROVAL OF TRANSFER.** Subject to the provisions of Sections 18.2, this AGREEMENT may not be sold, assigned or transferred by the FRANCHISEE without the prior written approval of BROADWAY. BROADWAY will not unreasonably withhold its consent to any sale, assignment or transfer of this AGREEMENT to a third party, provided the FRANCHISEE and/or the transferee franchisee comply with the following conditions:

(A) The FRANCHISEE has provided written notice to BROADWAY of the proposed sale, assignment or transfer of this AGREEMENT at least thirty (30) days prior to the transaction;

(B) The FRANCHISEE has complied in all respects with the applicable provisions of ARTICLE 17 of this AGREEMENT.

(C) All of the FRANCHISEE'S monetary obligations due to BROADWAY have been paid in full, and the FRANCHISEE is not otherwise in default under this AGREEMENT.

(D) The FRANCHISEE has executed a written agreement, in a form satisfactory to BROADWAY, in which the FRANCHISEE agrees to observe all applicable provisions of this AGREEMENT, including the provisions with obligations and covenants that continue beyond the expiration or termination of this AGREEMENT, including the covenants not to compete contained in ARTICLE 23 of this AGREEMENT. This written agreement will also contain a joint and mutual release, in a form satisfactory to BROADWAY, of any and all claims against BROADWAY or the FRANCHISEE and of any and all claims against their officers, managers, directors, shareholders, members, partners, agents and employees, in their corporate and individual capacities arising from, in connection with, or as a result of this AGREEMENT or the FRANCHISEE'S purchase of the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, including, without limitation, all claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that BROADWAY and the FRANCHISEE may exclude from the coverage of the release any prior or concurrent written agreements between them.

(E) The transferee franchisee has demonstrated to BROADWAY's satisfaction that he, she, or it meets BROADWAY'S managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and possesses the aptitude and ability to operate the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise).

(F) The transferee franchisee and all parties having a legal or beneficial interest in the transferee franchisee including, if applicable, the transferee franchisee's shareholders, members, partners, and Personal Guarantors as required by BROADWAY, execute BROADWAY's then-current standard Franchise Agreement for a term ending on the date of expiration of this AGREEMENT and such other ancillary agreements as BROADWAY may require for the transfer of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business. The transferee franchisee will not be required to pay any Initial Fee, and will pay the Continuing Fees and the Marketing and Promotion Fees to BROADWAY at the rate specified in this AGREEMENT. However, the transferee franchisee must pay all additional fees not specified or provided for in this AGREEMENT but which are required pursuant to the terms of the then-current standard Franchise Agreement and to comply with all other terms and conditions of the then-current standard Franchise Agreement.

(G) The transferee franchisee does not, and does not intend to, own, operate or be involved in any business that competes directly or indirectly with or is similar to a *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business; and

(H) Prior to the date of transfer, the transferee franchisee's Operating Owner and Non-Operating Owners must attend and successfully complete the training program prescribed by BROADWAY. The transferee franchisee must pay the salaries, fringe benefits, payroll taxes, federal and state unemployment taxes, workers' compensation insurance, lodging, food, automobile rental, travel costs and all other expenses for the persons who attend BROADWAY'S training program pursuant to this provision. However, the transferee franchisee will not be required to pay a training fee to BROADWAY for the individuals who attend training pursuant to this provision.

(I) Prior to the date of transfer, the transferee franchisee's Store Manager and Associate Manager must attend and successfully complete the training program required by BROADWAY. The transferee franchisee must pay the salaries, fringe benefits, payroll taxes, federal and state unemployment taxes, workers' compensation insurance, lodging, food, automobile rental, travel costs and all other expenses for the Store Manager and the Associate Manager while they attend BROADWAY's training program. However, the transferee franchisee will not be required to pay a training fee to BROADWAY for the individuals who attend training pursuant to this provision.

(J) The transferee franchisee has purchased the FRANCHISED LOCATION, acquired the lease for the FRANCHISED LOCATION or has otherwise acquired possession of and access to the FRANCHISED LOCATION for a term consistent with the remaining term of this AGREEMENT.

(K) The transferee franchisee has purchased or otherwise acquired a valid liquor license and a valid food service license for the *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business at the FRANCHISED LOCATION.

**18.4 ACKNOWLEDGMENT OF RESTRICTIONS**. The FRANCHISEE acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Business System and the Marks, as well as BROADWAY'S reputation and image, and are for the protection of BROADWAY and BROADWAY'S other franchisees. Any assignment or transfer permitted by this ARTICLE 18 will not be effective until BROADWAY receives a completely executed copy of all transfer documents and BROADWAY consents to the transfer in writing. Any sale, transfer or assignment of the Business or assets of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business that does not include assignment of this AGREEMENT to the transferee will constitute a wrongful termination of this AGREEMENT.

**18.5 TRANSFER FEE**. If, pursuant to the terms of this ARTICLE 18, this AGREEMENT is assigned or transferred to another person or entity, or if the FRANCHISEE'S shareholders, members, or partners transfer, in the aggregate, controlling interest in the FRANCHISEE (fifty-one percent (51%) or more of the issued and outstanding capital stock of the corporation, or fifty-one percent (51%) or more of the membership interests, or partnership interests) to a third party, then the FRANCHISEE will pay BROADWAY a Transfer Fee of Fifteen Thousand Dollars ($15,000). The Transfer Fee is for the costs incurred by BROADWAY for legal and accounting fees, out-of-pocket expenses, long distance telephone calls, the required training of the Non-Operating Owners, the Operating Owner, the Store Manager and the Associate Manager, administrative costs, legal fees and the time of its employees and officers. The Transfer Fee must be paid to BROADWAY prior to the date of the transfer of this AGREEMENT or a controlling interest in the FRANCHISEE.

**18.6 TRANSFER TO COMPETITOR PROHIBITED**. The FRANCHISEE will not sell, assign or transfer this AGREEMENT to any person, partnership, limited liability company, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any restaurant, fast food, pizza, pasta or on-sale liquor business that is in any way competitive with a *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business if BROADWAY refuses to permit a transfer of this AGREEMENT under this Section 18.6.

## ARTICLE 19
## LEASE AS SECURITY; TERMINATION OF LEASE

**19.1 BROADWAY'S REVIEW OF LEASE.** The lease for the FRANCHISED LOCATION ("Lease") will be submitted to BROADWAY by the FRANCHISEE for BROADWAY's review prior to execution of the Lease by the FRANCHISEE. BROADWAY may reject the Lease for any reason. The Lease must, at a minimum, be conditioned on the acceptance of the FRANCHISEE by BROADWAY and the signing of this AGREEMENT by BROADWAY and the FRANCHISEE, give BROADWAY the right to enter the premises to conduct inspections at any time during regular business hours, and give BROADWAY the right, but not the obligation, to assume the Lease for the remaining term of the Lease in accordance with the provisions of this ARTICLE if, prior to the expiration of the Lease: (A) the FRANCHISEE is evicted by the Landlord; (B) this AGREEMENT expires; or (C) this AGREEMENT is terminated by either party for any reason. BROADWAY's review of the Lease prior to its execution will not be for the purpose of approving the legal aspects, economics or rental terms of the Lease and the FRANCHISEE will have the Leases and all other legal documents relating to its *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business reviewed by the FRANCHISEE'S legal counsel. Accordingly, BROADWAY will have no responsibility to the FRANCHISEE regarding the economics, legality, enforceability or other provisions of the Lease.

**19.2 FRANCHISEE'S ASSIGNMENT OF LEASE.** The FRANCHISEE hereby assigns and transfers all of its right, title and interest in and to the Lease (which is incorporated herein by reference) to BROADWAY as security for the FRANCHISEE'S performance of the terms and conditions of this AGREEMENT. If this AGREEMENT is terminated by either BROADWAY or the FRANCHISEE for any reason whatsoever, if the FRANCHISEE wrongfully terminates this AGREEMENT by failing to comply with ARTICLE 21 of this AGREEMENT, if the FRANCHISEE at any time ceases to do business at the FRANCHISED LOCATION as a *Broadway Pizza®, Broadway Bar & Pizza®,* or *Broadway Fast & Fresh™* Business, or this AGREEMENT expires and the FRANCHISEE does not reacquire the Franchise for the FRANCHISED LOCATION (an "Event of Default"), then BROADWAY will have the right and option, but not the obligation, to take and assume the Lease for the remaining term under the same terms and conditions, including rental amount, as originally contracted by the FRANCHISEE. The FRANCHISEE will execute a UCC-1 Financing Statement and such other documents as may be reasonably required by BROADWAY's attorneys to perfect and record BROADWAY's security interest in the Lease.

**19.3 PERFECTED ASSIGNMENT; NOTICE.** This assignment will constitute a perfected, absolute and present assignment; provided, however, BROADWAY will have no right under this assignment to enforce the provisions of the Lease until the occurrence of an Event of Default. After an Event of Default has occurred, BROADWAY will have the right, but not the obligation, to enforce the provisions of this assignment and to take possession of the FRANCHISED LOCATION by giving the FRANCHISEE and the Landlord written notice that it has affirmatively exercised its rights under this assignment. The written notice will state: (A) that BROADWAY is taking and assuming the Lease from the FRANCHISEE; (B) the date that BROADWAY will take physical possession of the FRANCHISED LOCATION; and (C) that BROADWAY agrees to be bound by the terms and conditions of the Lease being assumed. BROADWAY will execute an assignment form at the time it gives written notice to the FRANCHISEE and the Landlord of its assumption of the Lease.

**19.4 NO PRIOR ASSIGNMENTS.** The FRANCHISEE represents and warrants that there have been no prior assignments of the Lease by the FRANCHISEE, that it has good right to assign and transfer the Lease, that the Lease is a valid and enforceable agreement, that neither party is in default to the other hereunder and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof. No change in the terms of the Lease will be valid without the written approval of BROADWAY. The FRANCHISEE agrees not to assign, sell, pledge or otherwise transfer or encumber its interest in the Lease so long as this assignment is in effect. During the term of this AGREEMENT, the FRANCHISEE will not lease or sublease all or any part of the

FRANCHISED LOCATION without BROADWAY's prior written consent.

**19.5 ENFORCEMENT OF FRANCHISEE'S RIGHTS**. The FRANCHISEE hereby irrevocably constitutes and appoints BROADWAY as its attorney-in-fact to demand, receive and enforce the FRANCHISEE'S rights with respect to the Lease, and to make payments under the Lease and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the FRANCHISEE or, at the option of BROADWAY, in the name of BROADWAY, with the same force and effect as the FRANCHISEE could do if this assignment had not been made.

**19.6 BROADWAY'S RIGHTS AND REMEDIES**. Upon taking physical possession of the FRANCHISED LOCATION, BROADWAY may, without affecting any of its rights or remedies against the FRANCHISEE under any other instrument, document or agreement, exercise its rights under this assignment as the FRANCHISEE'S attorney-in-fact in any manner permitted by law and, in addition, BROADWAY will have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction in which enforcement is sought, or otherwise provided bylaw.

**19.7 PRORATION OF RENTS AND EXPENSES**. At the time BROADWAY takes physical possession of the FRANCHISED LOCATION, all charges, real estate taxes, utilities and rentals will be prorated between BROADWAY and the FRANCHISEE. BROADWAY will have no obligation to pay any past due obligations or arrearages of the FRANCHISEE to any person or entity, including the Landlord.

**19.8 POSSESSION; OBLIGATIONS OF BROADWAY AND FRANCHISEE**. BROADWAY will hold the FRANCHISEE harmless from any and all obligations to the Landlord, including rental payments, arising out of the use of the FRANCHISED LOCATION from the date that BROADWAY takes physical possession of the FRANCHISED LOCATION. The FRANCHISEE will pay all amounts due to the Landlord and other parties under the Lease including, but not limited to, rentals, insurance, rental overrides, real estate taxes, and repairs and maintenance, up to and including the date that BROADWAY takes physical possession of the FRANCHISED LOCATION. With the specific and limited exception of rental payments and other obligations to the Landlord arising from BROADWAY's use of the FRANCHISED LOCATION after taking physical possession thereof, the FRANCHISEE will indemnify and hold BROADWAY harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, costs and expenses, including legal fees, to which BROADWAY may become exposed, or which BROADWAY may incur, in exercising any of its rights under this assignment.

**19.9 LANDLORD'S CONSENT TO ASSIGNMENT OF LEASE AS SECURITY**. The FRANCHISEE will secure the Landlord's written consent to the provisions contained in this ARTICLE in the form attached as an exhibit to this AGREEMENT.

**19.10 ASSIGNMENT BY BROADWAY**. BROADWAY will have the right to reassign its right, title and interest in the Lease to any persons or entities upon giving written notice to the FRANCHISEE and the Landlord without any consent whatever from the FRANCHISEE or the Landlord, and any such reassignment will be valid and binding upon the FRANCHISEE and the Landlord as fully as if each had expressly approved the same. Subject to the limitation on further assignment by the FRANCHISEE contained in Section 19.4, this assignment will be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors in interest of the FRANCHISEE, BROADWAY and the Landlord.

**19.11 LEASE NOT YET EXECUTED**. In the event that the FRANCHISEE has not yet entered into the Lease at the time this AGREEMENT is executed, the provisions of Sections 19.2, 19.3, and 19.5 of this AGREEMENT will take effect immediately upon the execution of the Lease. The representations of the FRANCHISEE contained in Section 19.4 will be true and complete as of, and will be deemed to have been made at, the time the Lease is executed. The FRANCHISEE agrees to execute any additional documents as may be required by BROADWAY's attorneys to perfect the assignment of the Lease to BROADWAY.

## ARTICLE 20
## BROADWAY'S TERMINATION RIGHTS

**20.1 CONDITIONS OF BREACH**. In addition to its other rights of termination contained in this AGREEMENT, BROADWAY will have the right and privilege to terminate this AGREEMENT if: (A) the FRANCHISEE fails to have the FRANCHISED LOCATION "under construction", as defined in ARTICLE 33, within one hundred twenty (120) days after the date of this AGREEMENT, (B) the FRANCHISEE fails to open and commence operations of its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business within one hundred seventy (170) days after the date of this AGREEMENT or when the FRANCHISED LOCATION is ready for the FRANCHISEE'S occupancy, whichever is earlier; (C) the FRANCHISEE violates any material provision, term or condition of this AGREEMENT including, but not limited to, the failure to timely pay any Continuing Fees, Marketing and Promotion Fees or any other monetary obligations or fees due to BROADWAY; (D) the FRANCHISEE or any of its members, partners, Directors, officers, managers, or stockholders are convicted of, or plead guilty to or no contest to, a charge of violating any law relating to the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, or any felony; (E) the FRANCHISEE fails to conform to the Business System or the standards of uniformity and quality for the products and services promulgated by BROADWAY in connection with the Business System; (F) the FRANCHISEE fails to timely pay any of its uncontested obligations or liabilities due and owing to BROADWAY, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government (including, if applicable, federal and state income and other taxes); (G) the FRANCHISEE is deemed insolvent within the meaning of any federal or state law, an involuntary petition for bankruptcy is filed against the FRANCHISEE, or the FRANCHISEE files for bankruptcy or is adjudicated a bankrupt under any federal or state law; (H) the FRANCHISEE makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (I) any check issued by the FRANCHISEE is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts; (J) the FRANCHISEE fails to pay for the leasehold improvements or the furniture, fixtures, supplies and equipment required for its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business prior to commencing business; (K) the FRANCHISEE voluntarily or otherwise "abandons," as defined in ARTICLE 33, the franchised *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business; (L) the FRANCHISEE attempts to analyze or have any other person or entity attempt to analyze any of BROADWAY'S food recipes or proprietary seasoning blends or sauces for any reason whatsoever; (M) the FRANCHISEE is involved in any act or conduct which materially impairs the goodwill associated with the name *"Broadway Pizza®" or "Broadway Bar & Pizza®,"* any other Marks or the Business System; including a violation of BROADWAY's Social Media Compliance Standards as set forth in Section 13.7; (N) the lease for the FRANCHISED LOCATION is terminated or canceled for any reason, or the FRANCHISEE otherwise loses possession of all or a significant portion of the FRANCHISED LOCATION; (O) the FRANCHISEE'S liquor license or food service license for the FRANCHISED LOCATION is terminated or canceled for any reason, or the FRANCHISEE otherwise loses the liquor license or food service license for its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business; or (P) FRANCHISEE fails to provide the required financial statements, gross revenue reports, and/or taxes returns as required in ARTICLE 7.

**20.2 NOTICE OF BREACH**. BROADWAY will not have the right to terminate this AGREEMENT unless and until: (A) written notice by personal service or prepaid registered or certified United States mail setting forth the alleged breach in detail has been delivered to the FRANCHISEE by BROADWAY; and (B) after receiving the written notice, the FRANCHISEE fails to correct the alleged breach within the period of time specified by applicable law. In the event that applicable law does not specify a time period to correct an alleged breach, then the FRANCHISEE will have thirty (30) days after receipt of written notice by personal service or prepaid registered or certified United States mail to correct the alleged breach, except where the written notice states that the FRANCHISEE is delinquent in the payment of any fees or other obligations payable to BROADWAY pursuant to this AGREEMENT, in which case the FRANCHISEE will have fifteen (15) days after receipt of such written notice by personal

service or registered mail to correct the breach by making full payment (including interest and service charges as provided for herein) to BROADWAY. If the FRANCHISEE fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this AGREEMENT may be terminated by BROADWAY as provided for in this AGREEMENT. For the purposes of this AGREEMENT, an alleged breach of this AGREEMENT by the FRANCHISEE will be deemed to be "corrected" if both BROADWAY and the FRANCHISEE agree in writing that the alleged breach has been corrected.

**20.3 ARBITRATION**. If the FRANCHISEE notices Arbitration, as provided for in this AGREEMENT, within the time period established in Section 20.2 for correcting the alleged breach, then BROADWAY will not have the right to terminate this AGREEMENT until the facts of the alleged breach have been submitted to Arbitration, the Arbitrator determines that the FRANCHISEE has breached this AGREEMENT and the FRANCHISEE fails to correct the breach within the applicable time period. If the Arbitrator determines that the FRANCHISEE has breached this AGREEMENT as alleged by BROADWAY in the written notice given to the FRANCHISEE, then the FRANCHISEE will have thirty (30) days from the date the Arbitrator issues a written determination on the matter to correct the specified breach or violation of this AGREEMENT, except where the FRANCHISEE'S breach is for failure to pay any fees or other payments to BROADWAY, in which case the FRANCHISEE will have fifteen (15) days to make full payment to BROADWAY (including interest and service charges as provided for herein), except where applicable law requires a longer cure period, in which case the cure period specified by applicable law will apply. If the FRANCHISEE timely corrects the specified breach of this AGREEMENT, then this AGREEMENT will remain in full force and effect. For the purpose of this AGREEMENT, any controversy or dispute on the issue of whether the FRANCHISEE has timely corrected the specified breach of this AGREEMENT will also be subject to Arbitration as provided for herein. The time limitations set forth in this Section within which the FRANCHISEE may demand Arbitration of a dispute or controversy relating to the right of BROADWAY to terminate this AGREEMENT for an alleged breach will be mandatory. If the FRANCHISEE fails to comply with the time limitations set forth in this Section, BROADWAY may terminate this AGREEMENT as provided for herein.

**20.4 NOTICE OF TERMINATION**. If BROADWAY has complied with the provisions of this ARTICLE and if the FRANCHISEE has not corrected the alleged breach set forth in the written notice within the time period specified in this AGREEMENT, then BROADWAY will have the absolute right to terminate this AGREEMENT by giving the FRANCHISEE written notice by personal service or prepaid registered or certified United States mail stating that this AGREEMENT is terminated and, in that event, the effective date of termination of this AGREEMENT will be the day the written notice of termination is received by the FRANCHISEE.

**20.5 BROADWAY'S IMMEDIATE TERMINATION RIGHTS**. BROADWAY will have the absolute right and privilege, unless precluded by applicable law, to immediately terminate this AGREEMENT if: (A) the FRANCHISEE or any of its members, partners, Directors, officers or majority shareholders are convicted of, or plead guilty to or no contest to a charge of violating any law relating to the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, or any felony; (B) the FRANCHISEE is deemed insolvent within the meaning of any federal or state law, any involuntary petition for bankruptcy is filed against the FRANCHISEE, or the FRANCHISEE files for bankruptcy or is adjudicated a bankrupt under any federal or state law; (C) the FRANCHISEE makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (D) the FRANCHISEE voluntarily or otherwise abandons the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business; (E) the FRANCHISEE attempts to analyze or have any other person or entity attempt to analyze any of BROADWAY'S food recipes or proprietary seasoning blends or sauces for any reason whatsoever; or (F) the FRANCHISEE is involved in any act or conduct which materially impairs the goodwill associated with BROADWAY'S Marks or the Business System and the FRANCHISEE fails to correct the act or conduct within twenty-four (24) hours after receiving written notice from BROADWAY. For the

purposes of this AGREEMENT an alleged breach of this AGREEMENT by the FRANCHISEE will be deemed to be "corrected" if both BROADWAY and the FRANCHISEE agree in writing that the alleged breach has been corrected.

**20.6 NOTICE OF IMMEDIATE TERMINATION**. If this AGREEMENT is terminated by BROADWAY pursuant to Section 20.5 above, then BROADWAY will give the FRANCHISEE written notice by personal service or prepaid registered or certified United States mail stating that this AGREEMENT is terminated and, in that event, the effective date of termination of this AGREEMENT will be the day the written notice of termination is received by the FRANCHISEE.

**20.7 DAMAGES**. In the event this AGREEMENT is terminated by BROADWAY pursuant to ARTICLE 20, or if the FRANCHISEE breaches this AGREEMENT by a wrongful termination or a termination that is not in accordance with the terms and conditions of ARTICLE 21 of this AGREEMENT, then BROADWAY will be entitled to seek recovery from the FRANCHISEE for all damages that BROADWAY has sustained and will sustain in the future as a result of the FRANCHISEE'S breach of this AGREEMENT, which shall include the Continuing Fees, the Marketing and Promotion Fees and the other fees that would have been payable by the FRANCHISEE for the remaining term of this AGREEMENT.

**20.8 OTHER REMEDIES**. Nothing in ARTICLE 20 or this AGREEMENT will preclude BROADWAY from seeking or enforcing other remedies or damages under federal or state laws, common law, in equity or under this AGREEMENT against the FRANCHISEE including, but not limited to, legal fees and injunctive relief.

## ARTICLE 21
## FRANCHISEE'S TERMINATION RIGHTS

**21.1 CONDITIONS OF BREACH.** The FRANCHISEE will have the right and privilege to terminate this AGREEMENT, as provided herein, if: (A) BROADWAY violates any material provision, term or condition of this AGREEMENT; or (B) BROADWAY fails to timely pay any material uncontested obligations due and owing to the FRANCHISEE.

**21.2 NOTICE OF BREACH.** The FRANCHISEE will not have the right to terminate this AGREEMENT or to commence any action, lawsuit or Arbitration proceeding against BROADWAY for breach of this AGREEMENT, injunctive relief, violation of any federal, state or local law (including alleged violations of franchise laws), violation of common law (including allegations of fraud and misrepresentation), rescission, general or punitive damages, or termination, unless and until: (A) written notice by personal service or prepaid registered or certified United States mail setting forth the alleged breach or violation in detail has been delivered to BROADWAY by the FRANCHISEE; and (B) BROADWAY fails to correct the alleged breach or violation within thirty (30) days after receipt of the written notice by personal service or prepaid registered or certified United States mail. If BROADWAY fails to correct the alleged breach or violation, as provided for herein, within thirty (30) days after receiving written notice of the alleged breach, then this AGREEMENT may be terminated by the FRANCHISEE as provided for in this AGREEMENT. For the purposes of this AGREEMENT, an alleged breach of this AGREEMENT by BROADWAY will be deemed to be "corrected" if both BROADWAY and the FRANCHISEE agree in writing that the alleged breach has been corrected.

**21.3 ARBITRATION.** If BROADWAY notices Arbitration, as provided for in this AGREEMENT, within thirty (30) days after the date BROADWAY receives written notice of the alleged breach from the FRANCHISEE, then the FRANCHISEE will not have the right to terminate this AGREEMENT until the facts of the alleged breach have been submitted to Arbitration, the Arbitrator determines that BROADWAY has breached this AGREEMENT and BROADWAY fails to correct the breach within the time limitation set forth herein. If the Arbitrator determines that BROADWAY breached this AGREEMENT as alleged by the FRANCHISEE in the written notice given to BROADWAY, then BROADWAY will have thirty (30) days from the date the Arbitrator issues a written determination on the matter to correct the specified breach of this AGREEMENT. If BROADWAY timely corrects the specified breach of this AGREEMENT, then this AGREEMENT will remain in full force and effect. If BROADWAY does not correct the specified breach of this AGREEMENT, then the FRANCHISEE will have the right to terminate this AGREEMENT by giving BROADWAY written notice by personal service or prepaid registered or certified United States mail that this AGREEMENT is terminated and, in that event, the effective date of termination of this AGREEMENT will be the day the written notice of termination is received by BROADWAY. For the purpose of this AGREEMENT, any controversy or dispute on the issue of whether BROADWAY has timely corrected the specified breach of this AGREEMENT will also be subject to Arbitration as provided herein. The time limitation set forth in this ARTICLE within which BROADWAY may demand Arbitration of a dispute or controversy relating to the right of the FRANCHISEE to terminate this AGREEMENT for an alleged breach will be mandatory. If BROADWAY fails to comply with the time limitation set forth in this ARTICLE, then the FRANCHISEE may terminate this AGREEMENT as provided for herein.

**21.4 WAIVER.** The FRANCHISEE must give BROADWAY immediate written notice of any alleged breach or violation of this AGREEMENT after the FRANCHISEE has knowledge of, believes, determines or is of the opinion that there has been an alleged breach of this AGREEMENT by BROADWAY, including any acts of misfeasance or nonfeasance. If the FRANCHISEE fails to give written notice to BROADWAY of any alleged breach of this AGREEMENT within one (1) year from the date that the FRANCHISEE has knowledge of, believes, determines, is of the opinion that, or becomes aware of facts and circumstances reasonably indicating that the FRANCHISEE may have a claim under any state law, federal law or common law because there has been an alleged breach by BROADWAY, then the alleged breach by BROADWAY will be deemed to be condoned, approved and waived by the

FRANCHISEE, the alleged breach by BROADWAY will not be deemed to be a breach of this AGREEMENT by BROADWAY, and the FRANCHISEE will be permanently barred from commencing any Arbitration or other action against BROADWAY for that alleged breach or violation.

**21.5 INJUNCTIVE RELIEF AVAILABLE TO BROADWAY.** Notwithstanding any of the foregoing provisions, if the FRANCHISEE gives BROADWAY any notice of an alleged breach of this AGREEMENT or any laws that give rise to damages and/or the termination of this AGREEMENT by the FRANCHISEE, then BROADWAY will have the absolute right to immediately commence legal action against the FRANCHISEE to enjoin and prevent the termination of this AGREEMENT by the FRANCHISEE until the matter has been heard in Arbitration without giving the FRANCHISEE any notice and without regard to any waiting period that may be contained in this AGREEMENT. If BROADWAY commences such legal action against the FRANCHISEE and if a Court of competent jurisdiction determines that this AGREEMENT or any provision is not subject to Arbitration for any reason, then the FRANCHISEE will not have the right to terminate this AGREEMENT, as provided for herein, unless and until a Court of competent jurisdiction has ruled on the merits that BROADWAY has breached this AGREEMENT in the manner alleged by the FRANCHISEE, and then only if BROADWAY fails to correct the breach within sixty (60) days after a final judgment has been entered against BROADWAY and all time for appeals by BROADWAY has expired. If BROADWAY commences any legal action against the FRANCHISEE as contemplated by this provision, which will include legal actions for injunctive relief against the FRANCHISEE to enjoin termination of this AGREEMENT, then BROADWAY will not be required to post any bonds or security whatsoever in such legal action.

## ARTICLE 22
## FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

**22.1 TERMINATION OF USE OF MARKS; OTHER OBLIGATIONS.** In the event this AGREEMENT expires or is terminated for any reason, then the FRANCHISEE will: (A) within five (5) days after termination, pay all fees and other amounts due and owing to BROADWAY under this AGREEMENT; (B) immediately return to BROADWAY by first class prepaid United States mail all Manuals, Menus, advertising materials and all other printed materials pertaining to the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business; and (C) comply with all other applicable provisions of this AGREEMENT. Upon termination or expiration of this AGREEMENT for any reason, the FRANCHISEE'S right to use "Broadway Station®," the other Marks and the Business System will terminate immediately.

**22.2 ALTERATION OF FRANCHISED LOCATION.** If this AGREEMENT expires or is terminated for any reason or if the FRANCHISED LOCATION is not operated as a *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, then the FRANCHISEE will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the FRANCHISED LOCATION so that it will be easily distinguished by the public from the standard appearance of a *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business.

**22.3 TRANSFER OF *BROADWAY PIZZA®, BROADWAY BAR & PIZZA®, OR BROADWAY FAST & FRESH™* BUSINESS IDENTITIES.** Upon termination or expiration of this AGREEMENT, BROADWAY will have the absolute right to notify the telephone company, internet service providers, World Wide Web domain name registrars, and all listing agencies for which the FRANCHISEE is directed or has received approval to obtain by BROADWAY (the "Service Providers") of the termination or expiration of the FRANCHISEE'S right to use all telephone numbers, World Wide Web sites, including any blogs or social networking sites, internet addresses, World Wide Web domain names and any other method of identification or channel of distribution venue for the FRANCHISEE's *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business for which the FRANCHISEE is directed or has received approval to obtain by BROADWAY (the "Identities") and to authorize the Service Providers to transfer to BROADWAY or its assignee all the Identities of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business. The FRANCHISEE acknowledges that BROADWAY has the absolute right and interest in and to all the Identities associated with the Marks, and the FRANCHISEE hereby authorizes BROADWAY to direct the Service Providers to transfer the Identities to BROADWAY or BROADWAY's assignee, if this AGREEMENT expires or is terminated for any reason whatsoever. The Service Providers will have the right to accept this AGREEMENT as evidence of the exclusive rights of BROADWAY to the Identities. This AGREEMENT will constitute the authority from the FRANCHISEE for the Service Providers to transfer all the Identities to BROADWAY and will constitute a release of the Service Providers by the FRANCHISEE from any and all claims, actions and damages that the FRANCHISEE may allege against them in connection with this Section 22.3.

## ARTICLE 23
## FRANCHISEE'S COVENANTS NOT TO COMPETE

**23.1 CONSIDERATION**. The FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, and the Personal Guarantors acknowledge that, pursuant to this AGREEMENT, the FRANCHISEE, its partners or officers and its employees will have access to and will receive specialized training, business procedures, recipes, know-how, cooking techniques, sources of supply, operational information, research and development information, confidential information and trade secrets from BROADWAY pertaining to the Business System and the operation of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business. In consideration for the use and license of such valuable and confidential information, the FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners and the Personal Guarantors will comply in all respects with the provisions of this ARTICLE. BROADWAY has advised the FRANCHISEE that the provisions of this ARTICLE are material provisions of this AGREEMENT, and that BROADWAY will not sell a *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* franchise to any person or entity that owns or intends to own, operate or be involved in any business that competes directly or indirectly with a *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business.

**23.2 IN-TERM COVENANT NOT TO COMPETE**. The FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, and the Personal Guarantors will not, during the term of this AGREEMENT, on their own account or as an employee, agent, consultant, partner, officer, Director, or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any restaurant, fast food, pizza, pasta or on-sale liquor business that is in any way competitive with or similar to the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, except with the prior written consent of BROADWAY.

**23.3 POST-TERM COVENANT NOT TO COMPETE**. The FRANCHISEE, the FRANCHISEE'S Shareholders, members, or partners, and the Personal Guarantors will not, for a period of nine (9) months after the termination or expiration of this AGREEMENT, on their own account or as an employee, agent, consultant, partner, officer, Director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any restaurant, fast food, pizza, pasta or on-sale liquor business that is in any way competitive with or similar to the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, which is located within five (5) miles of either the FRANCHISED LOCATION or any other *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, or within any Exclusive Territory granted to any other person or entity by BROADWAY for the development of *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Businesses pursuant to a Development Agreement or other agreement. The FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect BROADWAY and all of BROADWAY's franchisees if this AGREEMENT expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to BROADWAY the opportunity to resell the Broadway Station© Restaurant and Pizzeria Business or develop a new *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business at or near the FRANCHISED LOCATION.

**23.4 INJUNCTIVE RELIEF**. The FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, and the Personal Guarantors agree that the provisions of this ARTICLE are necessary to protect the legitimate business interests of BROADWAY and BROADWAY's franchisees including, without limitation, prevention of the unauthorized dissemination of marketing, promotional and other confidential information to competitors of BROADWAY and BROADWAY's franchisees, protection of BROADWAY's trade secrets and the integrity of BROADWAY's franchise system, and prevention of the duplication of the Business System by unauthorized third parties. The FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, and the Personal Guarantors also agree that

damages alone cannot adequately compensate BROADWAY if there is a violation of this ARTICLE by the FRANCHISEE and that injunctive relief against the FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, or the Personal Guarantors is essential for the protection of BROADWAY and BROADWAY's franchisees. The FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, and the Personal Guarantors agree therefore, that if BROADWAY alleges that the FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, or the Personal Guarantors have breached or violated this ARTICLE, then BROADWAY will have the right to petition a Court of competent jurisdiction for injunctive relief against the FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, and the Personal Guarantors, in addition to all other remedies that may be available to BROADWAY. BROADWAY will not be required to post a bond or other security for any injunctive proceeding. In cases where BROADWAY is granted ex parte injunctive relief against the FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, or the Personal Guarantors, then the FRANCHISEE, the FRANCHISEE'S shareholders, members, or partners, or the Personal Guarantors will have the right to petition the Court for a hearing on the merits at the earliest time convenient to the Court.

**23.5 SEVERABILITY**. It is the desire and intent of the parties to this AGREEMENT, including the FRANCHISEE'S shareholders, members, or partners, and the Personal Guarantors, that the provisions of this ARTICLE be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of this ARTICLE is adjudicated to be invalid or unenforceable, then this ARTICLE will be deemed to modify or delete that portion thus adjudicated to be invalid or unenforceable to the extent required to make this ARTICLE valid and enforceable. Any such modification or deletion made to this ARTICLE will be effective only in the particular jurisdiction in which the adjudication is made. Further, to the extent any provision of this ARTICLE is deemed unenforceable by virtue of its scope or limitation, the parties to this AGREEMENT, including the FRANCHISEE'S shareholders, members, or partners, and the Personal Guarantors, agree that the scope and limitation provisions will nevertheless be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

## ARTICLE 24
## INDEPENDENT CONTRACTORS

**24.1 INDEPENDENT CONTRACTORS.** BROADWAY and the FRANCHISEE are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between BROADWAY and the FRANCHISEE. The FRANCHISEE will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of BROADWAY or represent that their relationship is other than that of franchisor and franchisee. Neither BROADWAY nor the FRANCHISEE will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

**24.2 OPERATION OF FRANCHISED BUSINESS.** The FRANCHISEE will be totally and solely responsible for the operation of its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the FRANCHISEE. The FRANCHISEE will be responsible for the acts of its employees, agents and independent contractors and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. BROADWAY will not have any right, obligation or responsibility to control, supervise or manage the FRANCHISEE'S employees, agents or independent contractors.

## ARTICLE 25
## INDEMNIFICATION; ATTORNEYS' FEES

**25.1 INDEMNIFICATION**. BROADWAY will not be obligated to any person or entity for any costs, claims, liabilities, actions or damages arising out of, from, in connection with or as a result of the negligence of the FRANCHISEE or from the operation of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business that is conducted by the FRANCHISEE pursuant to this AGREEMENT. Therefore, the FRANCHISEE will indemnify BROADWAY against, and will reimburse BROADWAY for, all damages and for all costs incurred in the defense of any such claim brought against BROADWAY or in any action arising out of, from, in connection with or as a result of the FRANCHISEE'S Business in which BROADWAY is named as a party including, without limitation, costs for attorneys' fees actually incurred by BROADWAY, investigation expenses, court costs, deposition expenses, and travel and living expenses. The FRANCHISEE will indemnify BROADWAY, without limitation, for all claims arising from: (A) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the FRANCHISEE or its employees, agents or representatives; (B) any failure on the part of the FRANCHISEE to comply with any requirement of any governmental authority; (C) any failure of the FRANCHISEE to pay any of its obligations; or (D) any failure of the FRANCHISEE to comply with any requirement or condition of this AGREEMENT or any other agreement with BROADWAY or any affiliate of BROADWAY. BROADWAY will have the right to defend any claim made against it arising out of, from, in connection with or as a result of or from the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business.

**25.2 REIMBURSEMENT OF EXPENSES AND ATTORNEYS' FEES**. The FRANCHISEE will pay all costs and expenses incurred by BROADWAY in enforcing any term, condition or provision of this AGREEMENT or in seeking to enjoin any violation of this AGREEMENT by the FRANCHISEE, including legal fees actually incurred by BROADWAY. In an action brought pursuant to this AGREEMENT where BROADWAY prevails against the FRANCHISEE, the FRANCHISEE will indemnify BROADWAY for all costs that it incurs in any lawsuit or proceeding arising under this AGREEMENT including, without limitation, attorney's fees, expert witness fees, costs of investigation, court costs, litigation expenses, travel and living expenses, and all other costs incurred by BROADWAY.

**25.3 CONTINUATION OF OBLIGATIONS**. The indemnification and other obligations contained herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this AGREEMENT.

## ARTICLE 26
## MANDATORY NON-BINDING MEDIATION

**26.1 MEDIATION OF DISPUTES**. BROADWAY and the FRANCHISEE acknowledge that resolving disputes prior to commencing Arbitration hearings or court proceedings is in the best interests of both parties, all other franchisees and the Business System. Therefore, except for matters set forth in Section 27.6, all disputes between BROADWAY and the FRANCHISEE, without exception, arising under, as a result of or in connection with this AGREEMENT, the FRANCHISED LOCATION or the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business will be subject to mandatory non-binding mediation. The parties agree that they will act in good faith to settle any dispute between them either prior to or during mediation.

**26.2 PROTOCOL**. If either party alleges a dispute against the other party for any reason whatever, then either party will have the right to demand non-binding mediation within ten (10) days after the complaining party has provided the other party with written notice describing the dispute and the desired action. The Mediator will be appointed in accordance with the Commercial Mediation Rules and Regulations of the American Arbitration Association unless the parties agree on a Mediator in writing within ten (10) days after either party gives written notice of mediation. All mediation hearings will take place exclusively in Minneapolis, Minnesota and will be held within twenty (20) days after the Mediator has been appointed. The mediation hearing will be informal and the Mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the Mediator will be paid equally by the parties.

**26.3 CONDITIONS**. BROADWAY and the FRANCHISEE will not have the right to commence any Arbitration or legal proceedings against the other party until the dispute has been mediated as provided for herein. Both parties will have the right to take all actions necessary to demand Arbitration or to commence legal proceedings prior to any mediation hearing; however, neither party will have the right to an Arbitration hearing nor to prosecute any legal proceedings beyond commencement of an action until the mediation process has been completed.

**26.4 CONFIDENTIALITY**. All matters, testimony, arguments, evidence, allegations, documents and memorandums relating to the mediation will be confidential in all respects and will not be disclosed to any other person or entity by either party.

**26.5 PERFORMANCE DURING MEDIATION OF DISPUTES**. BROADWAY and the FRANCHISEE will continue to perform their respective obligations pursuant to this AGREEMENT during the mediation process.

## ARTICLE 27
## ARBITRATION

**27.1 DISPUTES SUBJECT TO ARBITRATION**. Except as expressly provided to the contrary in this AGREEMENT, all disputes between the parties, including allegations of fraud, misrepresentation or violation of any state or federal laws or regulations, arising under, as a result of, or in connection with this AGREEMENT, the FRANCHISED LOCATION or the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business will be resolved and determined exclusively by Arbitration in accordance with the Commercial Arbitration Rules and Regulations of the American Arbitration Association.

**27.2 NOTICE OF DISPUTE**. The party alleging the dispute must provide the other party with written notice by personal service or prepaid registered or certified United States mail setting forth the alleged dispute in detail. The party who receives written notice alleging the dispute will have thirty (30) days after receipt of the written notice from the complaining party to correct or resolve the dispute specified in the written notice.

**27.3 DEMAND FOR ARBITRATION**. If the breach, dispute alleged by either party has not been corrected, settled or compromised within the time period provided for in this AGREEMENT, then either party may notice Arbitration by giving the other party written notice demanding Arbitration by personal service or prepaid registered or certified United States mail. Within ten (10) days after a written demand for Arbitration has been delivered by the party demanding Arbitration, either party will have the right to request the office of the American Arbitration Association in Minneapolis, Minnesota to initiate the procedures necessary to appoint an Arbitrator. The Arbitrator will be appointed within sixty (60) days after a written demand for Arbitration has been made in accordance with the Rules and Regulation of the American Arbitration Association.

**27.4 VENUE AND JURISDICTION**. All Arbitration hearings will take place exclusively in Minneapolis, Minnesota. BROADWAY, the FRANCHISEE and their officers, Directors, shareholders, members, or partners, and the Personal Guarantors acknowledge that the FRANCHISEE and its officers, Directors and employees have had substantial business and personal contacts with BROADWAY in Minnesota and do hereby agree and submit to personal jurisdiction in Minnesota in connection with any Arbitration hearings hereunder and any suits or actions brought to enforce the decision of the Arbitrator, and do hereby waive any rights they may have to contest venue and jurisdiction in Minnesota and any claims that venue and jurisdiction in Minnesota are invalid.

**27.5 POWERS OF ARBITRATOR**. The authority of the Arbitrator will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this AGREEMENT. The Federal Rules of Evidence (the "Rules") will apply to all Arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any Arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who testified against them or in favor of the other party. The Arbitrator will not have the authority or right to add to, delete, amend or modify in any manner the terms, conditions and provisions of this AGREEMENT. All findings, judgments, decisions and awards of the Arbitrator will be limited to the breach, dispute or controversy set forth in the written demand for Arbitration, and the Arbitrator will not have the authority to decide any other issues. The Arbitrator will not have the right or authority to award punitive damages to BROADWAY, the FRANCHISEE or their officers, Directors, shareholders, members, or partners, or the Personal Guarantors, and BROADWAY, the FRANCHISEE and their officers, Directors, shareholders, members, or partners, and the Personal Guarantors expressly waive their rights to plead or seek punitive damages in an Arbitration proceeding. All findings, judgments, decisions and awards by the Arbitrator will be in writing, will be made within sixty (60) days after the Arbitration hearings have been completed and except as set forth in Section 27.8, will be final and binding on BROADWAY and the FRANCHISEE. The written decision of the Arbitrator will be deemed to be an order, judgment and

decree and may be entered as such in any Court of competent jurisdiction by either party.

**27.6 DISPUTES NOT SUBJECT TO ARBITRATION**. The disputes between BROADWAY and the FRANCHISEE which are set forth in Section 28.1 and the following disputes between BROADWAY and the FRANCHISEE will not be subject to Arbitration or mediation: (A) any dispute involving the Marks or which arises under or as a result of ARTICLE 13 of this AGREEMENT; (B) any dispute involving immediate termination of this AGREEMENT by BROADWAY pursuant to Sections 20.5 and 20.6 of this AGREEMENT; (C) any dispute arising under Sections 9.4 or 9.5, or any other confidentiality provisions of this AGREEMENT; and (D) any dispute involving enforcement of the covenants not to compete contained in ARTICLE 23 of this AGREEMENT.

**27.7 NO COLLATERAL ESTOPPEL OR CLASS ACTIONS**. Except as provided for herein, all Arbitration findings, conclusions, orders and awards expressly made by the Arbitrator will be final and binding on BROADWAY and the FRANCHISEE and their officers, Directors, shareholders, members, or partners, and the Personal Guarantors; however, such Arbitration findings, conclusions, orders and awards may not be used to collaterally estop either party from raising any like or similar issues, claims or defenses in any other or subsequent Arbitration, litigation, Court hearing or other proceeding involving third parties or other franchisees. No party except BROADWAY, the FRANCHISEE, and their officers, Directors, shareholders, members, or partners, and the Personal Guarantors will have the right to join in any Arbitration proceeding arising under this AGREEMENT and therefore, the Arbitrator will not be authorized to permit or approve class actions or to permit any person or entity that is not a party to this AGREEMENT to be involved in or to participate in any Arbitration hearings conducted pursuant to this AGREEMENT.

**27.8 DE NOVO HEARING ON MERITS**. If the Arbitrator awards either BROADWAY or the FRANCHISEE damages (including actual damages, costs and attorneys' fees) in excess of One Hundred Thousand Dollars ($100,000) in any Arbitration proceeding commenced pursuant to this AGREEMENT, then the party who has been held liable by the Arbitrator will have the right to a de novo hearing on the merits by commencing an action in a court of competent jurisdiction in accordance with the provisions of this AGREEMENT. If the party held liable by the Arbitrator commences a court action as provided for herein, then neither party will have the right to introduce the Arbitrator's decision or findings in any such court action and the Arbitrator's decision and findings will be of no force and effect and will not be final or binding on either BROADWAY or the FRANCHISEE. If the party who has been held liable by the Arbitrator for over One Hundred Thousand Dollars ($100,000) in damages fails to commence a court action within thirty (30) days after the Arbitrator issues his or her award in writing, then the Arbitrator's findings, judgments, decisions and awards will be final and binding on BROADWAY and the FRANCHISEE.

**27.9 CONFIDENTIALITY**. All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any Arbitration hearing between BROADWAY and the FRANCHISEE will be secret and confidential in all respects. BROADWAY and the FRANCHISEE will not disclose the decision or award of the Arbitrator and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the Arbitration hearing to any person or entity except as required by law.

**27.10 SEVERABILITY**. It is the desire and intent of the parties to this AGREEMENT that the provisions of this ARTICLE be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of this ARTICLE is adjudicated to be invalid or unenforceable, then this ARTICLE will be deemed amended to delete that portion thus adjudicated to be invalid or unenforceable to the extent required to make this ARTICLE valid and enforceable. Any such deletion will be effective only in the particular jurisdiction in which the adjudication is made. Further, to the extent any provision of this ARTICLE is deemed unenforceable by virtue of its scope, the parties to this AGREEMENT agree that the same will, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where

enforcement is sought, and the scope in such a case will be determined by Arbitration as provided herein.

**27.11 PERFORMANCE DURING ARBITRATION OF DISPUTES.** BROADWAY and the FRANCHISEE will continue to perform their respective obligations pursuant to this AGREEMENT during the Arbitration of any dispute.

## ARTICLE 28
## ENFORCEMENT

**28.1 INJUNCTIVE RELIEF**. Notwithstanding the provisions of ARTICLE 26 and ARTICLE 27 of this AGREEMENT, BROADWAY will have the right to petition a Court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this AGREEMENT relating to: (A) the FRANCHISEE'S improper use of BROADWAY'S Marks and the Business System; (B) the obligations of the FRANCHISEE upon termination or expiration of this AGREEMENT; (C) assignment of this AGREEMENT, the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business or the ownership interests of the FRANCHISEE; (D) the FRANCHISEE'S violation of the provisions of this AGREEMENT relating to confidentiality and covenants not to compete; and (E) any act or omission by the FRANCHISEE or the FRANCHISEE'S employees that, (1) constitutes a violation of any applicable law, ordinance or regulation, (2) is dishonest or misleading to the clients or customers of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business or other *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Businesses, (3) constitutes a danger to the employees, public, guests, clients or customers of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, or (4) may impair the goodwill associated with BROADWAY'S Marks and the Business System. BROADWAY will be entitled to injunctive relief against the FRANCHISEE without posting a bond or other security. If BROADWAY prevails against the FRANCHISEE in any such action, then the FRANCHISEE will indemnify BROADWAY for all costs that it incurs in any lawsuit or proceedings under this provision including, without limitation, legal fees actually incurred, expert witness fees, costs of investigation, court costs, litigation expenses, accounting fees, travel and living expenses, and all other costs incurred by BROADWAY.

**28.2 SEVERABILITY**. All provisions of this AGREEMENT are severable and this AGREEMENT will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this AGREEMENT than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this AGREEMENT or any specification, standard or operating procedure prescribed by BROADWAY is invalid or unenforceable, the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. Any such modifications made to this AGREEMENT will be effective only in the jurisdiction making the modifications and thus, this AGREEMENT will be enforced as originally made and entered into in all other jurisdictions.

**28.3 JOINT AND SEVERAL LIABILITY**. If the FRANCHISEE consists of more than one person, their liability under this AGREEMENT will be deemed to be joint and several.

**28.4 WAIVER**. BROADWAY and the FRANCHISEE may, by written instrument signed by BROADWAY and the FRANCHISEE, waive any obligation of or restriction upon the other under this AGREEMENT. Acceptance by BROADWAY of any payment by the FRANCHISEE and the failure, refusal or neglect of BROADWAY to exercise any right under this AGREEMENT or to insist upon full compliance by the FRANCHISEE of its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure, will not constitute a waiver by BROADWAY of any provision of this AGREEMENT. BROADWAY will have the right to waive obligations or restrictions for other franchisees under their Franchise AGREEMENTS without waiving those obligations or restrictions for the FRANCHISEE and, except to the extent provided by law, BROADWAY will have the right to negotiate terms and conditions, grant concessions and waive obligations for other franchisees of BROADWAY without granting those same rights to the FRANCHISEE and without incurring any liability to the FRANCHISEE whatsoever.

**28.5 PAYMENTS TO BROADWAY**. The FRANCHISEE will not, on grounds of the alleged nonperformance by BROADWAY of any of its obligations hereunder or for any other reason, withhold payment of any Continuing Fees, Marketing and Promotion Fees or any other fees or payments due BROADWAY pursuant to this AGREEMENT or pursuant to any other contract, agreement or obligation to BROADWAY. The FRANCHISEE will not have the right to "offset" any liquidated or unliquidated amounts, damages or other funds allegedly due to the FRANCHISEE by BROADWAY against any Continuing Fees, Marketing and Promotion Fees, or any other fees or payments due to BROADWAY under this AGREEMENT or under any other agreement or contract.

**28.6 EFFECT OF WRONGFUL TERMINATION**. In the event that either BROADWAY or the FRANCHISEE takes any action to terminate this AGREEMENT and/or to convert its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business to another business, and such actions were taken without first complying with the terms and conditions (including the written notice and opportunity to cure provisions) of ARTICLE 20 or ARTICLE 21 of this AGREEMENT, as applicable, then such actions will not relieve either party of, or release either party from, any of its obligations under this AGREEMENT, and the terms and conditions of this AGREEMENT will remain in full force and effect and the parties will be obligated to perform all terms until such time as this AGREEMENT expires or is terminated in accordance with the provisions of this AGREEMENT and applicable law, as determined by an Arbitrator or a Court of competent jurisdiction.

**28.7 CUMULATIVE RIGHTS**. The rights of BROADWAY hereunder are cumulative and no exercise or enforcement by BROADWAY of any right or remedy hereunder will preclude the exercise or enforcement by BROADWAY of any other right or remedy hereunder or which BROADWAY is entitled by law to enforce.

**28.8 VENUE AND JURISDICTION**. Unless provided by this AGREEMENT or applicable law to the contrary, all Mediation or Arbitration hearings, litigation, lawsuits, proceedings, Court hearings and other actions initiated by either party against the other party must and will be venued exclusively in Hennepin County, Minnesota. The FRANCHISEE, each of its officers, Directors, shareholders, members, partners, and Personal Guarantors: (A) acknowledge that Minneapolis, Minnesota is a mutually convenient location for the venue and conduct of any legal or enforcement proceedings; (B) do hereby agree and submit to personal jurisdiction in the State of Minnesota for the purposes of any Arbitration hearings, litigation, court hearings or other hearings brought to enforce or construe the terms of this AGREEMENT or to resolve any dispute or controversy arising under, as a result of, or in connection with this AGREEMENT, the FRANCHISED LOCATION or the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business; and (C) do hereby agree and stipulate that any Arbitration hearings, litigation, court hearings and other hearings will be venued and held exclusively in Hennepin County, Minnesota, and waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid.

**28.9 BINDING AGREEMENT**. This AGREEMENT is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

**28.10 NO ORAL MODIFICATION**. No modification, change, addition, rescission, release, amendment or waiver of this AGREEMENT and no approval, consent or authorization required by any provision of this AGREEMENT may be made except by a written agreement subscribed to by duly authorized officers or partners of the FRANCHISEE and the President or a Vice President of BROADWAY.

**28.11 ENTIRE AGREEMENT**. This AGREEMENT supersedes and terminates all prior agreements, either oral or in writing, between BROADWAY and the FRANCHISEE involving the franchise relationship between them and, therefore, representations, inducements, promises or agreements alleged by either BROADWAY or the FRANCHISEE relating to the franchise relationship between the parties that are not contained in this AGREEMENT will not be enforceable. The preambles are a part of this AGREEMENT, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between BROADWAY and the FRANCHISEE involving the FRANCHISED LOCATION or relating to the subject matter of this AGREEMENT.

**28.12 HEADINGS; TERMS**. The headings of the ARTICLES are for convenience only and do not in any way define, limit or construe the contents of such ARTICLES. The term "FRANCHISEE" as used herein is applicable to one or more individuals, a corporation or a partnership, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "FRANCHISEE," "assignee" and "transferee" which are applicable to an individual or individuals will mean the principal owner or owners of the equity or operating control of the FRANCHISEE or any such assignee or transferee if the FRANCHISEE or such assignee or transferee is a corporation or partnership.

**28.13 REASONABLE BUSINESS JUDGMENT**. Unless otherwise specified in this Agreement, reasonable business judgment will be the applicable standard for all decisions or actions of BROADWAY pursuant to this Agreement or any other purposes of the relationship between BROADWAY, the FRANCHISEE and any other *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* franchisee. "Reasonable Business Judgment" or "reasonable business judgment" means that BROADWAY's actions and/or decisions which affect the FRANCHISEE, any other *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* franchisee or the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business System will prevail, even if other alternatives are reasonable or arguably preferable, if BROADWAY's stated intent is any of the following: (A) to protect or benefit the Marks or the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business System; (B) to benefit or enhance customer service or customer satisfaction; or (C) to increase or benefit BROADWAY's financial position. BROADWAY will not be required to consider the FRANCHISEE'S particular economic or any other circumstances inimical to its own economic or other business interests when exercising its reasonable business judgment. The FRANCHISEE will have the burden of proof for any mediation, arbitration, litigation or any claim made against BROADWAY of establishing that BROADWAY failed to exercise reasonable business judgment.

## ARTICLE 29
## NOTICES

All notices to BROADWAY will be in writing and will be made by personal service upon an officer or Director of BROADWAY or sent by prepaid registered or certified Unites States mail addressed to BROADWAY at 1818 Wooddale Drive, Suite 202, Woodbury, Minnesota 55125, or such other address as BROADWAY may designate in writing, with a copy to Mark A. Tebelius, Esq., Sjoberg & Tebelius, P.A., 2145 Woodlane Drive, Suite 101, Woodbury, Minnesota 55125. All notices to the FRANCHISEE will be made by personal service upon the FRANCHISEE (or, if applicable, upon an officer or Director of the FRANCHISEE) or sent by prepaid registered or certified United States mail addressed to the FRANCHISEE at the FRANCHISED LOCATION, or such other address as the FRANCHISEE may designate in writing. For the purpose of this AGREEMENT, personal service will include service by a recognized overnight delivery service, such as Federal Express or United Parcel Service, which requires a written receipt of delivery from the addressee.

## ARTICLE 30
## ACKNOWLEDGMENTS

**30.1 BUSINESS RISKS; NO FINANCIAL PROJECTIONS**. The FRANCHISEE acknowledges that it has conducted an independent investigation of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business and recognizes that the business venture contemplated by this AGREEMENT involves business and economic risks and that the financial and business success of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business will be primarily dependent upon the personal efforts of the FRANCHISEE, its management and employees. BROADWAY expressly disclaims the making of, and the FRANCHISEE acknowledges that it has not received, any estimates, projections, warranties or guaranties, expressed or implied, regarding potential Gross Revenues, profits, earnings, expenses or the financial or business success of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, except as set forth in BROADWAY'S Uniform Franchise Disclosure Document, which has been delivered to and receipt of which has been by the FRANCHISEE.

**30.2 NO INCOME OR REFUND WARRANTIES**. BROADWAY does not warrant or guarantee to the FRANCHISEE: (A) that the FRANCHISEE will derive cash flow, income or profit from the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business; or (B) that BROADWAY will refund all or part of the price paid for the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business or repurchase any of the furniture, fixtures, products, equipment or supplies supplied or sold by BROADWAY or an approved supplier if the FRANCHISEE is unsatisfied with its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business.

**30.3 RETAINING OF LEGAL COUNSEL**. The FRANCHISEE acknowledges that BROADWAY has recommended that the FRANCHISEE retain an attorney to review all leases, contracts, business documents, construction contracts and BROADWAY'S Uniform Franchise Disclosure Document, including BROADWAY'S financial statements and this AGREEMENT, and to advise the FRANCHISEE on all business matters and laws applicable to the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, the terms and conditions of this AGREEMENT, and the potential economic benefits and risks of loss relating to the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business.

**30.4 OTHER FRANCHISEES**. The FRANCHISEE acknowledges that other franchisees of BROADWAY have or will be granted franchises at different times, for different geographical locations and in different situations, and further acknowledges that the terms and conditions of such franchises and the economics, form and substance of the resulting Franchise Agreements may vary substantially from those contained in this AGREEMENT.

**30.5 RECEIPT OF AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT**. The FRANCHISEE acknowledges that it received a copy of this AGREEMENT with all material blanks fully completed at least five (5) business days prior to the date that this AGREEMENT was executed by the FRANCHISEE or any payment was made by the FRANCHISEE to BROADWAY. The FRANCHISEE further acknowledges that it received BROADWAY'S Uniform Franchise Disclosure Document at least ten (10) business days prior to the date on which this AGREEMENT was executed.

## ARTICLE 31
## DISCLAIMER; FRANCHISEE'S LEGAL COUNSEL

**31.1 DISCLAIMER BY BROADWAY**. BROADWAY expressly disclaims the making of any representations or warranties regarding the sales, earnings, profits, Gross Revenues, business or financial success, value of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, or expenses of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business except those contained in BROADWAY'S Uniform Franchise Disclosure Document received by the FRANCHISEE. BROADWAY further expressly disclaims the making of any express or implied representations or warranties regarding any demographic or other information concerning the site selected by the FRANCHISEE for the FRANCHISED LOCATION, or regarding the likelihood of the business or financial success of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business operated at the FRANCHISED LOCATION.

**31.2 ACKNOWLEDGMENTS BY FRANCHISEE**. The FRANCHISEE acknowledges that it has not received any representations or warranties regarding the sales, earnings, profits, Gross Revenues, business or financial success, value of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, or any other matters pertaining to the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business from BROADWAY or any of BROADWAY'S officers, employees or agents that were not contained in BROADWAY'S Uniform Franchise Disclosure Document received by the FRANCHISEE ("Representations"). The FRANCHISEE further acknowledges that if it had received any such Representations, it would not have executed this AGREEMENT, and that it would have: (A) promptly notified the President of BROADWAY in writing of the person or persons making such Representations, and (B) provided the President of BROADWAY with a specific written statement detailing the Representations that were made. The FRANCHISEE and BROADWAY have negotiated the terms of this Agreement and the FRANCHISEE will not claim the existence of an implied covenant of good faith and fair dealing to contravene or limit any term of this Agreement. In addition, the FRANCHISEE will not assert that BROADWAY is a fiduciary for or with respect to the FRANCHISEE or any *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* franchisee regarding BROADWAY'S operation of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business System or any obligation BROADWAY has to the FRANCHISEE or any franchisee pursuant to this Agreement, any statute, regulation, rule or law.

**31.3 LEGAL REPRESENTATION**. The FRANCHISEE acknowledges that this AGREEMENT constitutes a legal document which grants certain rights and privileges to and imposes certain financial and other obligations upon the FRANCHISEE. The FRANCHISEE has been advised by BROADWAY to consult an attorney or other advisor prior to the execution of this AGREEMENT to review all legal documents, to review BROADWAY'S Uniform Franchise Disclosure Document, to review this AGREEMENT in detail, to review the economics, operations and other business aspects of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, to determine compliance with franchising and other applicable laws, to determine the licenses required for the operation of the FRANCHISEE'S Business, to review and evaluate the demographic and other information relating to the site for the FRANCHISED LOCATION, to review the Lease for the FRANCHISED LOCATION and any other legal agreements to be entered into by the FRANCHISEE in connection with the Business, and to advise the FRANCHISEE regarding its economic risks, liabilities, obligations and rights under this AGREEMENT. The name of the FRANCHISEE'S attorney or other advisor is:

Name: _____

Name of Firm: _____

Address: _____

City, State, Zip Code: _____

Telephone Number: (____) _____

Fax Number: (____) _____

## ARTICLE 32
## GOVERNING LAW; STATE MODIFICATIONS

**32.1 GOVERNING LAW.** Except as provided for in this AGREEMENT and to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), the franchise laws and other laws applicable to this AGREEMENT, the interpretation of this AGREEMENT and the relationship between BROADWAY and the FRANCHISEE will be governed by the laws of the state in which the FRANCHISED LOCATION is located. The provisions of this AGREEMENT which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this AGREEMENT will be enforceable as originally made and entered into upon the execution of this AGREEMENT by the FRANCHISEE and BROADWAY.

**32.2 STATE MODIFICATIONS.** If applicable, the following states have statutes which may supersede the provisions of this AGREEMENT in the FRANCHISEE'S relationship with BROADWAY in the areas of termination and renewal of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Franchise: ARKANSAS [Stat. Section 70-807], CONNECTICUT [Gen. Stat. Section 42-l33e, et seq.], DELAWARE [Code Section 2552], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C. 14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the provisions of this AGREEMENT in the FRANCHISEE'S relationship with BROADWAY in the areas of termination and renewal of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Franchise. If the FRANCHISED LOCATION is located in any one of the states indicated below in this Section 32.2, or if the laws of any such state are otherwise applicable, then the designated provisions of this AGREEMENT will be amended and revised as follows:

**(A)** **MINNESOTA.** If this AGREEMENT is governed by the laws of the State of Minnesota, then: (1) ARTICLE 3 of this AGREEMENT will be amended to provide that, except in certain circumstances specified by law, BROADWAY must provide the FRANCHISEE with at least one hundred eighty (180) days prior written notice of non-renewal of the Franchise; (2) Section 20.2 will be amended to require that, except as set forth in Sections 20.5 and 20.6, if BROADWAY provides the FRANCHISEE with written notice that the FRANCHISEE has breached this AGREEMENT and that BROADWAY intends to terminate this AGREEMENT then, the written notice will be provided to the FRANCHISEE at least ninety (90) days prior to the date this AGREEMENT is terminated by BROADWAY, and the FRANCHISEE will have sixty (60) days after receipt of such written notice within which to correct the breach specified in the written notice; (3) notwithstanding any provisions of this AGREEMENT to the contrary, a Court of competent jurisdiction will determine whether BROADWAY will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by BROADWAY against the FRANCHISEE, the FRANCHISEE'S shareholders, members, partners, or the Personal Guarantors; and (4) any release executed by the FRANCHISEE pursuant to Section 18.3(D) will not relieve BROADWAY from any liability imposed by Minn. Stat. §§ 80C.0l to 80C.22 unless the release is executed in conjunction with the voluntary settlement of a dispute between the FRANCHISEE and BROADWAY.

**(B)** **WISCONSIN.** If this AGREEMENT is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this AGREEMENT.

**32.3** **SEVERABILITY**. The severability provisions of this AGREEMENT contained in Sections 23.5, 27.10 and 28.2 of this AGREEMENT will pertain to all of the applicable laws which conflict with or modify the provisions of this AGREEMENT including, but not limited to, the provisions of this AGREEMENT specifically addressed in Section 32.2 above.

## ARTICLE 33
## DEFINITIONS

For purposes of this AGREEMENT, the following words will have the following definitions:

**33.1 ABANDON**. "Abandon" will mean the conduct of the FRANCHISEE, including acts of omission as well as commission, indicating the willingness, desire or intent of the FRANCHISEE to discontinue operating the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business in accordance with the quality standards, uniformity requirements and the Business System as set forth in this AGREEMENT, the Manual and the Kitchen and Recipe Manual, including the failure of the FRANCHISEE to operate its business for five (5) or more consecutive days.

**33.2 DESIGNATED MARKET AREA**. "Designated Market Area" or "DMA" will mean each television market exclusive of another based upon a preponderance of television viewing hours as defined by the A.C. Nielsen ratings service or such other ratings service as may be designated by BROADWAY.

**33.3 BUSINESS SYSTEM**. "Business System" will mean the distinctive foods, beverages, products and services which are associated with BROADWAY'S trademarks, trade names, service marks, copyrights, interior and exterior building designs, decor, menus, uniforms, slogans, signs, logos, commercial symbols and color combinations. "Business System" will include all of the uniformity requirements, standards of quality, procedures, specifications and instructions promulgated by BROADWAY.

**33.4 FINANCIAL STATEMENTS**. "Financial Statements" will mean a balance sheet, profit and loss statement, statement of cash flows and footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis and federal and state income tax filings for each fiscal year.

**33.5 FRANCHISE**. "Franchise" will mean the right granted by BROADWAY to the FRANCHISEE authorizing the FRANCHISEE to operate a *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business in conformity with the Business System using the name *"Broadway Pizza®" or "Broadway Bar & Pizza®"* and the other Marks of BROADWAY at the FRANCHISED LOCATION.

**33.6 MARKS**. "Marks" will include the name *"Broadway Pizza®"* or *"Broadway Bar & Pizza®,"* and such other trademarks, trade names, service marks, logos and commercial symbols as BROADWAY has or may develop for use in connection with the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Businesses operated in conformity with the Business System, including BROADWAY'S uniformity requirements and quality standards.

**33.7 STORE MANAGER**. "Store Manager" will mean the person who has successfully completed BROADWAY's training program and has been certified by BROADWAY and who is responsible for the overall management and daily operations of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business including, but not limited to, administration, basic operations, marketing, community relations, record-keeping, employee staffing and training, food preparation, inventory control, hiring and firing, and maintenance of the FRANCHISED LOCATION. If the FRANCHISEE is an individual, then the Store Manager for the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business may be the FRANCHISEE.

**33.8 ASSOCIATE MANAGER**. "Associate Manager" will mean the person who has successfully completed BROADWAY's training program and has been certified by BROADWAY and who is responsible for supervising the kitchen functions of the FRANCHISEE'S Restaurant Business and for assisting the Store Manager with the management of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business.

**33.9 GROSS REVENUES**. "Gross Revenues" will mean the total dollar income resulting from all sales made to customers of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, and will include all sales made by the FRANCHISEE, whether made for cash or credit, of every kind and nature made at, from, in connection with or by the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business including, but not limited to, sales and income from: (A) all foods, food products and food items; (B) alcoholic and non-alcoholic beverages and drinks; (C) admission or cover charges; (D) vending machines and coin operated games; (E) gambling and gambling devices; (F) lotteries, lottery tickets and pull tabs; (G) premiums, novelty items, clothing, hats, T-shirts, sweatshirts, and other souvenirs; (H) cigars, cigarettes, candies and gum; (I) services; (J) carry-out items; (J) rental receipts and sales from subleased space within the FRANCHISED LOCATION; (L) the delivery or catering of any food, products or pizza; (M) all payments received by the FRANCHISEE from any business interruption insurance policy carried by the FRANCHISEE; (N) all sales, use or gross receipts tax rebates; and (O) any and all other goods and products. "Gross Revenues" will not include (A) any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon the sales of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, if the amount of the tax is added to the selling price and is expressly charged to the customer, a specific record of the amount of the tax is made at the time of each sale and the tax is paid to the appropriate taxing authority by the FRANCHISEE or (B) any discounts directly attributable to coupons, which are specified or approved in writing by BROADWAY pursuant to Section 8.6 of this AGREEMENT, received by the FRANCHISEE in the operation of its *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business.

**33.10 SHAREHOLDER, MEMBER, AND PARTNER**. "Shareholder" means any individual or entity who owns shares of the capital stock of the FRANCHISEE, if the FRANCHISEE is a corporation. "Member" means any individual who has an ownership interest in a limited liability company. "Partner" means any individual who has an ownership interest in a partnership.

**33.11 WEEK OR WEEKLY**. "Week" or "Weekly" will mean a period of seven (7) consecutive days from Monday through Sunday.

**33.12 UNDER CONSTRUCTION**. The business premises will be deemed to be "under construction" upon the occurrence of any of the following and the delivery to BROADWAY of written proof of such occurrence: (A) when the approved construction plans and specifications provide for excavation and footings and all such excavation has been completed and all footings are formed and poured; (B) when the approved construction plans and specifications provide for caisson footings and such footings are complete and in place; or (C) when the approved construction plans and specifications provide for the remodeling of an existing building and the remodeling work has actually been commenced by the contractor.

**33.13 NON-OPERATING OWNERS**. "Non-Operating Owners" will mean all shareholders, members, or partners of the FRANCHISEE that are not involved in operating the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business as an Operating Owner.

**33.14 OPERATING OWNER**. If the FRANCHISEE is a corporation, limited liability company, or a partnership, then the "Operating Owner" will mean the designated shareholder, member, or partner of the FRANCHISEE who owns at least twenty-five percent (25%) of the FRANCHISEE'S capital stock, membership interests, or partnership interests and who has attended and successfully completed BROADWAY'S training program and has been certified by BROADWAY to participate in the operation of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business. If the FRANCHISEE is an individual, then the "Operating Owner" will be the FRANCHISEE.

**IN WITNESS WHEREOF,** BROADWAY, and the FRANCHISEE and the FRANCHISEE'S shareholders, members, or partners have respectively signed and sealed this AGREEMENT effective as of the day and year first above written.

In the Presence of:

**"BROADWAY"**

**BROADWAY STATION RESTAURANTS, INC.**

_____ By_____
Its_____

In the Presence of:

**"FRANCHISEE"**

_____ _____

_____ _____

_____ _____

_____ _____

The undersigned shareholders of the FRANCHISEE hereby agree to be bound by the terms and conditions of this Agreement.

In the Presence of:

| | Shareholders: | Percentage of Ownership |
|---|---|---|
| _____ | _____ | _____ % |
| _____ | _____ | _____ % |
| _____ | _____ | _____ % |
| _____ | _____ | _____ % |

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**PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT**

In consideration of the execution of this AGREEMENT by BROADWAY, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions in this AGREEMENT, to be paid, kept and performed by the FRANCHISEE.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in this AGREEMENT and agree that this PERSONAL GUARANTY should be construed as though the undersigned and each of them executed an AGREEMENT containing the identical terms and conditions of this AGREEMENT.

If any default should at any time be made therein by the FRANCHISEE, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to BROADWAY all monies due and payable to BROADWAY under the terms and conditions of this AGREEMENT.

In addition, if the FRANCHISEE fails to comply with any other terms and conditions of this AGREEMENT, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of this AGREEMENT for and on behalf of the FRANCHISEE.

In addition, should the FRANCHISEE at any time be in default on any obligation to pay monies to BROADWAY or any subsidiary or affiliate of BROADWAY, whether for merchandise, products, supplies, furniture, fixtures, equipment or other goods purchased by BROADWAY, or for any other indebtedness of the FRANCHISEE to BROADWAY or any subsidiary or affiliate of BROADWAY, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable from the FRANCHISEE to BROADWAY or any subsidiary or affiliate of BROADWAY upon default by the FRANCHISEE.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this PERSONAL GUARANTY will inure to the benefit of the successors and assigns of BROADWAY. Subject to the conditions of applicable law set forth in Section 32.2 of this AGREEMENT, each of the undersigned hereby submits to personal jurisdiction exclusively in the state and federal courts of Minnesota with respect to any litigation pertaining to this PERSONAL GUARANTY, and agrees that all litigation pertaining to this PERSONAL GUARANTY will and must be venued exclusively in Hennepin County, Minnesota.

**PERSONAL GUARANTORS**

| | |
|---|---|
| _____ | _____ |
| Individually | Individually |
| _____ | _____ |
| Address | Address |
| _____ | _____ |
| City State Zip Code | City State Zip Code |
| _____ | _____ |
| Telephone/Email | Telephone/Email |
| Signature _____ | Signature _____ |

EXHIBIT A

**CONFIDENTIALITY AGREEMENT**

In consideration of employment with _____ (the "Employer"), a franchisee of BROADWAY STATION RESTAURANTS, INC., the undersigned employee (the "Employee") will, during the term of his or her employment and thereafter, treat the Operating Manual, the Kitchen and Recipe Manual, all proprietary information and any other materials (including, but not limited to, proprietary seasoning blends, videotapes, films, recipes, drawings, diagrams and computer programs) created for or approved for use in the operation of a *Broadway Pizza*® Business, and the information contained therein, as secret and confidential and as the sole and absolute property of BROADWAY STATION RESTAURANTS, INC., and will use all reasonable means to keep such materials and information secret and confidential. The Employee will not:

1. Communicate, divulge or use for the benefit of any other person or entity, any information contained in the Operating Manual, the Kitchen and Recipe Manual or other materials deemed confidential by BROADWAY STATION RESTAURANTS, INC. or the Employer.

2. Copy, duplicate, videotape, photograph, record or otherwise reproduce the Operating Manual, the Kitchen and Recipe Manual or any other materials, in whole or in part. Neither the Operating Manual, the Kitchen and Recipe Manual nor other materials created for or used in the Employer's Restaurant Business will be borrowed or removed from the premises of the *Broadway Pizza*® Business by the undersigned Employee without the express written approval of the Employer. The Employee will not make any confidential materials available to any unauthorized person or entity, or allow them access to the Operating Manual, the Kitchen and Recipe Manual or other materials.

3. Use any confidential materials or any information, knowledge, methods or techniques contained or described herein for any purpose other than the performance of his or her duties as an employee of the Employer. The undersigned Employee will respect the confidentiality of the Operating Manual, the Kitchen and Recipe Manual, proprietary information and all other materials as it relates to concurrent and future employment.

The undersigned Employee and Employer understand and accept the obligations set forth herein and agree to be bound by them.

FRANCHISEE:

Dated: _____

_____

By _____

Its _____

EXHIBIT B

**LANDLORD'S CONSENT TO ASSIGNMENT OF LEASE**

_____ (the "Landlord") hereby consents to the Assignment by _____ (the "Franchisee") of its right, title and interest in the premises lease dated _____, between the Landlord and the Franchisee, (the "Premises Lease"), to Broadway Station Restaurants, Inc. (the "Franchisor"), pursuant to a franchise agreement between the Franchisor and the Franchisee dated _____, (the "Franchise Agreement"), and as an inducement to the Franchisor to enter into the Franchise Agreement with the Franchisee, agrees with the Franchisor as follows:

1. In the event of default by the Franchisee under the Franchise Agreement, the Franchisor or its designee may assume, enforce and perform the obligations of the Premises Lease with the same force and effect as if assumed, enforced and performed by the Franchisee. The Landlord will accept the Franchisor's (or its designee's) performance in lieu of performance by the Franchisee in satisfaction of the Franchisee's future obligations under the Premises Lease.

2. The Landlord will not terminate the Premises Lease on account of any default of the Franchisee hereunder without written notice to the Franchisor and first providing to the Franchisor a reasonable opportunity, but not less than thirty (30) days, to: (i) cause the Franchisee to cure the default; or (ii) declare the Franchisee in default under the Franchise Agreement and exercise its rights under the Assignment of Lease provisions of the Franchise Agreement. In the event the Franchisor so elects to exercise its rights under the Assignment, the Landlord agrees not to terminate the Premises Lease so long as the Franchisor or its designee agrees, within thirty (30) days from the date the Franchisor gives written notice to the Landlord of its election to exercise its rights under this Assignment, to perform the future obligations of the Franchisee under the Premises Lease. However, nothing herein will require the Franchisor to cure any default of the Franchisee under the Premises Lease, but only gives it the option to assume the Franchisee's future rights and obligations under the Premises Lease.

3. The Landlord hereby represents and warrants to the Franchisor that: (i) the Premises Lease is a valid and enforceable agreement; (ii) there has been no prior assignment of the Premises Lease of which the Landlord has notice or is aware; (iii) neither the Landlord nor the Franchisee is in default under the Premises Lease; and (iv) all covenants, conditions and agreements have been performed as required therein except those not due to be performed until after the date hereof.

"Landlord"

Date:_____ _____

EXHIBIT C

**ADDENDUM TO BROADWAY STATION RESTAURANTS, INC.**
**FRANCHISE AGREEMENT**
**FOR SBA FUNDING**

## ADDENDUM RELATING TO BROADWAY STATION RESTAURANTS, INC. FRANCHISE AGREEMENT

**THIS ADDENDUM** ("Addendum") is made and entered into on _____, 20___, by **BROADWAY STATION RESTAURANTS, INC.**, located at 1818 Wooddale Drive, Suite 202, Woodbury, Minnesota 55125 ("Franchisor"), and _____ located at _____ ("Franchisee").

## RECITALS

Franchisor and Franchisee entered in to a Franchise (or License) Agreement on _____, 20__ ("Franchise Agreement"). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit # _____("Unit"). Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

**NOW, THEREFORE**, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

- Notwithstanding anything to the contrary in Section 8.13 of the Franchise Agreement, the Franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs established by the Franchisor for its franchise system; or (2) is at or above any minimum price threshold programs established by the Franchisor for its franchise system; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the Franchisor for its franchise system.

- The following is added to the end of Section 17 of the Franchise Agreement:
  However, the Franchisor may not exercise a right of first refusal:

(a) If a proposed transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed transfer, have an ownership interest in the Franchisee or the franchise, and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA") (Owner/Guarantors); or

(b) If a proposed transfer involves a person other than an Owner/Guarantor and the proposed transfer involves controlling ownership interest in the Franchisee or the franchise, unless such non-controlling interest: (1) represents less than a 20% ownership interest in the Franchisee or in the Franchise, or (2) the Franchisor (in combination with all of Franchisor's franchisees) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

The Franchisor's right to approve or to disapprove a proposed transfer or transferee, or to exercise its right of first refusal with respect to a transfer of a controlling interest in Franchisee or the Franchise, shall not be affected by any of the foregoing provisions. If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable.

- Notwithstanding anything to the contrary in Section 17.6 of the franchise agreement, neither the Franchisor nor its affiliates will have the option to purchase any real estate owned by the Franchisee. The Franchisor, however, may lease the real estate for the remainder of the Franchisee's term (excluding additional renewals) for fair market value.

- Section 28.13 of the Franchise Agreement, which grants the Franchisor the right to use its reasonable business judgment, will not pertain to any transfer of the Franchisee's business. The Franchisor's consent in the event of a transfer will not be unreasonably withheld, conditioned, or delayed.

- Under Section 8.26 of the Franchise Agreement any SBA financed franchise will be granted a lien on the business assets of the Franchisee as required in its loan authorization.

- The following is deleted from Section 19.2 of the Franchise Agreement:

The FRANCHISEE will execute a UCC-1 Financing Statement and such other documents as may be reasonably required by BROADWAY'S attorneys to perfect and record BROADWAY'S security interest in the Lease.

- This Addendum automatically terminates on the earliest to occur of the following: (i) a termination occurs under the Franchise Agreement; (ii) the loan is paid; or (iii) SBA no longer has any interest in the loan.

**IN WITNESS WHEREOF**, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

**"BROADWAY"**

In the Presence of:

**BROADWAY STATION RESTAURANTS, INC.**

_____

By_____
Its_____

In the Presence of:

**"FRANCHISEE"**

_____ _____

_____ _____

_____ _____

_____ _____

**SHAREHOLDERS:**

_____

_____

_____

_____

## FRANCHISEE QUESTIONNAIRE

As you know, Broadway Station Restaurants, Inc. (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™ restaurant business (the "Franchise"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

1. Have you received and personally reviewed the Franchisor's Uniform Franchise Disclosure Document (the "Disclosure Document") provided to you?

   Yes _____ No _____

2. Did you sign a receipt for the Disclosure Document indicating the date you received it?

   Yes _____ No _____

3. Do you understand the information contained in the Disclosure Document?

   Yes _____ No _____

4. Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

   Yes _____ No _____

5. Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____, 200___

6. Do you understand your financial and other obligations under the Franchise Agreement?

   Yes _____ No _____

7. Have you discussed the economic and business risks of owning and operating the Franchise with an attorney, accountant or other professional advisor?

   Yes _____ No _____

8. Do you understand the economic and business risks associated with operating the Franchise?

   Yes _____ No _____

9. Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, the service you provide to your customers, competition, interest rates, the

economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes _____ No _____

10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else concerning the total revenues the Franchise may generate that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else regarding the costs involved in operating the Franchise that are contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

15. If you answered "Yes" to any of questions 10 through 14, please provide a full explanation of your answer in the following blank lines (attach additional pages, if necessary, and refer to them below). If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

_____

_____

_____

_____

_____

_____

You understand that your answers are important to us and that we will rely upon them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

| | |
|---|---|
| _____ | _____ |
| **FRANCHISE APPLICANT** | **FRANCHISE APPLICANT** |
| _____, 20 ____ | _____, 20 ____ |

EXHIBIT E

**ADDENDUM**

**TO THE FRANCHISE DISCLOSURE DOCUMENTS PURSUANT**

**TO WISCONSIN STATUTES CHAPTER 135**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.

2. The following shall apply to Franchise Agreements in the State of Wisconsin:

   a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.

   b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section 20.4 of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

**FRANCHISEE:** _____

**Exhibit E**

# ADDENDUM TO BROADWAY STATION RESTAURANTS, INC. FRANCHISE AGREEMENT FOR SBA FUNDING

**THIS ADDENDUM** ("Addendum") is made and entered into on _____, 20___, by **BROADWAY STATION RESTAURANTS, INC.**, located at 1818 Wooddale Drive, Suite 202, Woodbury, Minnesota 55125 ("Franchisor"), and _____ located at _____ ("Franchisee").

## RECITALS

Franchisor and Franchisee entered in to a Franchise (or License) Agreement on _____, 20__ ("Franchise Agreement"). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit # _____("Unit"). Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

**NOW, THEREFORE**, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

- Notwithstanding anything to the contrary in Section 8.13 of the Franchise Agreement, the Franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs established by the Franchisor for its franchise system; or (2) is at or above any minimum price threshold programs established by the Franchisor for its franchise system; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the Franchisor for its franchise system.

- The following is added to the end of Section 17 of the Franchise Agreement:
  However, the Franchisor may not exercise a right of first refusal:

  (a) If a proposed transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed transfer, have an ownership interest in the Franchisee or the franchise, and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA") (Owner/Guarantors); or

  (b) If a proposed transfer involves a person other than an Owner/Guarantor and the proposed transfer involves controlling ownership interest in the Franchisee or the franchise, unless such non-controlling interest: (1) represents less than a 20% ownership interest in the Franchisee or in the Franchise, or (2) the Franchisor (in combination with all of Franchisor's franchisees) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

The Franchisor's right to approve or to disapprove a proposed transfer or transferee, or to exercise its right of first refusal with respect to a transfer of a controlling interest in Franchisee or the Franchise, shall not be affected by any of the foregoing provisions. If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable.

- Notwithstanding anything to the contrary in Section 17.6 of the franchise agreement, neither the Franchisor nor its affiliates will have the option to purchase any real estate owned by the Franchisee. The Franchisor, however, may lease the real estate for the remainder of the Franchisee's term (excluding additional renewals) for fair market value.

- Section 28.13 of the Franchise Agreement, which grants the Franchisor the right to use its reasonable business judgment, will not pertain to any transfer of the Franchisee's business. The Franchisor's consent in the event of a transfer will not be unreasonably withheld, conditioned, or delayed.

- Under Section 8.26 of the Franchise Agreement any SBA financed franchise will be granted a lien on the business assets of the Franchisee as required in its loan authorization.

- The following is deleted from Section 19.2 of the Franchise Agreement:

  The FRANCHISEE will execute a UCC-1 Financing Statement and such other documents as may be reasonably required by BROADWAY'S attorneys to perfect and record BROADWAY'S security interest in the Lease.

- This Addendum automatically terminates on the earliest to occur of the following: (i) a termination occurs under the Franchise Agreement; (ii) the loan is paid; or (iii) SBA no longer has any interest in the loan.

**IN WITNESS WHEREOF**, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

**"BROADWAY"**

In the Presence of:

**BROADWAY STATION RESTAURANTS, INC.**

_____

By_____
Its_____

In the Presence of:

**"FRANCHISEE"**

_____ _____

_____ _____

_____ _____

**SHAREHOLDERS:**

_____

_____

**Exhibit F**

## FRANCHISEE QUESTIONNAIRE

As you know, Broadway Station Restaurants, Inc. ("Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a Broadway Pizza® restaurant business ("Franchise"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

1. Have you received and personally reviewed the Franchisor's Uniform Franchise Disclosure Document ("Disclosure Document") provided to you?

   Yes _____ No _____

2. Did you sign a receipt for the Disclosure Document indicating the date you received it?

   Yes _____ No _____

3. Do you understand the information contained in the Disclosure Document?

   Yes _____ No _____

4. Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

   Yes _____ No _____

5. Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____, 202___

6. Do you understand your financial and other obligations under the Franchise Agreement?

   Yes _____ No _____

7. Have you discussed the economic and business risks of owning and operating the Franchise with an attorney, accountant or other professional advisor?

   Yes _____ No _____

8. Do you understand the economic and business risks associated with operating the Franchise?

   Yes _____ No _____

9. Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, the service you provide to your customers, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

   Yes _____ No _____

10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else concerning the total revenues the Franchise may generate that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else regarding the costs involved in operating the Franchise that are contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

15. If you answered "Yes" to any of questions 10 through 14, please provide a full explanation of your answer in the following blank lines (attach additional pages, if necessary, and refer to them below). If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

_____

_____

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_____

_____

You understand that your answers are important to us and that we will rely upon them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

| | |
|---|---|
| _____ | _____ |
| **FRANCHISE APPLICANT** | **FRANCHISE APPLICANT** |
| _____, 20___ | _____, 20___ |

**Exhibit G**

# ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

# & FRANCHISE AGREEMENT PURSUANT TO

# MINNESOTA STATUTES CHAPTER 80C AND RULE 2860.4400J

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document and/or the Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

**1. The following language is added to Item 13 of the Franchise Disclosure Document and Section 13.5 of the Franchise Agreement:**

"The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

**2. Item 17 of the Franchise Disclosure Document and Section 20.4 of the Franchise Agreement are amended as follows:**

"With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement."

**3. Release Language**. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

**4. Liquidated Damages**. Liquidated damages and termination penalties are prohibited by law in the State of Minnesota and, therefore, Section 20.7 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

"Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement."

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Operating Term of the Franchise Agreement. This does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

**5. Item 17 of the Franchise Disclosure Document is amended to add the following and the following language will appear at the end of Section 28.4 of any Franchise Agreement issued in the State of Minnesota:**

"Pursuant to Minnesota Statutes, Section 80C.21 and Minn. Rule Part 2860-4400J, this Section shall not constitute a waiver or in any way abrogate or reduce any rights of the Franchisee as provided for in the Minnesota Statutes Chapter 80C."

**6. Item 17 of the Franchise Disclosure Document and Section 28.8 of the Franchise Agreement are amended as follows:**

"Nothing contained herein shall limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J."

**FRANCHISEE:**

_____

# EXHIBIT H

Current Franchisees. The following is a list of the names, addresses and telephone numbers of the 14 operational *Broadway Pizza*® Restaurant franchises:

| | |
|---|---|
| Flippin Dough, LLC<br>d/b/a Broadway Bar & Pizza® Blaine<br>11822 Aberdeen Street NE<br>Blaine, MN 55449<br>763-755-5080 | Flippin Dough, LLC<br>d/b/a Broadway Bar & Pizza® Plymouth<br>13705 - 27th Avenue North<br>Plymouth, MN 55441<br>763-551-0155 |
| 3Deep Restaurant Holdings, Inc.<br>d/b/a Broadway Bar & Pizza® Brooklyn Park<br>8525 Edinburgh Center Drive<br>Brooklyn Park, MN 55443<br>763-488-8484 | Buddy Buck, Inc.<br>d/b/a Broadway Pizza® Richfield<br>7514 Lyndale Avenue South<br>Richfield, MN 55423<br>612-861-3402 |
| Champlin Palace Inn, Inc.<br>d/b/a Broadway Bar & Pizza® Champlin<br>11186 Commerce Drive<br>Champlin, MN 55316<br>763-433-9228 | Flippin Dough, LLC<br>d/b/a Broadway Bar & Pizza® Rochester<br>4144 Highway 52 North<br>Rochester, MN 55901<br>507-208-4111 |
| MS Hospitality, Inc.<br>d/b/a Broadway Bar & Pizza® Coon Rapids<br>3420 – 129th Avenue NW<br>Coon Rapids, MN 55448<br>763-421-2503 | LOCO, LLC<br>d/b/a Broadway Bar & Pizza® Rogers<br>21431-141st Avenue North<br>Rogers, MN 55374<br>763-428-3013 |
| R.H.W. Kurth, Inc.<br>d/b/a Broadway Bar & Pizza® Elk River<br>P.O. Box 176<br>16754 Highway 10<br>Elk River, MN 55330<br>763-441-5180 | Getting Cheesy, LLC<br>d/b/a Broadway Pizza® St. Anthony<br>2702 Highway 88<br>St. Anthony, MN 55418<br>612-788-1718 |
| Pizza and Brew, LLC<br>d/b/a Broadway Bar & Pizza® Garrison<br>9347 US Highway 169<br>Garrison, MN 56450<br>320-692-2011 | Pizza the Pie, LLC<br>d/b/a Broadway Fast & Fresh® US Bank<br>200 South 6th Street, Suite 270<br>Minneapolis, MN 55402<br>612-332-9150 |
| GMME Dough, Inc.<br>d/b/a Broadway Bar & Pizza® Maple Grove<br>7951 Elm Creek Blvd N.<br>Maple Grove, MN 55369<br>763-416-4446 | St. Arnold, LLC<br>d/b/a Dan Kelly's Broadway Pizza®<br>212 South 7th Street<br>Minneapolis, MN 55402<br>612-445-8844 |

# ATTACHMENT I

## STATE AGENCY EXHIBIT

**STATE AGENCY EXHIBIT**
**TO UNIFORM FRANCHISE DISCLOSURE DOCUMENT**

California Department of Corporations
3700 Wilshire Boulevard, Suite 600
Los Angeles, California 90010
(213) 736-2741

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

Hawaii Department of Commerce
and Consumer Affairs
Business Registration Division
1010 Richards Street
Honolulu, Hawaii 96813
(808) 586-2722

Illinois Office of Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Kentucky Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankfort, Kentucky 40602
(502) 573-2200

Maryland Division of Securities
Office of the Attorney General
200 St. Paul Place, 20th Floor
Baltimore, Maryland 2 1202-2020
(410) 576-6360

Michigan Attorney General's Office
Consumer Protection Division
ATTN: Franchise Unit
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota Department of Commerce
85 Seventh Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509-5006
(402) 471-3445

New York State Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

North Dakota Office of Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505
(701) 224-4712

Oregon Department of Consumer
and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

Chief Securities Examiner
Rhode Island Department of Business Regulation
Division of Securities, Franchise Section
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 277-3048

South Dakota Department of Commerce
and Regulation
Division of Securities
118 West Capitol Avenue
Pierre, South Dakota 57501-2017
(605) 773-4013

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
Austin, Texas 78711
(512) 475-1769

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

Virginia State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9023

State of Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Wisconsin Commissioner of Securities
101 East Wilson Street, 4th Floor
Madison, Wisconsin 53702
(608) 266-3431

# ATTACHMENT J

## UNIFORM CONSENT TO SERVICE OF PROCESS

# UNIFORM CONSENT TO SERVICE OF PROCESS

Broadway Station Restaurants, Inc., a corporation organized under the laws of the State of Minnesota, irrevocably appoints the Securities Division of the Wisconsin Department of Financial Institutions and the successors in office, its attorney in the State of Wisconsin for service of notice, process or pleading in action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of Wisconsin, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within Wisconsin by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of Wisconsin and had lawfully been served with process in Wisconsin. It is requested that a copy of any notice, process or pleading served this consent be mailed to:

Broadway Station Restaurants, Inc.
1818 Wooddale Drive, Suite #202
Woodbury, Minnesota 55125

Dated: April 28, 2022

BROADWAY STATION RESTAURANTS, INC.

By: _____
Randall J. Winger
Its: Chief Financial Officer

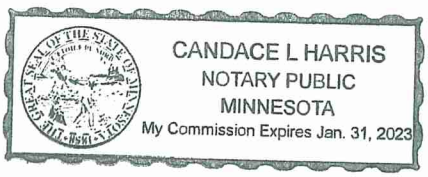
## Corporate Acknowledgment

STATE OF MINNESOTA )

COUNTY OF WASHINGTON )

On this 28th day of April, 2022, before me, the undersigned officer, personally appeared Randall J. Winger, known personally to me to be the Chief Financial Officer of the above-named corporation, and that he, as an officer as being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as an officer.

**IN WITNESS WHEREOF** I have hereunto set my hand and official seal.




Candace L. Harris
(Notary Public)

My commission expires: 1/31/2023

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## BUSINESS RISKS; NO FINANCIAL PROJECTIONS

The FRANCHISEE acknowledges that it has conducted an independent investigation of the *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business and recognizes that the business venture contemplated by this AGREEMENT involves business and economic risks and that the financial and business success of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business will be primarily dependent upon the personal efforts of the FRANCHISEE, its management and employees. BROADWAY expressly disclaims the making of, and the FRANCHISEE acknowledges that it has not received, any estimates, projections, warranties or guaranties, expressed or implied, regarding potential Gross Revenues, profits, earnings, expenses or the financial or business success of the FRANCHISEE'S *Broadway Pizza®, Broadway Bar & Pizza®, or Broadway Fast & Fresh™* Business, except as set forth in BROADWAY'S Uniform Franchise Disclosure Document, which has been delivered to and receipt of which has been by the FRANCHISEE.