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Dept. of Business Oversight



## FRANCHISE DISCLOSURE DOCUMENT

COFFEE NEWS USA, Inc.  
A Maine Corporation  
One Cumberland Place, Ste. 102  
Bangor, Maine 04401  
(207) 941-0860  
[www.coffeenewsusa.com](http://www.coffeenewsusa.com)

You will publish within an exclusive territory a free weekly restaurant publication called **Coffee News** for the patrons of restaurants, coffee shops, and other food related businesses.

The total investment necessary to begin operation of a Coffee News franchise is \$10,750.00 – \$11,750.00. This includes \$9,500.00 – 10,500.00 that must be paid to the franchisor, COFFEE NEWS USA, INC. ("we or us). \$7,000.00 must be paid to us for each additional franchise up to a maximum of 20 franchises per individual or company.

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

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

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

The Issuance Date: March 18, 2020

Copyright © 1988- 2019 2703203 Manitoba Inc. and/or Coffee News USA, Inc. All rights reserved. You may not, except with our express written permission, copy, distribute or commercially exploit the content. Nor may you transmit it or store it in any other website or other form of electronic retrieval system.

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## 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 D. |
| 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 Coffee News business in my area?                     | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.                                                                                                             |
| Does the franchisor have a troubled legal history?                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.                                                                                                                      |
| What's it like to be a Coffee News franchisee?                                    | Item 20 or Exhibit D 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 F.

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

### **Special Risks to Consider About *This* Franchise**

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

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

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

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**EXHIBITS:**

- A. Franchise Agreement
- B. Sample Coffee News
- C. Financial Statements
- D. Coffee News Publishers List
- E. Former Coffee News Publishers List
- F. State Regulatory Authorities
- G. Agents for Service of Process
- H. State Addendum (as applicable)
- I. Notice of Exemption for Internet Advertisement
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## ITEM 1

### **THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES**

#### **The Company**

COFFEE NEWS USA, Inc. ("we" or "us") was incorporated in Maine on January 27, 1994, and maintains its principal business at One Cumberland Place, Suite 102, Bangor, Maine 04401. We conduct business under our corporate name and the mark "Coffee News USA" only. Our agents for service of process are listed in Exhibit G.

#### **The Franchise Offered**

We sell to you the right to publish **Coffee News** (the Periodical) and to distribute the Periodical to restaurants and other local establishments within a specified geographic area which is your exclusive territory. "You" or "Publisher" represents the franchisee, or in the event of a corporation, limited partnership, or other entity, "you" represents the owners of the franchisee or the Publisher. You will generate revenue through sales of advertising space on weekly editions of the Periodical. Food-related businesses such as restaurants distribute **Coffee News** as a service to their clientele and do not pay or receive any fee for this service. There are no limits as to where you may sell advertising.

On July 3, 1995, we acquired and operated 4 franchises in the Greater Bangor, Maine area until October 1, 2003 when they were sold. On August 1, 2012, we reacquired the 4 franchises in the Greater Bangor Area in Maine and have added a 5<sup>th</sup> franchise for Waldo County, Maine. On June 1, 2017, we assumed control of five (5) franchises in Maine due to the sudden death of the franchisee. On October 1, 2019 the four (4) franchises in the Greater Bangor area in Maine, along with the one (1) Waldo County, Maine edition were sold bringing our company owned franchises to three (3). Since these franchises formed the basis for the financial performance representations and projections in Item 19 herein, and we owned them for 10 months in 2019, we have elected to continue to base our estimates on these franchises during 2020.

We do not operate any other line of businesses in this corporation.

The Periodical will compete for readership, display space, and advertising revenue with other print media. The publication is designed and intended for readership in restaurants, coffee shops, and other public places where patrons sit and eat. We know of no other periodical that has this specific focus.

You will compete for advertising revenue with all other media forms in the territory and there is no reason to believe you will be insulated in any way from the competition. The following strategies employed by us are new to the United States market, but these strategies have been used extensively in Canada since 1988:

- 1) The Periodical is designed specifically for use in foodservice establishments.
- 2) Only one advertisement is allowed from each industry per edition.
- 3) Restaurants are not allowed to advertise except in seasonal editions during the high season.



- 4) All advertisements are the same size and are arranged to ensure maximum readership.
- 5) A new issue is published and distributed each week and placed in holders uniquely designed to display the Periodical.

#### **Our Parents, Predecessors and Affiliates**

On February 5, 1996, we purchased the exclusive rights to franchise Coffee News in the continental United States, Alaska, Puerto Rico, Hawaii, Central America, and the Caribbean from 2703203 Manitoba, Inc. d/b/a Coffee News, 54 Harlow Bay, Winnipeg, Manitoba R2C 5N5, a corporation of the Province of Manitoba, Canada. Since 1988, 2703203, Manitoba, Inc. has licensed the distribution of **Coffee News** in most of the prime population areas of Canada and is seeking to establish a worldwide network in a variety of languages. We are the first to acquire the rights outside of Canada. Recently, other parties either have or are in the process of acquiring franchise rights in other countries.

2703203, Manitoba, Inc. provides us weekly copy for **Coffee News** which we distribute to our United States publishers every 8 weeks. The weekly copy provided to you contains all material to be published except advertising copy and local events listed under the "What's Happening" section, which you will provide. Due to language differences and local customs, we are authorized to edit the copy for the United States market. You are not authorized to edit the copy without our written permission to do so.

We purchased a printing company, July 1, 2008, that primarily prints Coffee News editions for our publishers primarily in North America called Coffee News Printing, LLC and located in Houlton, Maine. The printing company is offering commercial printing services to local communities and has added a FedEx service center to the location.

On October 21, 2008, William Buckley purchased 2703203 Manitoba, Inc. located in Winnipeg, Manitoba and 2703203 Manitoba, Inc. became our affiliate. This company holds all the rights and marks for Coffee News worldwide and holds all agreements with publishers of Coffee News in Canada and 7 other countries.

The shares of 2703203 Manitoba, Inc. are 100% owned by William A. Buckley. Coffee News USA, Inc shares are 45% owned by William A. Buckley, 45% owned by Sue-Ann Buckley and 10% owned by John B. Buckley. The shares of Coffee News Printing, LLC are 51% owned by William A. Buckley and 49% owned by Garrett Guernsey, the Chief Financial Officer of Coffee News USA, Inc.

On January 1, 2015, Coffee News USA, Inc. entered into a marketing agreement with Darter Specialties, Inc., P.O. Box 188, Cheshire, CT 06410 to provide exclusive rights within the geographic boundaries of the United States, to produce, inventory, promote, sell and ship Products using the Coffee News Marks, in exchange for a percentage of the sale proceeds to publishers. Certain amounts of unsold existing inventory from Coffee News USA will be sold by Darter Specialties and the proceeds remitted to Coffee News USA, Inc. on a monthly basis.

The joint promotion agreement with KVH Media Group, a division of KVH, Inc that began on March 1, 2017 was terminated in 2019.

We have no parents. Neither we nor 2703203 Manitoba, Inc. have ever offered franchise in any other line of business. Our company was incorporated under the name of Ergonomic

Consulting Services, Inc. on January 27, 1994 and operated under a d/b/a of Coffee News. Effective on May 25, 2004, our name was changed to Coffee News USA, Inc. d/b/a Coffee News. This was a simple name change and all other aspects of our company remain unchanged.

Other than laws or regulations that apply to businesses generally, we know of no regulations specific to this industry which may affect the operation of your franchise.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

President: William A. Buckley

William A. Buckley, the President and Director of Coffee News USA, Inc., has over 52 years of experience in the finance and marketing businesses. He has served in this position with Coffee News USA, Inc. since the company was formed in 1993 and began offering franchise for sale in 1996. In 2008, Mr. Buckley purchased 2703203 Manitoba, Inc. in Winnipeg, Manitoba and serves as President of that company. The International Franchise Association (IFA) has awarded Mr. Buckley a certificate of achievement as a Certified Franchise Executive (CFE).

## **ITEM 3**

### **LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4**

### **BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

## **ITEM 5**

### **INITIAL FRANCHISE FEE**

You must pay an initial franchise fee of \$9,500.00 for the first franchise that is due upon signing the initial franchise agreement, \$500.00 of which must be paid to us for document preparation including without limitation draft of the franchise agreement. The \$500.00 shall be deducted from \$9,500.00 upon signing the initial franchise agreement. For this, you will receive weekly copy within 14 days of signing the agreement with additional copy mailed in 8-week increments (no later than 5 business days prior to the end of the following 8-week period) which effectively represents reimbursement for weekly copy during the initial 3 month period of the agreement. Agreements may include up to the maximum 20 franchises permitted per publisher. A fee of \$7,000.00 for each additional franchise is due at the time of signing the agreement for additional

franchise(s). Upon our sole discretion, we may offer short term sales promotions to existing Publishers who wish to purchase additional franchise unit(s) from time to time. In the event that you notify us that you wish to revise the start date of business and postpone it by one month or more subsequent to your receipt of the initially executed franchise agreement, you need to pay for additional \$1,000.00 to us to obtain such extension and hold your proposed licensed area for such one or more months before you pay the full amount due under the agreement. All fees are non-refundable.

There are no other initial fees or payments required for services or goods before the date of the agreement. The date of the agreement is considered your date of opening your franchise business. Three months after your opening you will pay a required weekly fee for the continued receipt of copy or content for your periodical. The weekly fee is more fully explained in Item 6.

Initial fees and payments will be due in full upon our completion of all pre-opening obligations.

### **ITEM 6**

#### **OTHER FEES**

| <b>Name of Fee</b>                                                                                 | <b>Amount</b>                           | <b>Due Date</b>                                                                                                                                                                                                                                                                        | <b>Remarks</b>                                          |
|----------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Weekly -<br>Initial<br>Franchise<br>(See note 1)                                                   | \$80                                    | fee begins on the first day of the third month following the month the initial franchise agreement was signed ("the fourth month of the agreement") and continues monthly                                                                                                              | paid to us by credit / debit cards, check, or by PayPal |
| Weekly -<br>Additional<br>Franchises<br>(agreed to upon signing the initial franchise agreement)   | \$25 /<br>additional<br>franchise       | the fee on the first 5 additional franchises is due to us on the first day of the tenth month following the month the initial franchise agreement was signed (i.e., the tenth month of the agreement) and every 6 months thereafter for each additional group of 5 or less franchises. | paid to us by credit / debit cards, check, or by PayPal |
| Initial -<br>Additional<br>Franchises<br>(agreed to after signing the initial franchise agreement) | \$7,000.00/<br>additional<br>franchises | the fee on the additional franchises is due at the signing of the agreement.                                                                                                                                                                                                           | paid to us directly when due                            |
| Transfer Fee                                                                                       | \$2,500.00                              | The fee is due by the transfer closing date.                                                                                                                                                                                                                                           | paid to Coffee News College when due                    |

This schedule is designed to allow you ample time to put your entire territory into operation before you reach the maximum weekly fee requirement.<sup>1</sup>

After every 6 months, you have the option to return the remainder of your franchise if you are unable to put the franchises into operation. If your franchises are not in operation but you desire to maintain possession of the franchises, you may pay the next level of weekly fees. There are no other fees, including no additional initial or renewal fees and no fees for transfer of ownership or interest in your franchise(s).

All fees are imposed and collated by us.

All fees mentioned above are non-refundable.

All fees are uniformly imposed.

No franchisor-owned outlets have controlling voting power to disclose the maximum and minimum fees that may be imposed.

We reserve the right to adjust the weekly fees based on the consumer price index.

**Note:**

1. For example, (a) if the agreement is signed 3/1/20 for 6 franchises, \$9,500.00 is paid immediately for the initial franchise and \$35,000.00 is paid immediately for the five additional franchises. The weekly fee of \$80 begins on 6/1/20 and the weekly fee of \$25 additional franchise begins 12/1/20.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

None of the following costs are refundable.

**YOUR ESTIMATED INITIAL INVESTMENT<sup>1</sup>**

| TYPE OF EXPENDITURE          | AMOUNT     | METHOD OF PAYMENT | WHEN DUE                                                                      | TO WHOM PAYMENT IS TO BE MADE |
|------------------------------|------------|-------------------|-------------------------------------------------------------------------------|-------------------------------|
| INITIAL FRANCHISE FEE        | \$9,500.00 | LUMP SUM          | \$500.00 FOR US TO PREPARE THE AGREEMENT; AND BALANCE AT SIGNING OF AGREEMENT | US                            |
| POSTPONEMENT OF OPENING DATE | \$1,000.00 | LUMP SUM          | UPON REQUEST TO POSTPONE THE START DATE FOR ONE MONTH OR MORE                 | US                            |

<sup>1</sup> We accept Visa/MasterCard.

| TYPE OF EXPENDITURE                                    | AMOUNT   | METHOD OF PAYMENT | WHEN DUE          | TO WHOM PAYMENT IS TO BE MADE |
|--------------------------------------------------------|----------|-------------------|-------------------|-------------------------------|
| TRAVEL AND LIVING EXPENSES IN TRAINING                 | \$500.00 | N/A               | N/A               | N/A                           |
| REAL ESTATE AND IMPROVEMENTS <sup>2</sup>              | N/A      | N/A               | N/A               | N/A                           |
| EQUIPMENT                                              | N/A      | N/A               | N/A               | N/A                           |
| STANDS <sup>3</sup>                                    | \$500.00 | AS INCURRED       | BY FIRST PRINTING | LOCAL VENDOR                  |
| SECURITY DEPOSITS, UTILITY DEPOSITS, BUSINESS LICENSES | N/A      | N/A               | N/A               | N/A                           |
| MISCELLANEOUS OPENING COSTS <sup>4</sup>               | \$250.00 | AS INCURRED       | BY FIRST PRINTING | LOCAL VENDOR                  |
| OPENING INVENTORY                                      | N/A      | N/A               | N/A               | N/A                           |
| ADVERTISING <sup>5</sup>                               | N/A      | N/A               | N/A               | N/A                           |

<sup>2</sup> Coffee News franchises are home-based business and there is no need to rent a commercial office. To our best knowledge, none of our Coffee News publishers operates from a commercial office.

<sup>3</sup> The current suggested stand for **Coffee News** can be purchased for \$5.25 each plus shipping from Coffee News USA (total approx. \$5.75 each). You have the option to purchase the stands locally if they can be purchased at a lower cost. The number of stands required will directly depend on the number of restaurants/businesses that distribute the Periodical. The above price is based on a distribution network of 50 restaurants/businesses.

<sup>4</sup> This includes business cards, invoices, rate sheets, and other miscellaneous office supplies.

<sup>5</sup> Advertising for the Periodical is sold through direct solicitation. You do not need nor do we require you to advertise the Periodical.

| TYPE OF EXPENDITURE                             | AMOUNT                          | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|-------------------------------------------------|---------------------------------|-------------------|----------|-------------------------------|
| ADDITIONAL FUNDS <sup>6</sup> -[initial period] | N/A                             | N/A               | N/A      | N/A                           |
| <b>TOTAL</b>                                    | \$10,750.00<br>-<br>\$11,750.07 |                   |          |                               |

All fees mentioned above are non-refundable. We offer direct and indirect financing to your purchase of the franchised territories. Please see Item 10 of this Disclosure Document for detailed information.

### **ITEM 8**

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

##### **Periodical Copy**

You must purchase weekly copy, also known as content, from us as the U.S. Franchisor. The weekly copy shall be used for the Periodical which contains the format and information to be included in all sections except the "What's Happening" section, which you shall provide. Weekly fees are not a part of the initial acquisition of your franchises as explained in Item 7. Weekly fees paid by you cover the cost of the copy or content we supply to you on an ongoing basis. Please see Item 6 for the amount of Weekly fees paid by you. Copy or content shall be incorporated in each edition of Coffee News you publish according to the guidelines in the franchise agreement. Additionally, you must purchase the printing service from Coffee News Printing, LLC in Houlton, Maine for a minimum period of one (1) year from the date of the franchise agreement. Upon expiration of such one (1) year, you may voluntarily stay with Coffee News Printing, LLC or have the option to purchase printing service from another print shop.

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<sup>6</sup> Normal start-up of the first franchise requires about 30 – 45 days on average from the start of advertising sales to the publication of your first issue. During this period, most clients will pay for the advertising in advance. For this reason the costs for getting started are considered to be self-funded.

<sup>7</sup> We relied on our 24 years of experience in the Coffee News publication business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Other than the initial franchise fees, the weekly Royalty fees for copy represents all of our revenue from required purchases or leases in North America. In 2019, revenue from all sources was \$882,140.00 with \$798,470.00, representing all required purchases and leases for 90.5% of total revenues. In 2019, the affiliate Coffee News Printing LLC's total revenue was \$869,853.00 and the required revenue derived from Coffee News publishers for the fiscal year 2019 was \$10,815.00 representing 1.2% of its total revenue. However, the required purchase from Coffee News Printing LLC will not occur until after you open for business. The goods or services sold buy us or our affiliate to you may only be marked-up to the extent that they cover corresponding costs or expenses incurred in procuring or producing these goods and services.

We are the sole U.S. distributor of weekly copy of the Periodical and may edit weekly copy as provided by 2703203, Manitoba, Inc. You may not edit weekly copy without our prior written permission and we shall have final authority regarding the content of the Periodical. (See Section 5 of the franchise agreement.)

There are no other required purchases or leases. There exist no purchase or distribution cooperatives. We are the sole provider of copy or content for your periodical. All other products or services including stands may be purchased from a third-party supplier. You are not required to purchase any computer hardware or software.

The shares of Coffee News Printing, LLC are 51% owned by William A. Buckley. We have negotiated an agreement with Intuit, Inc. for a reduced cost copy of Quickbooks accounting software for you when you join our franchise system that includes a merchants service agreement to accept credit card charges from your advertisers. This software is offered to all publishers whether you purchase from designated or approved suppliers or not. Only one initial copy of the software will be provided, and you will be required to pay for any future upgrades to the software if you wish to acquire them. The merchants service agreement provides a stated discount on each charge which can vary in the future and by type of charge you accept. Use of the charge card system is optional.

## **ITEM 9**

### **FRANCHISEE'S OBLIGATIONS**

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

| <b>OBLIGATION</b>                         | <b>SECTION IN FRANCHISE AGREEMENT</b> | <b>ITEM IN DISCLOSURE DOCUMENT</b> |
|-------------------------------------------|---------------------------------------|------------------------------------|
| a. Site selection and acquisition / lease | Section 1.2                           | Items 6, 11                        |
| b. Preopening purchases / leases          | Section 2.1                           | Items 6, 8, 11                     |

| OBLIGATION                                                   | SECTION IN FRANCHISE AGREEMENT         | ITEM IN DISCLOSURE DOCUMENT |
|--------------------------------------------------------------|----------------------------------------|-----------------------------|
| c. Site development and other pre-opening requirements       | Not Applicable                         | Not Applicable              |
| d. Initial and ongoing training                              | Section 10                             | Item 11                     |
| e. Opening                                                   | Not Applicable                         | Not Applicable              |
| f. Fees                                                      | Sections 2, 10, 12                     | Items 5, 6                  |
| g. Compliance with standards and policies / operating manual | Sections 7.1, 8, 13                    | Item 11                     |
| h. Trademarks and proprietary information                    | Sections 6, 7.1, 7.2, 8.11, 8.12, 8.15 | Items 13, 14                |
| i. Restrictions on products/ services offered                | Sections 5, 9                          | Item 16                     |
| j. Warranty and customer service requirements                | Section 8.6                            | Items 11, 15                |
| k. Territorial development and sales quotas                  | Section 8.1                            | Item 15                     |
| l. Ongoing product / service                                 | Sections 2, 4                          | Item 8                      |
| m. Maintenance, appearance, and remodeling requirements      | Not Applicable                         | Not Applicable              |
| n. Insurance                                                 | Not Applicable                         | Not Applicable              |
| o. Advertising                                               | Section 8.15                           | Not Applicable              |
| p. Indemnification                                           | Sections 8.1, 8.13                     | Item 13                     |
| q. Owner's participation / management / staffing             | Section 8.1                            | Items 11, 15                |
| r. Records / reports                                         | Sections 8.7, 8.8, 14.3                | Item 6                      |
| s. Inspections / audits                                      | Sections 8.7, 8.8                      | Item 6                      |



| OBLIGATION                      | SECTION IN FRANCHISE AGREEMENT | ITEM IN DISCLOSURE DOCUMENT |
|---------------------------------|--------------------------------|-----------------------------|
| t. Transfer                     | Sections 11, 16.4              | Item 17                     |
| u. Renewal                      | Section 3.2                    | Item 17                     |
| v. Post-termination obligations | Sections 13, 14                | Item 17                     |
| w. Non-competition covenants    | Section 8.5                    | Item 17                     |
| x. Dispute resolution           | Section 16                     | Item 17                     |
| y. Other (describe)             | Not Applicable                 | Not Applicable              |

### **ITEM 10**

#### **FINANCING**

After one year under your agreement, we may finance additional purchases of franchise territories through Coffee News USA, Inc. at competitive rates and terms pursuant to a Promissory Note. If you want to buy more than one franchise, we may finance for up to three more franchises initially as long as you have good credit and net worth of at least \$100,000.00. We also accept all major charge cards in payment. Interest will be at 5% APR (Annual Percentage Rate). The term will vary from two to five years based on the amount borrowed and the ability to pay based on the negotiations and a review of a personal financial statement.

There is no prepayment penalty. We will hold any such licensed rights to the licensed territories granted under the Coffee News License Agreement as security until you have paid your Promissory Note in full. There are no waivers of your legal rights and you are not barred from asserting a defense against us. We have no current practice or interest to sell, assign or discount to a third party all or part of the financing arrangement. If you do not pay on time, you hereby agree that Coffee News can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorney's fees if a collection action is necessary. If Publisher / Debtor is a corporation, professional corporation, partnership, limited liability partnership, or a limited liability company, a Guarantee of Performance by the Principal stockholder(s), general partner(s), or member(s), as the case may be, must be executed.

For those with excellent credit, as evidenced by a credit report from Equifax, Experian or Transunion or similar credit rating agencies in other countries, and with verifiable extensive advertising or similar sales experience including entrepreneurial management experience of at least 2 years, you may be eligible for full funding for the purchase of a minimum of four or more franchises, subject to the initial payment of the training fee as more fully explained in Item 11. You will be required to attend the next Coffee News College at the time of purchase, and you will be required to use the printing services of Coffee News Printing, Inc. during the term of the

loan. The interest rate will be 5% simple interest with weekly payments for principal and interest for up to 48 months and the weekly fees beginning at the start of the fourth month under the agreement by credit or debit card or electronic funds transfer in accordance with Item 6, (Other Fees).

Although we offer direct and indirect financing, we do not guarantee your note, lease, or obligation associated with any financing plan. See Item 22, Coffee News License Agreement as Exhibit A for a specimen copy of the Promissory Note.<sup>8</sup>

## **ITEM 11**

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

Before you publish your first edition of **Coffee News**,

1) We will provide you upon your initial franchise fee payments an operations manual describing how to arrange the distribution of the Periodical within your geographic area, how to sell advertising, how advertising in the Periodical operates, how to design such advertisements, how to determine the suggested pricing of advertising, and how to determine coverage areas as well as including sample filler advertisements, office supply samples of insertion orders, business cards, envelopes, and monthly sales envelopes for your use in producing your own supplies of such materials (Franchise Agreement Section 7.1). Responsibility for the sale of advertisements rests solely with you.

2) Prior to purchasing any territories and to signing an agreement with us and to paying the Initial franchise fees, you and we will agree on the boundaries of your exclusive distribution territory that will optimally have a population of 25,000 to 50,000 total and 25 to 40 active restaurants (Franchise Agreement Section 1.1). Since no territory may overlap another, we will research the territory that you wish to service to determine if all or part of it is currently serviced by us or any of our franchises. We usually approve an area where you wish to publish if it does not overlap another where an existing publisher operates. We will also research population and commerce figures to determine the number of people and the number of restaurants that are contained within the proposed territory. This population/restaurant guideline is based on discussions with existing franchises in the U.S. and Canada and considers information from our 5 company-owned franchises. Upon signing the franchise agreement, you will have exclusive rights to distribute your editions of **Coffee News** within the agreed territory. It is important to note that you may solicit and accept advertisements from any source inside or outside your territory since the agreement limits only your distribution rights.

We will not sign an agreement with you or require the payment of the Initial fees until we have agreed on the specific territories you wish to purchase.

When you request the areas where you wish to publish, we will determine the number of franchises that the area would represent based on the guidelines in Item 11.2 and Item 12.

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<sup>8</sup> A sample Promissory Note is attached to Coffee News License Agreement as Schedule B.

There is no time limit for an acceptance since all site locations are resolved before you sign an agreement with us.

3) We shall disclose to you the unique marketing and sales techniques employed in the design and format of the Periodical, described in detail in the operations manual (Franchise Agreement Section 7.2).

4) The design of the periodical stand is disclosed in the operations manual. You may purchase periodical stands with labels attached from Darter Specialties, Inc. for \$5.25 each plus shipping and handling for a total of approximately \$5.75 each (Franchise Agreement Section 7.3). If you opt to purchase stands elsewhere, we will provide labels for each stand at a nominal charge.

After you publish your first edition of **Coffee News**,

- 1) We shall provide you support services as deemed reasonable and advisable by us (Franchise Agreement Section 7.4).

You are not required to purchase a computer or any associated systems from us or any other vendor. We do not have any advertising council composed of publishers. You are not required to participate in a local or regional advertising cooperative.

### **Marketing materials**

In addition to the marketing materials we provide, you may create any additional marketing materials you deem important or necessary to launching or maintaining market awareness to grow your business. The franchisees normally adopt the marketing formats that We provide as examples and there is no requirement for approval of franchisee generated marketing materials.

### **Startup Time Period**

Once the agreement is signed, you will spend approximately 4-6 weeks preparing to publish your first edition of **Coffee News**. Your timing is affected by the rate of sales of advertisements, the state of preparations with printers, and your selection of restaurants as distribution locations. We shall provide you with 8 weekly editions of copy within 14 calendar days of signing the agreement. Future editions will be mailed no later than 5 business days prior to the end of the previous 8-week period (Franchise Agreement Section 4.2).

### **TRAINING PROGRAM**

We have no obligations to provide any training classes before or after you begin publishing or to set up an advertising program or fund.

We offer a three-day **Coffee News** College every 8-13 weeks for all North American publishers/franchisees which all costs including without limitation mentoring and startup services are covered by the one – time training fee of \$2,500.00, which is included in and will be deducted from the \$9,500.00 initial franchise fees. Said onetime fee only applies to new publishers coming into our system. All signatories, usually the business owners and/or the principal officers of the entity, to the agreement are required to attend the next available **Coffee News** College and need to complete the training to our satisfactory. Travel expenses are not included.

The 3-day classroom style program utilizes both veteran publishers and corporate staff to provide a combination of lectures and hands on involvement. There is time allowed for networking between you and veteran publishers during this period.

The training is at no additional cost to you except for your own travel expenses to and from the training program. We pay for your meals and lodging while at the initial training program. The training is normally offered in Bangor, Maine every 8-13 weeks and at other random locations around North America one (1) additional occasion, depending on the volume of new publishers. The topics covered in the 3-day training program include but are not limited to sales, ad design, billing, collections, distribution, marketing, and startup.

In the previous 12 month period, approximately 100% of all new publishers attended the training program. There are no other additional training programs we offer. All existing publishers may attend future initial training programs voluntarily at their own expense.

### TRAINING PROGRAM

| Subject                       | Hours of classroom training | Hours of on the job training | Location   | Instructor                                                   |
|-------------------------------|-----------------------------|------------------------------|------------|--------------------------------------------------------------|
| Profitability                 | 1.5 hours                   | 8 wk Mentor program          | Bangor, ME | Mr. Ron Vellucci                                             |
| Start up                      | 2.0 hours                   | 8 wk Mentor program          | Bangor, ME | Mrs. Karen Newton<br>Ms. Deborah Jackson                     |
| Sales DISC                    | 3.0 hours                   | 8 wk Mentor program          | Bangor, ME | Mr. John Buckley                                             |
| Distribution and Systems      | 1.0 hours                   | 8 wk Mentor program          | Bangor, ME | Mr. Ron Vellucci<br>Mr. Peter Philbrick                      |
| Ad design                     | 3.0 hours                   | 8 wk Mentor program          | Bangor, ME | Mrs. Karen Newton<br>Mr. Ron Vellucci<br>Ms. Deborah Jackson |
| Art work                      | 1.0 hours                   | 8 wk Mentor program          | Bangor, ME | Mr. Ron Vellucci                                             |
| Printing                      | .5 hours                    | 6 wk Mentor program          | Bangor, ME | Mr. Garrett Guernsey                                         |
| Branding                      | 1.5 hours                   | 8 wk Mentor program          | Bangor, ME | Mr. Ron Vellucci<br>Mrs. Karen Newton<br>Ms. Deborah Jackson |
| Networking                    | 1.0 hours                   | 8 wk Mentor program          | Bangor, ME | Mr. William Buckley                                          |
| Billing and Collections       | 1.5 hours                   | 8 wk Mentor program          | Bangor, ME | Mr. Garrett Guernsey                                         |
| Responsibility to advertisers | .5 hours                    | 8 wk Mentor program          | Bangor, ME | Mr. William Buckley                                          |
| Motivational Videos           | .5 hours                    | 8 wk Mentor program          | Bangor, ME | Mr. John Buckley                                             |
| Support Services              | 2.5 hours                   | 8 wk Mentor program          | Bangor, ME | Mr. John Buckley<br>Mrs. Melissa Coombs                      |

| Subject                       | Hours of classroom training | Hours of on the job training | Location   | Instructor                                                    |
|-------------------------------|-----------------------------|------------------------------|------------|---------------------------------------------------------------|
| Media review and Social Media | 3 hours                     | 8 wk Mentor program          | Bangor, ME | Mrs. Melissa Coombs                                           |
| Business Plan                 | 2.5 hours                   | 8 wk Mentor program          | Bangor, ME | Ms. Martha Muldoon<br>Mr. Kevin Stevenson<br>Mr. Steven Hiltz |
| Capulus                       | 2 hours                     | 8 wk Mentor program          | Bangor, ME | Mr. Walter Heuvingh                                           |
| Total hours                   | 27 hours                    |                              |            |                                                               |

**\* Note:**

Mr. William Buckley is in charge of all training. In addition to an undergraduate degree in Marketing and Finance and a master's degree in business administration from the University of Maine in 1965 and 1984 respectively, Mr. Buckley was employed for over 25 years in Banking in various sales, human resource and administrative positions. He established the first bank teller training school in the state of Maine in 1970. He is a graduate of the Williams College School of Banking in 1971 and the Stonier Graduate School of Banking at Rutgers in 1977. Mr. Buckley is a Certified Franchise Executive (CFE). Prior to Purchasing Coffee News USA, Inc. he was a management consultant for four years with an injury prevention consulting firm, a workers compensation insurance company and later at a sales trainer for medical professionals seeking industrial clients. Instructors for the training program may change due to the availability and location convenience from time to time. Instructors are selected based on years of experience in publishing Coffee News, compliance with franchise standards, and strong communication skills as demonstrated by their presentations in Conferences. We require a minimum of 2 years of publishing experience with Coffee News.

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## **ITEM 12**

### **TERRITORY**

The exclusive territory of each franchise is based on the 2010 census data ([www.census.gov](http://www.census.gov)) for resident population within the selected area. Generally, each franchise territory should have a population of 25,000 - 50,000 and we are flexible on how many franchise territories may be available in any geographic area. You do not have the right of first refusal or similar rights to acquire additional outlets. The operations manual provides a chart for your use in determining the number of franchises that may be available within any geographic area under consideration by you. We will review and approve your proposed territory in a timely manner.

At the signing of the franchise agreement, we will grant you exclusive rights to distribute your publication of **Coffee News** within the agreed boundaries. Your exclusive territory is a specific geographic area where you may distribute the Periodical. Although you are allowed to distribute **Coffee News** only within this territory, you may solicit and accept advertisements from sources both inside and outside your territory. You may solicit advertising clients both from within your territory and outside your territory by any means that you deem appropriate. We place no restriction on outside territory solicitation. We do suggest, however, as a matter of courtesy and to maintain harmonious relations with mutual clients and fellow publishers, that you communicate with your neighboring publishers before you enter such a publishers' territory to solicit and/or sell advertising. You may acquire additional franchise territories by proposing territories to us and we will research and tailor the boundaries of the proposed territory.

We will not establish or allow another publisher to establish distribution locations within your territory but all franchises are allowed to solicit and accept advertisements from within and outside their respective territory. We do not conduct business using another mark in your territory. We do not do any business solicitation in your exclusive territories in competition with you either directly or indirectly through the internet or by any other means. We do not reserve the right to use alternative distribution, including the internet, within your territory, under our principal trademarks or different trademarks.

There is no minimum advertising sales quota. You maintain the exclusive rights to your area even if the population should increase.

There exists no obligation on the part of the franchisor to provide promotional support for your franchise(s) since advertisements in **Coffee News** are sold by direct solicitation.

In the event that you decide to relocate to any other part of the country, we encourage you to sell your franchises as an ongoing business to a third party to maximize your return on your investment.

## **ITEM 13**

### **TRADEMARKS**

You may use the Coffee News principal trademarks in the promotion and publication of your editions of **Coffee News**. See Exhibit B for an example of the Coffee News logo, format, and content categories. Listed here are the specifics regarding these principal trademarks:

### Coffee News Format

|                 |                                                                                                                                                                                                           |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Size:           | 11" by 17" page size.                                                                                                                                                                                     |
| Coloring:       | Light brown coloring of paper.                                                                                                                                                                            |
| Format:         | 2-sided printing with each page divided into 3 columns, with the 2 border columns each allowing for 8 advertisements arranged vertically and a center column allowing for the publication of information. |
| Ad proportions: | Equal sized, approximately 2 7/8" by 2" inches in a rectangular rounded corner box with 1 open corner.                                                                                                    |

### Coffee News Content Categories

Everybody's Talking!  
 Quotable Quotes  
 What's Happening  
 Trivia  
 Your Weekly Horoscope  
 Did You Know...  
 On the Lighter Side

Coffee News (words only) trademark is with the Principal Register of the United States Patent and Trademark Office, as of November 18, 1997, trademark registration number 2,113,507. The Coffee News logo has been consistently, actually, and continuously used for at least 20 years in the U.S. and global wide and therefore is protectable under the applicable federal trademark laws and common laws.

Coffee News Periodical format as described above is protected as Coffee News trade dress under the trademark laws through its actual and continuous use over the years. The Coffee News Periodicals nationwide and global wide all have the exact same format in the past at least 24 years.

Nothing in the franchise agreement shall be construed as a grant to you of any right, or interest in the "Coffee News" name or format, since all rights are reserved by 2703203, Manitoba, Inc. and us except for this license to the "Coffee News" name and format only as expressly provided in the franchise agreement. Furthermore, nothing in the agreement shall be construed as an assignment or license to you of any right or interest in any trade names or symbols, service marks, signs, slogans, or insignia not designated by the agreement as licensed to you, which may be developed by us for use with other publishers. In signing the agreement, you recognize the great value of the goodwill associated with our name and format and you acknowledge that the goodwill belongs to us and 2703203, Manitoba, Inc. You also will agree that you will not, at any time attack the title or any rights of us or 2703203, Manitoba, Inc. to the "Coffee News" name or format or attack the validity of the license to use the name or format or do anything which would jeopardize or diminish our rights or the value or the name.



You will have the right to use trademarks during any dispute between us and 2703203, Manitoba, Inc.

In addition, you shall immediately notify us of any apparent infringements of or challenges to the use of the "Coffee News" name or format or your licensed business in the geographic area covered by the agreement. You shall not communicate with any person other than us, 2703203, Manitoba, Inc. and its counsel in connection with any such infringement or challenge. You will agree that 2703203, Manitoba, Inc. shall have sole discretion to take the action it deems appropriate and the right to exclusively control any litigation or other administrative claim or action relating to the infringement, challenge, or claim. Any money, damages, or other benefits arising from the infringement or challenge shall benefit 2703203, Manitoba, Inc. You must execute all instruments and documents, give all assistance and perform those acts to protect and maintain our interests as required by counsel of 2703203, Manitoba, Inc., us and its publishers in any litigation or administrative proceeding.

We do not know of any infringing uses that could materially affect your use of the Coffee News trademarks.

We have filed all required Affidavits and renewals. There are no effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administrator or court; and any pending infringement, opposition, or cancellation proceeding involving proprietary marks that are material to Coffee News. There are no agreements currently in effect that significantly limit our rights to use or license the use of such proprietary marks that are material to the Coffee News franchise. If a new model were introduced and Publishers were required to modify or discontinue using a trademark that has been licensed to them, We will move the current publishers to the new model at no cost.

#### **ITEM 14**

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

We do not own rights in, or licenses to, patents that are materials to the franchise. We have no pending patent applications that are material to the franchise. We do not know of any patent or copyright infringement that could materially affect the franchisee.

Although we have not filed an application for a copyright registration for our training programs or the Coffee News Operations Manual, we claim a copyright and deems the information contained in our manual, training program materials, marketing promotion materials, our License Agreement, and all content that We and our affiliate have developed to be proprietary. Additionally, our affiliate 2703203 Manitoba Inc. claims copyright to the Coffee News format design and the content of the Periodicals.

You must also promptly tell us when you learn about an unauthorized use of our proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. There is no current material determination of the United States Patent and Trademark Office, the United States Copyright Office, or a court that affects our franchise business. There is no agreement limiting the use of the copyrights. We do not know of any superior rights or patent or copyright infringement that could materially affect your use of the above-mentioned copyrighted materials. There is no agreement that requires us to participate in

your defense or indemnify you for damages or expenses in a proceeding involving a copyright or claims relating to your use of the above-mentioned copyrighted materials.

#### **ITEM 15**

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

You or a designated person must use your best efforts in the sale of advertisements and in distributing your editions of Coffee News. You personally are not required to perform the duties necessary to accomplish these goals, but it is recommended. Only signatories to the Franchise Agreement are required to complete the training.

As the owner of the franchise(s), you are responsible for the compliance of all employees with the terms and conditions of the Franchise Agreement including your manager, on-premises supervisor or minority stockholder, if a company. If the franchisee is a company, there is no minimum equity interest required that the on-premises supervisor must have in the company. We do not impose any restriction that you must place on your managerial staff. You may, however, require a non-compete of all employees and a non-disclosure of trade secrets.

We place no other limitations or restrictions on your staff other than those contained in the Item 17. We do not require a personal guaranty of the performance.

#### **ITEM 16**

##### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

The only thing that you will sell is advertising space in the Periodical and we do not restrict the advertisements you may accept for publication.

We reserve the right to sell all Coffee News products and promotional items to our publishers and do not require that you purchase any of these items from us. We do restrict you from reselling any of the Coffee News products or promotional items you purchase, either from us or other vendors, to other publishers or the public. You are free to purchase any Coffee News products or promotional items and provide them free of charge to other publishers or the public, if you wish. You do not have the right to make any modification to the items from us.

We reserve the right to change the Coffee News products and promotional items we offer you for your use and not for resale.

#### **ITEM 17**

##### **RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

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

### THE FRANCHISE RELATIONSHIP

| PROVISION                                                              | SECTION IN FRANCHISE AGREEMENT       | SUMMARY                                                                                                                                                                                               |
|------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Term of the franchise.                                              | Section 3.1                          | 4 year term.                                                                                                                                                                                          |
| b. Renewal or extension of the term.                                   | Section 3.2 Exhibit A                | Right to renew agreement for another 4 years if provisions are met.                                                                                                                                   |
| c. Requirements for you to renew or extend. See Note 7(c) for details. | Section 3.2 Exhibit A                | Comply with terms in franchise agreement. You may be required to sign a franchise agreement containing terms and conditions that could be materially different from the original franchise agreement. |
| d. Termination by you.                                                 | Sections 13.3, 14.1, 14.3 Exhibits A | 120 days notice required. Deposit is nonrefundable.                                                                                                                                                   |
| e. Termination by Coffee News USA without cause.                       | None Exhibit A                       | We will not terminate without cause.                                                                                                                                                                  |
| f. Termination by Coffee News USA with cause.                          | Section 12.1 Exhibit A               | We can terminate if you breach or default under any provision of the franchise agreement.                                                                                                             |
| g. "Cause" defined defaults which can be cured.                        | None Exhibit A                       | There exists no provisions for defaults which may be cured.                                                                                                                                           |
| h. "Cause" defined defaults that cannot be cured.                      | Sections 13.1, 13.2, Exhibit A       | Waivers for prior breaches or defaults are not binding against same or different breaches or defaults.                                                                                                |
| i. Your obligations on termination / nonrenewal.                       | Section 14.3 Exhibit A               | You shall return all materials and information relevant to sales and production of <b>Coffee News</b> .                                                                                               |
| j. Assignment of contract by Coffee News USA.                          | Section 11.1 Exhibit A               | Franchise agreement does not specifically restrict or permit us to assign our rights but this section does suggest that it is permitted.                                                              |
| k. "Transfer" by you definition.                                       | Sections 11.2, 11.3, 16.4 Exhibit A  | Transfers are prohibited unless we consent.                                                                                                                                                           |
| l. Coffee News USA's approval of transfer by you.                      | Sections 11.2, 16.4, Exhibit A       | We must approve all transfers.                                                                                                                                                                        |
| m. Conditions for Coffee News USA's approval of transfers.             | Not Applicable                       | We do not provide conditions for approval of transfers.                                                                                                                                               |

| PROVISION                                                                  | SECTION IN FRANCHISE AGREEMENT | SUMMARY                                                                                                                                                                                             |
|----------------------------------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| n. Coffee News USA's right of first refusal to acquire your business.      | Sections 11.2; 11.3            | Not applicable.                                                                                                                                                                                     |
| o. Coffee News USA's option to purchase your business.                     | Not Applicable.                | Not applicable.                                                                                                                                                                                     |
| p. Your death or disability.                                               | Not Applicable                 | There are no specific provisions that address what happens when you die or become disabled.                                                                                                         |
| q. Non-competition covenants during the term of the franchise.             | Section 8.5 (see Exhibits A:e) | No involvement in competing business in your state.                                                                                                                                                 |
| r. Non-competition covenants after the franchise is terminated or expires. | Section 8.5 (see Exhibits A:e) | No involvement in competing business in your state for 2 years following termination.                                                                                                               |
| s. Modification of agreement.                                              | Section 16.1, Exhibit A        | Agreement may not be changed except by the mutual consent of both parties.                                                                                                                          |
| t. Integration / merger clause.                                            | Section 11.3, Exhibit A        | Only the terms of the franchise agreement are enforceable, subject to state law. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation.                         | Section 16.8 Exhibit A         | Arbitration must be held at a location within Maine, unless the parties mutually agree to an alternative location.                                                                                  |
| v. Choice of law.                                                          | Section 16.2 Exhibit A         | Maine Laws apply.                                                                                                                                                                                   |
| w. Choice of forum.                                                        | Section 16.2 Exhibits A        | Litigation must be in U.S. District Court for the District of Maine.                                                                                                                                |

### **ITEM 18**

#### **PUBLIC FIGURES**

We do not use any public figure to promote its franchise.

## **ITEM 19**

### **Financial Performance Representation and Projection**

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 that actual records of an existing outlet you are considering buying; or (2) a franchisor supplements that information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Coffee News is a home-based business, so there is generally no need to rent or lease space for an office. Some basic weekly costs include without limitation printing, delivery, and weekly fees payable to us. Given the fixed amount of weekly fees, the Publisher's revenue is dependent upon how many editions you are operating, and your ability to effectively sell ads and the network in the local community. Factors that may affect your individual performance include without limitation: (1) the variable costs (i.e., stands, vehicle and fuel, office equipment and supplies, networking dues, phone, internet, software, business cards, marketing materials, apparel, ad design & layout, promotional products, etc.); (2) your skill set and previous business experiences; (3) length of your operation of the franchised outlets; (4) local economy; (5) readership that may vary in different seasons; (6) number of paying ads sold each week; (7) Ad rates; and (8) degree of local competition.

The figures disclosed in this Item 19 are only estimates of what we think you may sell /earn. Your individual results may differ. There is no assurance that you will sell/earn as much. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

The Basis and Assumptions that apply to the data contained in this Item 19:

1. **Basis:** Because of the fixed amount of weekly fees, franchisee publishers are not required to provide us with their financials and we do not collect or possess their financial information. The projections in the tables in this Item 19 are derived from the actual historical average performance of five (5) outlets located in Bangor, Maine in the past 5 years. The five (5) outlets used to be company-owned and were sold to franchisee publishers from time to time over the past 15 years. The average ads sold by the five (5) outlets are above 80% over the years. Because We were closely involved in the business operations of the five (5) outlets, we are familiar with their performance in the past 23 years and consider the data relating to their performance reliable over the years. These five (5) outlets are under the same Coffee News brand and operated according to the Coffee News operational manual as disclosed in Item 11 of this FDD. The projections made here are based on the historical data from these outlets, which are substantially similar, if not identical, to the Coffee News franchise outlet offered in this FDD. The data relied upon to make the projections contained in the tables and charts are the audited financial statements prepared by our CPA in compliance with AICP standards in the past 5 years.

2. **Assumptions:** our study measured 5 company-owned and operated outlets in Bangor, which is the principal city of the Bangor Metropolitan Statistical Areas with a population of approximately 153,923. Among the 280 metropolitan statistical areas defined by the U.S. Bureau of the Census, Bangor was ranked 192 by median household income and 152 by per capita income<sup>9</sup>. Further, as the franchisor, the company has approximately 20 years of experience in the business and has assistance from sales personnel to sell the ads. When the five (5) outlets are owned and operated by us, there are no weekly fees charged to ourselves. The above figures also assume a stable local economy and retail price increases of no more than 3% in the next year.
3. Since these franchises formed the basis for the financial performance representations and projections in Item 19 herein, and we owned them for 10 months in 2019, we have elected to continue to base our estimates on these franchises during 2020.

The following model provides a profit/ cost projection for one (1) edition, three (3) editions, and five (5) editions of Coffee News. **Please note:** The figures in this example will vary depending upon how efficiently you structure your business, printing costs, ad production costs, deliveries, etc. Table I, II, and III do not include variable costs including without limitation the costs for:

Coffee News® Stands  
 Vehicle/Fuel  
 Office Equipment  
 Software  
 Networking Organization Dues  
 Phone/Cell Phone  
 Business Cards/Rate Cards/Insertion Orders  
 Ad Design & Layout<sup>10</sup>  
 Coffee News® Apparel, Promotional Items, etc.

*[The remainder of the page intentionally left blank]*

<sup>9</sup>Highest-income metropolitan statistical areas in the United States, [http://en.wikipedia.org/wiki/Highest-income\\_metropolitan\\_statistical\\_areas\\_in\\_the\\_United\\_States](http://en.wikipedia.org/wiki/Highest-income_metropolitan_statistical_areas_in_the_United_States), March 4, 2015.

<sup>10</sup> When advertisers need ad design & layout services, the Publishers usually charge an upfront ad design & layout fee to the advertisers to offset the costs that Publishers are normally charged for such services.

**TABLE I\***  
**Cost and Revenue Analysis — Single Editions**

| <u>Costs per week</u>     | <u>One Coffee News® Edition</u>         | <u>Dollar amount</u> |
|---------------------------|-----------------------------------------|----------------------|
| Printing:                 | \$0.09 per copy x 1,500 copies          | \$135.00             |
| Deliveries:               | 60 locations at \$1.25 per stop         | \$ 75.00             |
| Weekly fees:              | \$80 per week (on your first franchise) | \$ 80.00             |
|                           | <b>Total Costs</b>                      | <b>\$290.00</b>      |
| <u>Ad Revenue</u>         |                                         |                      |
| \$35 per ad/week x 32 ads | <b>Total Ad Revenue:</b>                | <b>\$1,120.00</b>    |
| <u>Revenue per week</u>   |                                         |                      |
|                           | <u>100% ads sold</u>                    | <u>80% ads sold</u>  |
| Ad rev.:                  | \$1,120.00                              | \$ 896.00            |
| Cost/wk:                  | \$ -290.00                              | \$ -290.00           |
| Rev./wk:                  | \$ 830.00                               | \$ 606.00            |
|                           | x 52 weeks                              | x 52 weeks           |
| Rev./yr:                  | \$43,160.00                             | \$31,512.00          |
|                           |                                         | <u>60% ads sold</u>  |
|                           |                                         | \$ 672.00            |
|                           |                                         | \$ -290.00           |
|                           |                                         | \$ 382.00            |
|                           |                                         | x 52 weeks           |
|                           |                                         | \$19,864.00          |

The following model provides a profit/ cost projection for five (5) edition of Coffee News. **Please note:** The figures in this example will vary depending upon how efficiently you structure your business, printing costs, ad production costs, deliveries, etc.

**TABLE II\*\***  
**Comparison Analysis of the cost/revenue projection for 3 Coffee News editions**

**Cost and Revenue Analysis — Three (3) Editions**

| <u>Costs per week</u>     | <u>Three (3) Coffee News® Editions</u> | <u>Dollar amount</u> |
|---------------------------|----------------------------------------|----------------------|
| Printing:                 | \$0.09 per copy x 4,500 copies         | \$405.00             |
| Deliveries:               | 180 locations at \$1.25 per stop       | \$225.00             |
| Weekly fees:              | \$80 /wk + (\$25/wk x 2)               | \$130.00             |
|                           | <b>Total Costs</b>                     | <b>\$760.00</b>      |
| <u>Ad Revenue</u>         |                                        |                      |
| \$35 per ad/week x 96 ads | <b>Total Ad Revenue:</b>               | <b>\$3,360.00</b>    |
| <u>Revenue per week</u>   |                                        |                      |
|                           | <u>100% ads sold</u>                   | <u>80% ads sold</u>  |
| Ad rev.:                  | \$3,360.00                             | \$2,688.00           |
| Cost/wk:                  | \$ -760.00                             | \$ -760.00           |
| Rev./wk:                  | \$ 2,600.00                            | \$ 1,928.00          |
|                           | x 52 weeks                             | x 52 weeks           |
| Rev./yr:                  | \$135,200.00                           | \$100,256.00         |
|                           |                                        | <u>60% ads sold</u>  |
|                           |                                        | \$2,016.00           |
|                           |                                        | \$ -760.00           |
|                           |                                        | \$ 1,256.00          |
|                           |                                        | x 52 weeks           |
|                           |                                        | \$65,312.00          |

TABLE III\*\*\*

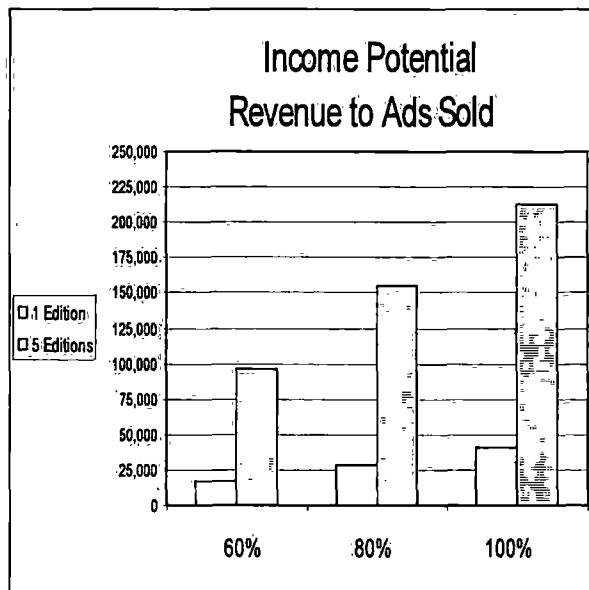
**Comparison Analysis of the cost/revenue projection for 5 Coffee News editions**

| <b><u>Costs per week</u></b> | <b>Five (5) Coffee News® Editions</b> | <b><u>Dollar mount</u></b> |
|------------------------------|---------------------------------------|----------------------------|
| Printing:                    | \$0.09 per copy x 7,500 copies        | \$ 675.00                  |
| Deliveries:                  | 300 locations at \$1.25 per stop      | \$ 375.00                  |
| Weekly fees:                 | \$80./wk + (\$25/wk x 4)              | \$ 180.00                  |
|                              | <b>Total Costs</b>                    | <b>\$ 1,230.00</b>         |

|                            |                          |                    |
|----------------------------|--------------------------|--------------------|
| <b><u>Ad Revenue:</u></b>  |                          |                    |
| \$35 per ad/week x 160 ads | <b>Total Ad Revenue:</b> | <b>\$ 5,600.00</b> |

| <b><u>Revenue per week:</u></b> | <b><u>100% ads sold</u></b> | <b><u>80% ads sold</u></b> | <b><u>60% ads sold</u></b> |
|---------------------------------|-----------------------------|----------------------------|----------------------------|
| Ad rev.:                        | \$ 5,600.00                 | \$ 4,480.00                | \$ 3,360.00                |
| Cost/wk:                        | \$-1,230.00                 | \$-1,230.00                | \$-1,230.00                |
| Rev./wk:                        | \$ 4,370.00                 | \$ 3,250.00                | \$ 2,130.00                |
|                                 | x 52 weeks                  | x 52 weeks                 | x 52 weeks                 |
| Rev./yr:                        | \$227,240.00                | \$169,000.00               | \$110,760.00               |

TABLE IV\*\*\*\*

**Comparison Analysis of Potential Gross Revenue to Ads Sold**

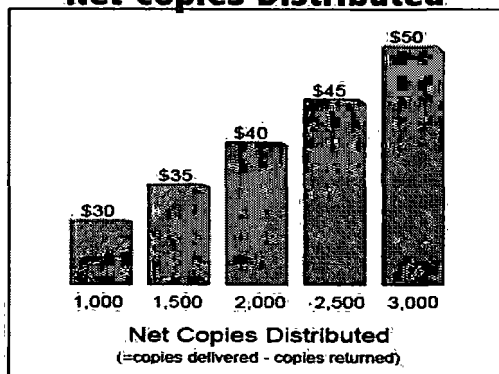
\*\*\* **Note:** The graph above provides a snapshot comparison of potential revenue to ad sales for a single edition of Coffee News versus 5 editions of Coffee News.



The advertising rates are determined by you based on the readership of the Coffee News in your area. Our past experience shows that the more locations you distribute to, the greater the readership. The following table may assist you in determining an appropriate advertising rate based upon the number of distribution locations:

TABLE V\*\*\*\*\*

**Typical Ad Rates Vs.  
Net Copies Distributed**



Coffee News Publishers usually offer advertisers a 13, 26 or 52 week commitment for advertising. You may also offer the advertiser an open-ended agreement option. In general, the longer a business continues to advertise with Coffee News®, the greater the response is over time. You may provide some incentive to the advertisers for a longer term.

TABLE VI\*\*\*\*\*  
Ad Cost Breakdown

| <u>26 week average</u>   | <u>13 week</u> | <u>26 week</u> | <u>52 week</u> |
|--------------------------|----------------|----------------|----------------|
| \$55 per ad <sup>1</sup> | \$59.95/wk     | \$54.95/wk     | \$49.95/wk     |
| \$50 per ad              | \$54.95/wk     | \$49.95/wk     | \$44.95/wk     |
| \$45 per ad              | \$49.95/wk     | \$44.95/wk     | \$39.95/wk     |
| \$40 per ad              | \$44.95/wk     | \$39.95/wk     | \$34.95/wk     |
| \$35 per ad              | \$39.95/wk     | \$34.95/wk     | \$29.95/wk     |
| \$30 per ad              | \$34.95/wk     | \$29.95/wk     | \$24.95/wk     |

As of December 31, 2014, there were 473 franchisees in the system. Given the flat weekly fees structure adopted by Coffee News franchise system, the above disclosure does not include franchisees' performance because Coffee News does not collect financial data from the franchisees. The results of the franchisees may differ from the above stated results. Other than

the preceding financial performance representation, Coffee News does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing.

If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. William A. Buckley, at One Cumberland Place, Suite 102, Bangor, ME 04401, (207) 941-0860, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

### Item 20 Table No. 1

**Table No. 1-A United States and Central American Outlet Summary  
For years 2017 to 2019**

| Outlet Type   | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Changes |
|---------------|------|----------------------------------|--------------------------------|-------------|
| Franchised    | 2017 | 471                              | 434                            | -37         |
|               | 2018 | 434                              | 416                            | -18         |
|               | 2019 | 416                              | 335                            | -81         |
| Company-Owned | 2017 | 5                                | 8                              | +3          |
|               | 2018 | 8                                | 8                              | 0           |
|               | 2019 | 8                                | 3                              | -5          |
| Total Outlets | 2017 | 476                              | 442                            | -34         |
|               | 2018 | 442                              | 424                            | -18         |
|               | 2019 | 424                              | 338                            | -86         |

**Table No. 1-B Canada Outlet Summary  
For years 2017-2019**

| Outlet Type   | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Changes |
|---------------|------|----------------------------------|--------------------------------|-------------|
| Franchised    | 2017 | 209                              | 203                            | -6          |
|               | 2018 | 203                              | 200                            | -3          |
|               | 2019 | 200                              | 209                            | 9           |
| Company-Owned | 2017 | 0                                | 0                              | 0           |
|               | 2018 | 0                                | 0                              | 0           |
|               | 2019 | 0                                | 0                              | 0           |
| Total Outlets | 2017 | 209                              | 203                            | -6          |
|               | 2018 | 203                              | 200                            | -3          |
|               | 2019 | 200                              | 209                            | 9           |

**Item 20 Table No. 2**  
**Transfers of Outlets from Franchisees to new Owners (other than the Franchisor)**  
**For years 2017 to 2019**

**Table No. 2-A United States**

| <b>State</b>   | <b>Year</b> | <b>Number of Transfers</b> |
|----------------|-------------|----------------------------|
| Arizona        | 2017        | 6                          |
|                | 2018        | 3                          |
|                | 2019        | 5                          |
| California     | 2017        | 0                          |
|                | 2018        | 0                          |
|                | 2019        | 5                          |
| Florida        | 2017        | 14                         |
|                | 2018        | 6                          |
|                | 2019        | 3                          |
| Illinois       | 2017        | 0                          |
|                | 2018        | 0                          |
|                | 2019        | 0                          |
| Indiana        | 2017        | 5                          |
|                | 2018        | 0                          |
|                | 2019        | 0                          |
| Kansas         | 2017        | 6                          |
|                | 2018        | 5                          |
|                | 2019        | 0                          |
| Kentucky       | 2017        | 0                          |
|                | 2018        | 0                          |
|                | 2019        | 0                          |
| Maine          | 2017        | 9                          |
|                | 2018        | 0                          |
|                | 2019        | 5                          |
| Michigan       | 2017        | 1                          |
|                | 2018        | 0                          |
|                | 2019        | 0                          |
| Nebraska       | 2017        | 0                          |
|                | 2018        | 6                          |
|                | 2019        | 0                          |
| New Jersey     | 2017        | 2                          |
|                | 2018        | 0                          |
|                | 2019        | 0                          |
| New Hampshire  | 2017        | 0                          |
|                | 2018        | 0                          |
|                | 2019        | 1                          |
| North Carolina | 2017        | 1                          |
|                | 2018        | 1                          |
|                | 2019        | 0                          |
| Ohio           | 2017        | 0                          |
|                | 2018        | 6                          |
|                | 2019        | 0                          |

| State                                | Year | Number of Transfers |
|--------------------------------------|------|---------------------|
| Oklahoma                             | 2017 | 2                   |
|                                      | 2018 | 0                   |
|                                      | 2019 | 0                   |
| South Carolina                       | 2017 | 4                   |
|                                      | 2018 | 9                   |
|                                      | 2019 | 0                   |
| Texas                                | 2017 | 5                   |
|                                      | 2018 | 6                   |
|                                      | 2019 | 0                   |
| Washington                           | 2017 | 0                   |
|                                      | 2018 | 0                   |
|                                      | 2019 | 1                   |
| Total Transfers in the United States | 2017 | 51                  |
|                                      | 2018 | 42                  |
|                                      | 2019 | 20                  |

**Table No. 2-B Canada**  
**Transfers of Outlets from Franchisees to new Owners (other than the Franchisor)**  
**For years 2017 to 2019**

| Province                           | Year | Number of Transfers |
|------------------------------------|------|---------------------|
| Alberta                            | 2017 | 0                   |
|                                    | 2018 | 0                   |
|                                    | 2019 | 25                  |
| British Columbia                   | 2017 | 0                   |
|                                    | 2018 | 4                   |
|                                    | 2019 | 4                   |
| Canada North (Yukon, NWT, Nunavut) | 2017 | 0                   |
|                                    | 2018 | 0                   |
|                                    | 2019 | 0                   |
| Manitoba                           | 2017 | 0                   |
|                                    | 2018 | 0                   |
|                                    | 2019 | 0                   |
| New Brunswick                      | 2017 | 0                   |
|                                    | 2018 | 0                   |
|                                    | 2019 | 0                   |
| Newfoundland & Labrador            | 2017 | 0                   |
|                                    | 2018 | 0                   |
|                                    | 2019 | 0                   |
| Nova Scotia                        | 2017 | 2                   |
|                                    | 2018 | 0                   |
|                                    | 2019 | 0                   |
| Ontario                            | 2017 | 1                   |
|                                    | 2018 | 0                   |
|                                    | 2019 | 0                   |
| PEI                                | 2017 | 2                   |
|                                    | 2018 | 0                   |
|                                    | 2019 | 0                   |

| Province     | Year | Number of Transfers |
|--------------|------|---------------------|
| Quebec       | 2017 | 0                   |
|              | 2018 | 0                   |
|              | 2019 | 0                   |
| Saskatchewan | 2017 | 0                   |
|              | 2018 | 0                   |
|              | 2019 | 0                   |
| Total        | 2017 | 3                   |
|              | 2018 | 4                   |
|              | 2019 | 29                  |

Table No. 2-C Grand Total Transfers of Outlets in the United States, Central America, and Canada

| State       | Year | Number of Transfers |
|-------------|------|---------------------|
| Grand Total | 2017 | 54                  |
|             | 2018 | 54                  |
|             | 2019 | 49                  |

Item 20 Table No. 3  
Status of Franchised Outlets  
For years 2017 to 2019

Table No. 3-A The United States

| State      | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other reasons | Outlets at End of the Year |
|------------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|----------------------------|
| Alaska     | 2017 | 1                        | 0              | 1            | 0            | 0                        | 0                                 | 0                          |
|            | 2018 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|            | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
| Arizona    | 2017 | 21                       | 4              | 5            | 0            | 0                        | 0                                 | 20                         |
|            | 2018 | 20                       | 3              | 0            | 0            | 0                        | 0                                 | 23                         |
|            | 2019 | 23                       | 0              | 0            | 0            | 0                        | 0                                 | 23                         |
| California | 2017 | 15                       | 0              | 2            | 0            | 0                        | 0                                 | 13                         |
|            | 2018 | 13                       | 0              | 4            | 0            | 0                        | 0                                 | 9                          |
|            | 2019 | 9                        | 0              | 3            | 0            | 0                        | 0                                 | 6                          |
| Colorado   | 2017 | 2                        | 0              | 2            | 0            | 0                        | 0                                 | 0                          |
|            | 2018 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|            | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
| Florida    | 2017 | 49                       | 0              | 3            | 0            | 0                        | 0                                 | 46                         |
|            | 2018 | 46                       | 4              | 9            | 0            | 0                        | 0                                 | 41                         |
|            | 2019 | 41                       | 0              | 1            | 0            | 0                        | 0                                 | 40                         |
| Georgia    | 2017 | 13                       | 0              | 9            | 0            | 0                        | 0                                 | 4                          |
|            | 2018 | 4                        | 2              | 2            | 0            | 0                        | 0                                 | 4                          |
|            | 2019 | 4                        | 3              | 2            | 0            | 0                        | 0                                 | 5                          |
| Illinois   | 2017 | 12                       | 0              | 1            | 0            | 0                        | 0                                 | 11                         |
|            | 2018 | 11                       | 0              | 2            | 0            | 0                        | 0                                 | 9                          |
|            | 2019 | 9                        | 0              | 7            | 0            | 0                        | 0                                 | 2                          |

| State         | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other reason | Outlets at End of the Year |
|---------------|------|--------------------------|----------------|--------------|--------------|--------------------------|----------------------------------|----------------------------|
| Indiana       | 2017 | 17                       | 2              | 2            | 0            | 0                        | 0                                | 17                         |
|               | 2018 | 17                       | 1              | 0            | 0            | 0                        | 0                                | 18                         |
|               | 2019 | 18                       | 0              | 1            | 0            | 0                        | 0                                | 17                         |
| Iowa          | 2017 | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                          |
|               | 2018 | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                          |
|               | 2019 | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                          |
| Kansas        | 2017 | 20                       | 0              | 7            | 0            | 0                        | 0                                | 13                         |
|               | 2018 | 13                       | 7              | 6            | 0            | 0                        | 0                                | 14                         |
|               | 2019 | 14                       | 0              | 7            | 0            | 0                        | 0                                | 7                          |
| Kentucky      | 2017 | 13                       | 0              | 0            | 0            | 0                        | 0                                | 13                         |
|               | 2018 | 13                       | 0              | 0            | 0            | 0                        | 0                                | 13                         |
|               | 2019 | 13                       | 3              | 0            | 0            | 0                        | 0                                | 16                         |
| Louisiana     | 2017 | 12                       | 0              | 9            | 0            | 0                        | 0                                | 3                          |
|               | 2018 | 3                        | 0              | 0            | 0            | 0                        | 0                                | 3                          |
|               | 2019 | 3                        | 2              | 3            | 0            | 0                        | 0                                | 2                          |
| Maine         | 2017 | 11                       | 6              | 0            | 0            | 3                        | 0                                | 14                         |
|               | 2018 | 14                       | 11             | 0            | 0            | 0                        | 0                                | 25                         |
|               | 2019 | 25                       | 0              | 10           | 0            | 0                        | 0                                | 15                         |
| Maryland      | 2017 | 9                        | 0              | 0            | 0            | 0                        | 0                                | 9                          |
|               | 2018 | 9                        | 0              | 0            | 0            | 0                        | 0                                | 9                          |
|               | 2019 | 9                        | 0              | 0            | 0            | 0                        | 0                                | 9                          |
| Massachusetts | 2017 | 5                        | 0              | 0            | 0            | 0                        | 0                                | 5                          |
|               | 2018 | 5                        | 2              | 0            | 0            | 0                        | 0                                | 7                          |
|               | 2019 | 7                        | 0              | 2            | 0            | 0                        | 0                                | 5                          |
| Michigan      | 2017 | 17                       | 3              | 1            | 0            | 0                        | 0                                | 19                         |
|               | 2018 | 19                       | 0              | 3            | 0            | 0                        | 0                                | 16                         |
|               | 2019 | 16                       | 0              | 3            | 0            | 0                        | 0                                | 13                         |
| Minnesota     | 2017 | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                          |
|               | 2018 | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                          |
|               | 2019 | 6                        | 0              | 5            | 0            | 0                        | 0                                | 1                          |
| Mississippi   | 2017 | 13                       | 0              | 0            | 0            | 0                        | 0                                | 13                         |
|               | 2018 | 13                       | 4              | 0            | 0            | 0                        | 0                                | 17                         |
|               | 2019 | 17                       | 0              | 4            | 0            | 0                        | 0                                | 13                         |
| Missouri      | 2017 | 8                        | 0              | 0            | 0            | 0                        | 0                                | 8                          |
|               | 2018 | 8                        | 0              | 0            | 0            | 0                        | 0                                | 8                          |
|               | 2019 | 8                        | 0              | 0            | 0            | 0                        | 0                                | 8                          |
| Nebraska      | 2017 | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                          |
|               | 2018 | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                          |
|               | 2019 | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                          |
| Nevada        | 2017 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|               | 2018 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|               | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
| New Hampshire | 2017 | 4                        | 0              | 0            | 0            | 0                        | 0                                | 4                          |
|               | 2018 | 4                        | 0              | 0            | 0            | 0                        | 0                                | 4                          |
|               | 2019 | 4                        | 0              | 0            | 0            | 0                        | 0                                | 4                          |
| New Jersey    | 2017 | 18                       | 0              | 0            | 0            | 0                        | 0                                | 18                         |
|               | 2018 | 18                       | 0              | 0            | 0            | 0                        | 0                                | 18                         |
|               | 2019 | 18                       | 0              | 2            | 0            | 0                        | 0                                | 16                         |

| State          | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other reason | Outlets at End of the Year |
|----------------|------|--------------------------|----------------|--------------|--------------|--------------------------|----------------------------------|----------------------------|
| New York       | 2017 | 3                        | 0              | 2            | 0            | 0                        | 0                                | 1                          |
|                | 2018 | 1                        | 0              | 1            | 0            | 0                        | 0                                | 0                          |
|                | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
| North Carolina | 2017 | 29                       | 2              | 5            | 0            | 0                        | 0                                | 26                         |
|                | 2018 | 26                       | 0              | 4            | 0            | 0                        | 0                                | 22                         |
|                | 2019 | 22                       | 1              | 6            | 0            | 0                        | 0                                | 17                         |
| North Dakota   | 2017 | 4                        | 0              | 0            | 0            | 0                        | 0                                | 4                          |
|                | 2018 | 4                        | 0              | 0            | 0            | 0                        | 0                                | 4                          |
|                | 2019 | 4                        | 0              | 0            | 0            | 0                        | 0                                | 4                          |
| Ohio           | 2017 | 16                       | 0              | 0            | 0            | 0                        | 0                                | 16                         |
|                | 2018 | 16                       | 0              | 3            | 0            | 0                        | 0                                | 13                         |
|                | 2019 | 13                       | 0              | 13           | 0            | 0                        | 0                                | 0                          |
| Oklahoma       | 2017 | 4                        | 0              | 0            | 0            | 0                        | 0                                | 4                          |
|                | 2018 | 4                        | 0              | 2            | 0            | 0                        | 0                                | 2                          |
|                | 2019 | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                          |
| Oregon         | 2017 | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                          |
|                | 2018 | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                          |
|                | 2019 | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                          |
| Pennsylvania   | 2017 | 4                        | 0              | 0            | 0            | 0                        | 0                                | 4                          |
|                | 2018 | 4                        | 0              | 0            | 0            | 0                        | 0                                | 4                          |
|                | 2019 | 4                        | 3              | 0            | 0            | 0                        | 0                                | 7                          |
| South Carolina | 2017 | 25                       | 0              | 4            | 0            | 0                        | 0                                | 21                         |
|                | 2018 | 21                       | 0              | 2            | 0            | 0                        | 0                                | 19                         |
|                | 2019 | 19                       | 19             | 0            | 0            | 0                        | 0                                | 0                          |
| South Dakota   | 2017 | 8                        | 0              | 0            | 0            | 0                        | 0                                | 8                          |
|                | 2018 | 8                        | 0              | 0            | 0            | 0                        | 0                                | 8                          |
|                | 2019 | 8                        | 0              | 1            | 0            | 0                        | 0                                | 7                          |
| Tennessee      | 2017 | 12                       | 0              | 0            | 0            | 0                        | 0                                | 12                         |
|                | 2018 | 12                       | 0              | 3            | 0            | 0                        | 0                                | 9                          |
|                | 2019 | 9                        | 0              | 0            | 0            | 0                        | 0                                | 9                          |
| Texas          | 2017 | 52                       | 8              | 2            | 0            | 0                        | 0                                | 58                         |
|                | 2018 | 58                       | 1              | 9            | 0            | 0                        | 0                                | 50                         |
|                | 2019 | 50                       | 3              | 4            | 0            | 0                        | 0                                | 49                         |
| Utah           | 2017 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|                | 2018 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|                | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
| Virginia       | 2017 | 5                        | 0              | 2            | 0            | 0                        | 0                                | 3                          |
|                | 2018 | 3                        | 0              | 0            | 0            | 0                        | 0                                | 3                          |
|                | 2019 | 3                        | 0              | 0            | 0            | 0                        | 0                                | 3                          |
| Washington     | 2017 | 19                       | 0              | 0            | 0            | 0                        | 0                                | 19                         |
|                | 2018 | 19                       | 0              | 0            | 0            | 0                        | 0                                | 19                         |
|                | 2019 | 19                       | 3              | 2            | 0            | 0                        | 0                                | 20                         |
| West Virginia  | 2017 | 3                        | 0              | 0            | 0            | 0                        | 0                                | 3                          |
|                | 2018 | 3                        | 0              | 3            | 0            | 0                        | 0                                | 0                          |
|                | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
| Wisconsin      | 2017 | 7                        | 0              | 2            | 0            | 0                        | 0                                | 5                          |
|                | 2018 | 5                        | 0              | 0            | 0            | 0                        | 0                                | 5                          |
|                | 2019 | 5                        | 0              | 1            | 0            | 0                        | 0                                | 4                          |

| State             | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other reason | Outlets at End of the Year |
|-------------------|------|--------------------------|----------------|--------------|--------------|--------------------------|----------------------------------|----------------------------|
| Wyoming           | 2017 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|                   | 2018 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|                   | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
| TOTAL in the U.S. | 2017 | 471                      | 25             | 59           | 0            | 3                        | 0                                | 434                        |
|                   | 2018 | 434                      | 35             | 53           | 0            | 0                        | 0                                | 416                        |
|                   | 2019 | 416                      | 18             | 96*          | 0            | 0                        | 0                                | 338                        |

\*2019 is an unusual year for our franchise and the 96 terminations were the results of: (1) a number of franchisees were delinquent in fees for various reasons related to age and health and decided to terminate the franchise; (2) some franchisees decided to retire and realize their investments over the years; (3) 12 units had to be terminated because of the sudden death of the franchisee and only 6 out of 12 units were successfully transferred to a new franchisee by the end of 2019; (4) about 8 franchisees reduced the number of the units that they purchased to consolidate their holdings; and (5) the sale of some reserved units operated by franchisees with options to purchase did not close by the end of 2019.

**Table No. 3-B Status of Franchised Outlets in Central America**

| State                    | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired By Franchisor | Ceased Operations – Other reasons | Outlets at End of the Year |
|--------------------------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|----------------------------|
| Panama                   | 2017 | 1                        | 0              | 1            | 0            | 0                        | 0                                 | 0                          |
|                          | 2018 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|                          | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
| Honduras                 | 2017 | 1                        | 0              | 1            | 0            | 0                        | 0                                 | 0                          |
|                          | 2018 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|                          | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
| Mexico                   | 2017 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|                          | 2018 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|                          | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
| Total in Central America | 2017 | 2                        | 0              | 2            | 0            | 0                        | 0                                 | 0                          |
|                          | 2018 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|                          | 2019 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |

**Table No. 3-C Totals for United States and Central America**

| State                                      | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired By Franchisor | Ceased Operations – Other reasons | Outlets at End of the Year |
|--------------------------------------------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|----------------------------|
| Total in United States and Central America | 2017 | 473                      | 25             | 61           | 0            | 3                        | 0                                 | 434                        |
|                                            | 2018 | 434                      | 33             | 51           | 0            | 0                        | 0                                 | 416                        |
|                                            | 2019 | 416                      | 18             | 96           | 0            | 0                        | 0                                 | 338                        |



**Item 20 Table No. 3-D  
Status of Franchised Outlets in Canada**

| Province                                 | Year | Outlets<br>at Start<br>of Year | Outlets<br>Opened | Terminations | Non-<br>Renewals | Reaquired<br>By<br>Franchisor | Ceased<br>Operations<br>/Other<br>reasons | Outlets<br>at End<br>of the<br>Year |
|------------------------------------------|------|--------------------------------|-------------------|--------------|------------------|-------------------------------|-------------------------------------------|-------------------------------------|
| Alberta                                  | 2017 | 66                             | 0                 | 1            | 0                | 0                             | 1/-1*                                     | 63                                  |
|                                          | 2018 | 63                             | 1                 | 0            | 0                | 0                             | 0                                         | 64                                  |
|                                          | 2019 | 64                             | 2                 | 0            | 0                | 0                             | 1/-2*                                     | 63                                  |
| British<br>Columbia                      | 2017 | 43                             | 3                 | 0            | 0                | 0                             | 2                                         | 44                                  |
|                                          | 2018 | 44                             | 4                 | 0            | 3                | 0                             | 0                                         | 45                                  |
|                                          | 2019 | 45                             | 3                 | 0            | 0                | 0                             | 0/+1*                                     | 49                                  |
| Canada North<br>(Yukon, NWT,<br>Nunavut) | 2017 | 0                              | 0                 | 0            | 0                | 0                             | 0                                         | 0                                   |
|                                          | 2018 | 0                              | 0                 | 0            | 0                | 0                             | 0                                         | 0                                   |
|                                          | 2019 | 0                              | 0                 | 0            | 0                | 0                             | 0                                         | 0                                   |
| Manitoba                                 | 2017 | 17                             | 0                 | 0            | 0                | 0                             | 0/-4*                                     | 13                                  |
|                                          | 2018 | 13                             | 0                 | 0            | 1                | 0                             | 0                                         | 12                                  |
|                                          | 2019 | 12                             | 0                 | 0            | 0                | 0                             | 0                                         | 12                                  |
| New<br>Brunswick                         | 2017 | 9                              | 0                 | 0            | 0                | 0                             | 3                                         | 6                                   |
|                                          | 2018 | 6                              | 0                 | 0            | 0                | 0                             | 0                                         | 6                                   |
|                                          | 2019 | 6                              | 0                 | 0            | 0                | 0                             | 0                                         | 6                                   |
| Newfoundland<br>& Labrador               | 2017 | 6                              | 0                 | 0            | 0                | 0                             | 0                                         | 6                                   |
|                                          | 2018 | 6                              | 0                 | 0            | 0                | 0                             | 0                                         | 6                                   |
|                                          | 2019 | 6                              | 0                 | 0            | 0                | 0                             | 0                                         | 6                                   |
| Nova Scotia                              | 2017 | 3                              | 0                 | 0            | 0                | 0                             | 0                                         | 3                                   |
|                                          | 2018 | 3                              | 0                 | 0            | 0                | 0                             | 0                                         | 3                                   |
|                                          | 2019 | 3                              | 0                 | 0            | 0                | 0                             | 0                                         | 3                                   |
| Ontario                                  | 2017 | 57                             | 7                 | 0            | 0                | 0                             | 5                                         | 59                                  |
|                                          | 2018 | 59                             | 0                 | 3            | 2                | 0                             | 0/+1*                                     | 55                                  |
|                                          | 2019 | 55                             | 4                 | 0            | 0                | 0                             | 3/+7*                                     | 63                                  |
| PEI                                      | 2017 | 2                              | 0                 | 0            | 0                | 0                             | 0                                         | 2                                   |
|                                          | 2018 | 2                              | 0                 | 0            | 0                | 0                             | 0                                         | 2                                   |
|                                          | 2019 | 2                              | 0                 | 0            | 0                | 0                             | 0                                         | 2                                   |
| Quebec                                   | 2017 | 0                              | 0                 | 0            | 0                | 0                             | 0                                         | 0                                   |
|                                          | 2018 | 0                              | 0                 | 0            | 0                | 0                             | 0                                         | 0                                   |
|                                          | 2019 | 0                              | 0                 | 0            | 0                | 0                             | 0                                         | 0                                   |
| Saskatchewan                             | 2017 | 6                              | 0                 | 0            | 0                | 0                             | 0                                         | 6                                   |
|                                          | 2018 | 6                              | 0                 | 0            | 0                | 0                             | 0                                         | 6                                   |
|                                          | 2019 | 6                              | 0                 | 0            | 0                | 0                             | 0/-1*                                     | 5                                   |
| Total                                    | 2017 | 209                            | 10                | 0            | 0                | 0                             | 11/-5*                                    | 203                                 |
|                                          | 2018 | 203                            | 5                 | 3            | 6                | 0                             | 1*                                        | 200                                 |
|                                          | 2019 | 200                            | 9                 | 0            | 0                | 0                             | 4/+4                                      | 209                                 |

\* Area adjustment/correction in franchise unit number

Table No. 3-E Grand Total of the United States, Central America, and Canada

| State       | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other reasons | Outlets at End of the Year |
|-------------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|----------------------------|
| Grand Total | 2017 | 682                      | 35             | 61           | 0            | 3                        | 16                                | 637                        |
|             | 2018 | 637                      | 38             | 54           | 6            | 0                        | 1*                                | 616                        |
|             | 2019 | 616                      | 27             | 96           | 0            | 0                        | 0                                 | 547                        |

Item 20 Table No. 4

**Status of Company-Owned Outlets in the United States<sup>11</sup>**  
**For years 2017 to 2019**

| State   | Year | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|---------|------|------------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| Maine - | 2017 | 5                            | 0              | 3                                  | 0              | 0                          | 8                          |
|         | 2018 | 8                            | 0              | 0                                  | 0              | 0                          | 8                          |
|         | 2019 | 8                            | 0              | 0                                  | 0              | 5                          | 3                          |
| Totals  | 2017 | 5                            | 0              | 3                                  | 0              | 0                          | 8                          |
|         | 2018 | 8                            | 0              | 0                                  | 0              | 0                          | 8                          |
|         | 2019 | 8                            | 0              | 0                                  | 0              | 5                          | 3                          |

Item 20 Table No. 5

**Table No. 5-A. Projected Openings For the United States As Of December 31, 2018**

**The United States**

| State       | Franchise Agreements Signed But Franchise Not Operating | Projected New Franchises in the Next Fiscal Year | Projected Company-owned Openings in the Next Fiscal Year |
|-------------|---------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
| Alabama     | 0                                                       | 3                                                | 0                                                        |
| Arizona     | 0                                                       | 5                                                | 0                                                        |
| California  | 0                                                       | 0                                                | 0                                                        |
| Connecticut | 0                                                       | 0                                                | 0                                                        |
| Florida     | 0                                                       | 5                                                | 0                                                        |
| Georgia     | 0                                                       | 3                                                | 0                                                        |

<sup>11</sup> This lists the franchises owned by us as a franchisee of 2703203.

| State             | Franchise Agreements<br>Signed But Franchise Not<br>Operating | Projected New<br>Franchises in the Next<br>Fiscal Year | Projected Company-<br>owned Openings in the<br>Next Fiscal Year |
|-------------------|---------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------|
| Illinois          | 0                                                             | 3                                                      | 0                                                               |
| Indiana           | 0                                                             | 3                                                      | 0                                                               |
| Kansas            | 0                                                             | 0                                                      | 0                                                               |
| Louisiana         | 0                                                             | 0                                                      | 0                                                               |
| Maine             | 0                                                             | 0                                                      | 0                                                               |
| Minnesota         | 0                                                             | 0                                                      | 0                                                               |
| Mississippi       | 0                                                             | 0                                                      | 0                                                               |
| Missouri          | 0                                                             | 1                                                      | 0                                                               |
| New Mexico        | 0                                                             | 3                                                      | 0                                                               |
| New York          | 0                                                             | 3                                                      | 0                                                               |
| North<br>Carolina | 0                                                             | 6                                                      | 0                                                               |
| Ohio              | 0                                                             | 0                                                      | 0                                                               |
| Pennsylvania      | 0                                                             | 3                                                      | 0                                                               |
| South<br>Carolina | 0                                                             | 3                                                      | 0                                                               |
| Tennessee         | 0                                                             | 3                                                      | 0                                                               |
| Texas             | 0                                                             | 6                                                      | 0                                                               |
| Virginia          | 0                                                             | 3                                                      | 0                                                               |
| Washington        | 0                                                             | 3                                                      | 0                                                               |
| TOTALS            | 0                                                             | 56                                                     | 0                                                               |

**Item 20 Table No. 5**  
**Projected Openings For Canada only As Of December 31, 2020**

| Province                           | Franchise Agreements Signed But Franchise Not Operating | Projected New Franchises in the Next Fiscal Year | Projected Company owned Openings in the Next Fiscal Year |
|------------------------------------|---------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
| Alberta                            | 0                                                       | 0                                                | 0                                                        |
| British Columbia                   | 0                                                       | 1                                                | 0                                                        |
| Canada North (Yukon, NWT, Nunavut) | 0                                                       | 1                                                | 0                                                        |
| Manitoba                           | 0                                                       | 1                                                | 0                                                        |
| New Brunswick                      | 0                                                       | 0                                                | 0                                                        |
| Newfoundland & Labrador            | 0                                                       | 0                                                | 0                                                        |
| Nova Scotia                        | 0                                                       | 0                                                | 0                                                        |
| Ontario                            | 0                                                       | 3                                                | 0                                                        |
| PEI                                | 0                                                       | 0                                                | 0                                                        |
| Quebec                             | 0                                                       | 0                                                | 0                                                        |
| Saskatchewan                       | 0                                                       | 1                                                | 0                                                        |
| <b>Total</b>                       | <b>0</b>                                                | <b>7</b>                                         | <b>0</b>                                                 |

**Table No. 5-C Grand Total of the United States and Canada**

| State              | Franchise Agreements Signed But Franchise Not Operating | Projected New Franchises in the Next Fiscal Year | Projected Company owned Openings in the Next Fiscal Year |
|--------------------|---------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
| <b>GRAND TOTAL</b> | <b>0</b>                                                | <b>63</b>                                        | <b>0</b>                                                 |

Coffee News publishers' information is disclosed in **Exhibit D**, a listing of Coffee News publishers, which is attached to this disclosure document.

The information of former Coffee News publishers who had an outlet terminated, canceled, not Renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise agreement during the period January 1, 2019 and December 31, 2019 or who has not communicated with the us within ten weeks of the application date is disclosed in **Exhibit E**, a listing of former Coffee News publishers, which is attached to this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three years, publishers have signed the License Agreements containing the confidentiality clauses to protect our intellectual properties. In some instances, current and former publishers sign provisions restricting their ability to speak openly about their experience with Coffee News. You may wish to speak with current and former publishers but be aware that not all of those publishers will be able to communicate with you.

**ITEM 21****FINANCIAL STATEMENTS**

See Exhibit C for:

1. Audited Coffee News USA, Inc. and 2703203, Manitoba, Inc. Financial Statements for FYE, 12/31/2017, 12/31/2018, and 12/31/2019.
2. All financial statements are in U.S. Dollar. No exchange rate between the Canadian dollars and the U.S. dollars was calculated as Coffee News USA was potentially at par and there was no need.

**ITEM 22****CONTRACTS**

See Exhibit A for a copy of the franchise agreement.

**ITEM 23****RECEIPT**

THE LAST TWO PAGES OF THE DISCLOSURE DOCUMENT ARE DETACHABLE DOCUMENT ACKNOWLEDGING RECEIPTS OF THE DISCLOSURE DOCUMENT BY THE PROSPECTIVE FRANCHISEE.

# **EXHIBIT      A**

## **COFFEE NEWS LICENSE AGREEMENT**

## COFFEE NEWS FRANCHISE AGREEMENT

This COFFEE NEWS FRANCHISE AGREEMENT ("Agreement") entered into between Coffee News USA, Inc. referred to as "Franchisor", and \_\_\_\_\_ referred to as "Franchisee" on this 1st day of \_\_\_\_\_, 20\_\_.

Whereas Franchisor holds an exclusive License for the distribution of a weekly periodical called "Coffee News" (the "Periodical") in the United States, authorizing Franchisor to grant Licenses which provide nonexclusive rights to use the system, names and marks of the Periodical and to distribute the Periodical to restaurants and other local establishments within a specified geographic area, and seeks to enter into licensing agreements with any such qualified candidates to be Franchisor's prospective Franchisees throughout the United States; and

Whereas Franchisee recognizes the benefits to be derived from being identified with and franchised by Franchisor, and being able to utilize the system, names and marks which Franchisor makes available, and is desirous of obtaining from Franchisor a license to receive, print and distribute the Periodical and to employ Franchisor's sales methods and techniques; and

Whereas Franchisee proposes to establish a sales organization which adequately covers the region subject to this Agreement and promote the goodwill of the Periodical;

Now, therefore, in consideration of the mutual covenants herein contained, Franchisor and Franchisee hereby agree as follows:

### 1. GRANT OF FRANCHISE.

1.1 Grant and Acceptance. Subject to the terms and conditions contained herein, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the exclusive rights to receive, print and distribute the Periodical within the municipal or geographic boundaries of \_\_\_\_\_ and /or such territories defined in the attached Schedule A of this Agreement, for use solely as indicated herein and for the period beginning on the date hereof and continuing until the Agreement shall terminate as hereinafter provided. Franchisee may not purchase more than twenty (20) such Franchises in the aggregate under this Agreement and other separate licensing agreements. Franchisor does not recognize the expansion of the municipal or geographic boundaries by voluntary annexation, annexation by statute, or involuntary annexation during the term of this agreement.

1.2 Nonexclusivity. Franchisor and Franchisee agree that this Agreement shall be nonexclusive in that Franchisor is free to license other franchisees, provided that such franchisees do not operate within the municipal or geographic boundaries of \_\_\_\_\_, the region covered by this Agreement.

## 2. FRANCHISE FEE PAYMENTS:

2.1 Fee Payments. In consideration of the Franchise granted by Franchisor to Franchisee and the services to be rendered hereunder, Franchisee shall pay to Franchisor as follows:

(a) Deposit. A non-refundable deposit of \$9,500.00 to secure exclusivity and compensate Franchisor for the provision of thirteen (13) weekly editions of the Periodical over the course of the initial three (3) months of this Agreement concluding on \_\_\_\_\_, 20\_\_\_\_ (the "Initial Period"), or, in the case of multiple licensing agreements entered into between Franchisor and Franchisee, as set forth in Schedule A attached hereto and incorporated herein. The payment of \$9,500.00 must be made in the following manner:

|            |                                                       |
|------------|-------------------------------------------------------|
| \$ 500.00  | is to be paid before draft of the Franchise agreement |
| \$9,000.00 | is to be paid upon signing of the Franchise agreement |
| \$9,500.00 | TOTAL                                                 |

(b) Postponement Fees. In the event that Franchisee wishes to postpone the start date of Franchisee's business by one month or more, Franchisee needs to pay for additional \$1,000.00 to us to obtain such extension and hold Franchisee's area for such one or more months before Franchisee pays the full amount due under the Agreement.

(c) Weekly Fees. For the first Franchise granted to Franchisee, weekly payments of \$80 per week beginning upon the conclusion of the Initial Period. In the case of multiple franchises granted to Franchisee under separate licensing agreements, weekly payments of \$25 per week for each additional franchise purchased, to be charged for each week beginning after the first nine (9) months of Franchisee's operation in accordance with Schedule A.

(d) Additional Franchises. For any additional franchises granted to Franchisee under a separate licensing agreement, a non-refundable deposit of \$7,000.00 to be paid in accordance with Schedule A. However, following the end of the initial term of this Agreement, Franchisee shall pay a non-refundable deposit equal to the then prevailing rate for new franchisees to purchase an additional franchise.

(e) Method of Payment. Except as provided in Schedule A, payment by Franchisees of weekly fees beginning with the fourth month term of this Agreement shall be made by credit card or check or optionally, by preauthorized automatic debit to the Franchisees demand deposit account, when available.

(f) Adjustment of Weekly Fees. Commencing on March 1 of each year of the term of this Agreement, the weekly fees may be adjusted upward or downward by Franchisor, subject to a maximum increase equal to the increase in the "Consumer Price Index of Urban Wage Earners and Clerical Workers- (CPI-W, 1982-1984 - 100)" published by the Bureau of Labor Statistics U.S. Department of Labor. This percentage increase in the cost of living shall be calculated from the percentage of change in the CPI-W from the first day of the



term year immediately prior to the instant term year to the first day of the instant term year.

(g) There are no other initial fees or payments required for services or goods before the date of the agreement. The date of the agreement is considered Franchisee's date of opening Franchisee's franchised business. Three months after Franchisee's opening Franchisee will pay a required Weekly fee for the continued support and services from Franchisor including receipt of copy or content for Franchisee's periodical as indicated in Section 2.1 (c) above. The Weekly fee is more fully explained in Item 5 of the Franchise Disclosure Document. Initial fees and payments will be due upon Franchisor's completion of all pre-opening obligation.

2.2 Failure to Make Payment. Unless otherwise prohibited by law, failure to make payment of either the deposit for additional or weekly fees in accordance with Schedule A for a period of sixty (60) days from the due date may result in the loss of all Franchises and termination of receipt of the Periodical by Franchisee, at the option of Franchisor.

### 3. TERM AND RENEWAL.

3.1 Term. The term of this Agreement shall commence upon execution hereof by all parties hereto and shall expire on \_\_\_\_\_ 31, 20\_\_\_\_, subject to earlier termination pursuant to the terms of this Agreement.

3.2 Renewal. Franchisee shall have the right to automatically renew this agreement for subsequent four (4) year periods provided that:

(a) Performance of Obligations. Franchisee has duly performed its obligations hereunder to the satisfaction of Franchisor;

(b) Agreement In Force. This Agreement is in full force at the end of the term provided for in paragraph 3.1 and Franchisee is not then in breach of any terms hereof;

(c) Renewal Terms. The Franchisee hereby agrees that upon renewal, the Franchisee shall comply with the then current Coffee News Franchise Agreement, except that there shall be no additional deposit from the Franchisee. Franchisor shall furnish the Franchisee with a copy of Franchisor's then current Franchise Agreement (and related agreements), which Agreement the Franchisee must execute no later than 3 months prior to the expiration of this Agreement.

(d) Notice. Franchisee must give written notice to Franchisor of its exercise of its option to renew at least six (6) months prior to the end of the first term, or at least six (6) months prior to the end of the first term of any renewal thereof.

### 4. SUPPLY OF PERIODICAL.

4.1 Form of Periodical. Franchisor shall supply to Franchisee a copy of the Periodical in a good quality photocopied state (the "Copy"). The Copy shall contain the format and information to be included under all sections of the Periodical except the "What's Happening" section. Franchisee shall provide the local information of interest

to its customers in the "What's Happening" section including a schedule of events occurring in the region such as sports events, concerts and festivals.

4.2 Frequency of Supply. Franchisor shall post the Copy on the company web page for download by Franchisee in eight-week increments, with each download containing eight (8) weekly editions of the Copy. The Copy shall be posted online no later than five (5) business days prior to the end of the previous eight (8) week period. Franchisor may deliver the Copy to Franchisee by electronic transfer, provided that Franchisor and Franchisee mutually agree upon the method and technology to be used for such transfer.

4.3 Responsibility For Supply. Franchisee acknowledges that Franchisor is a mere franchisee of 2703203 Manitoba, Inc. The delivery of Copy to Franchisee is dependent upon the continued production by 2703203 Manitoba Inc. of such Copy according to the terms of a licensing agreement entered into between 2703203 Manitoba Inc. and Franchisor and, to the extent that 2703203 Manitoba Inc. does not deliver Copy to Franchisor, Franchisee's sole recourse shall be to 2703203 Manitoba Inc. In the event that 2703203 Manitoba Inc. does not deliver copy to Franchisor, Franchisor is authorized but is not obligated to supply archival Copy until supply by 2703203 Manitoba Inc. is resumed. If 2703203 Manitoba Inc. should for any reason be permanently unable to supply Copy, Franchisor shall have the right to produce and supply Copy to Franchisee under the terms of a separate agreement entered into between Franchisor and 2703203 Manitoba Inc.

4.4 Printing Service. Franchisee acknowledges and agrees that it will purchase the printing services from Coffee News Printing, LLC in Houlton, Maine for a minimum period of one (1) year from the date of this Agreement. Upon expiration of such one (1) year, Franchisee may continue using the printing service of Coffee News Printing, LLC, but has the option to purchase printing service from another print shop. The goods or services sold buy us or our affiliate to you may only be marked-up to the extent that they cover corresponding costs or expenses incurred in procuring or producing these goods and services. If Franchisor provides Franchisee with financing to purchase minimum of four or more franchised units, subject to the initial payment of the training fees referenced in Paragraph 10 hereof, Franchisee agrees that it shall use the printing services of Coffee News Printing, LLC during the term of the loan.

## 5. CONTENT OF PERIODICAL.

5.1 MAINTENANCE OF CONTENT. Except as provided for herein, Franchisee shall not edit, change, add to, eliminate from, or alter in any way the contents or format of the Periodical without the prior written consent of Franchisor. For clarity, Franchisee agrees that the unalterable characteristics of the Periodical (the "Format") include, but are not limited to, the following:

- (a) Size. Eleven inches by seventeen inches (11" x 17") page size format.
- (b) Coloring. Light brown coloring of paper.

(c) Format. Two-sided printing with each page divided into three (3) columns, with the two (2) border columns each allowing for eight (8) advertisements arranged vertically and a center column allowing for the publication of information.

(d) Sections. On the cover page, the center column shall be divided into 5 sections entitled as the "Coffee News" heading, "Everybody's Talking", "Quoteable Quotes", "What's Happening" and "Trivia". On the reverse side, the center column shall be divided into 4 sections referred to as "Your Weekly Horoscope", "Did You Know", "On the Lighter Side" and "Answers" (to "Trivia" section on the cover page).

(e) Proportions of Advertisements. The proportions of all advertisements are of equal size, approximately two and seven-eighths inches by two inches (2 7/8" x 2"), in a rectangular rounded corner box with one open corner.

(f) Advertisement Borders. The borders of advertisements are in a series of backwards and forwards "S" shapes.

5.2 General Editorial Control. Franchisor shall exercise editorial supervision over the Periodical and may make such changes as it may deem necessary and advisable. Franchisor shall have final authority regarding the content of the Periodical.

## 6. NAMES, MARKS AND TRADE SECRETS.

6.1 Franchise of "Coffee News" Name and Format. Nothing in this Agreement shall be construed as an assignment or grant to Franchisee of any right, title or interest in or to the "Coffee News" name or Format, it being understood that all rights relating hereto are reserved by 2703203 Manitoba Inc., a corporation of the Province of Manitoba, Canada and Franchisor except for this license to use the "Coffee News" name and Format only as specifically and expressly provided in this Agreement. Furthermore, nothing in this Agreement shall be construed as an assignment, grant or license to Franchisee of any right, title or interest in any trade names, service marks, trade symbols, emblems, signs, slogans or insignia not designated by this Agreement as licensed to Franchisee, which may be developed by Franchisor for use with other franchisees. Franchisee recognizes the great value of the goodwill associated with the "Coffee News" name and Format and acknowledges that the name and rights therein and goodwill pertaining thereto belong to Franchisor and 2703203 Manitoba Inc. Franchisee hereby agrees that every use of the "Coffee News" name and Format shall inure to the benefit of Franchisor and 2703203 Manitoba Inc. and that Franchisee shall not at any time acquire any rights in such name. Franchisee agrees that it will not, while this Agreement is in effect or thereafter, attack the title or any rights of Franchisor or 2703203 Manitoba Inc. in and to the "Coffee News" name or Format or attack the validity of this license of the use of such name or Format or do anything which would jeopardize or diminish Franchisor's rights to or the value of such name.

6.2 Use of Trade Secrets. Franchisee shall not directly or indirectly furnish to any other party any confidential information as to the "Coffee News" Format, methods of operation, advertising, promotion, ideas or any other information relating to Franchisor's business of "Coffee News" without the written consent of Franchisor. The provisions contained herein shall survive the termination, expiration, transfer, assignment, of this Agreement. Franchisee shall execute a non-disclosure or

confidentiality agreement with its employees, officers, key personnel, agents, or stockholders, as the case may be, that such employees, officers, key personnel, agents, or stockholders, as the case may be, shall be bound by the contractual provisions contained in this paragraph, and will be liable for damages, reasonable attorney fees and court cost if the Franchisor and/or Franchisee has to enforce their contractual rights by legal actions.

## **7. OBLIGATIONS OF FRANCHISOR.**

In addition to the other obligations in this Agreement, Franchisor has the following obligations:

7.1 Operations Manual. Franchisor shall provide to Franchisee an operations manual describing how to arrange the distribution of the Periodical within the region covered by this Agreement, how to sell advertising, how advertising in the Periodical operates and how to design such advertisements, how to determine the suggested pricing of advertising, and how to determine coverage areas. This manual also will include sample Filler ad Advertisements, office supply samples such as sample insertion orders, sample business cards, envelopes and monthly sales envelopes for use by Franchisee in producing its own supplies of such materials (The "Operations Manual").

7.2 Trade Information. Franchisor shall disclose to Franchisee the unique marketing and sales techniques employed in the design and format of the Periodical.

7.3 Periodical Holders and Other Products. Franchisor shall disclose the design of the Periodical holder if Franchisee desires to have such holders made locally and to allow the purchase of either Periodical holder labels or Periodical holders with labels attached from Franchisor preferred vendor, Darter Specialties, 514 Cornwall Avenue, P.O. Box 188, Cheshire, CT 06410 or other vendors to be named in the future.

7.4 Support Services. Franchisor shall provide Franchisee with support services as deemed reasonable and advisable by Franchisor. This could include but not be limited to telephone conferencing, a newsletter, business and marketing ideas, form and display rack samples, and other networking concepts as they develop in the future.

## **8. OBLIGATIONS OF FRANCHISEE.**

In addition to the other obligations in this Agreement, Franchisee has the following obligations:

8.1 Best Efforts. Franchisee shall use its best efforts to promote the Periodical by obtaining advertisers for the Periodical in the Franchisee's region. Franchisee shall distribute the Periodical to as many restaurants, hotels, coffee shops and other outlets directed by Franchisor as possible and to otherwise distribute the Periodical in such other ways as Franchisor may deem to be in the best interest of both parties.

8.2 Payment of Debts: Adverse Action. Franchisee shall pay promptly when due all taxes, accounts, and indebtedness of any kind incurred by Franchisee in the conduct of its business unless being contested actively in good faith. Franchisee shall pay any tax assessed by any State or other taxing authority in Franchisee's designated region on fee payments to or other revenue received by Franchisor from Franchisee. Franchisee agrees to notify Franchisor in writing within five days of the commencement of any action, suit, or proceeding which, if decided adversely to Franchisee, would materially and adversely affect Franchisee's financial condition and to notify Franchisor within five days of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality which adversely affects Franchisee's financial condition.

8.3 Spendthrift Provision. This license will be and remain personal and exclusive to Franchisee to the fullest extent authorized or permitted by law. No part of any interest of Franchisee under the provisions of this instrument will be subject to garnishment, levy, or seizure by any creditor or any other person claiming against or in the right of Franchisee under any proceeding or writ at law or in equity. Franchisee agrees not to pledge or encumber this Agreement, without the express written consent of the Franchisor.

8.4 Laws and Licenses. Franchisee shall comply with all applicable federal, state and local laws and regulations. Franchisee and its employees shall obtain and at all times maintain any and all permits, certificates or licenses necessary for the full and proper operation under the Franchise granted herein.

8.5 Non competition During and After Term of Agreement. During the term of this Agreement and for a period of two (2) Years after the termination, expiration, transfer, or assignment of this Agreement, Franchisee, either as individuals or a business entity, their family members or the officers, directors, other key personnel, employees or stockholders, as the case may be, shall not directly or indirectly, through corporations, partnerships, trusts, associations, joint ventures, or unincorporated businesses, perform any services for, engage in or acquire, be an employee of, have any financial, beneficial, or equitable interest in, or have any interest whatsoever in any publication of a type similar to the Periodical that operates within the region covered by this agreement. Franchisee shall execute a non-competition agreement with its employees, officers, key personnel, agents, or stockholders, as the case may be, that such employees, officers, key personnel, agents, or stockholders, as the case may be, shall be bound by the contractual provisions contained in this paragraph, and will be liable for damages caused by violation of the provision contained herein plus reasonable attorney fees and court cost if the Franchisor and/or Franchisee has to enforce their contractual rights by legal actions.

8.6 Guarantee to Advertisers. Franchisee shall guarantee to advertisers that advertisements run in the Periodical shall be "either error-free or free of charge".

8.7 Continuing Archive. Franchisee shall provide Franchisor with a continuing archive of two (2) complete copies of every issue of the Periodical printed and distributed in Franchisee's geographic area. Franchisee shall mail such copies to Franchisor on a monthly basis, with mailing to occur on the first business day of every month.

8.8 Outlet List. Franchisee shall provide to Franchisor every six (6) months an updated list of outlets distributed through and the number of copies of the Periodical distributed in Franchisee's region.

8.9 Supply to Outlets. Franchisee shall ensure that each outlet has a sufficient number of copies to cover each weekly seven (7) day period.

8.10 Periodical Holders. Franchisee shall ensure that each outlet has a Periodical holder in use and shall replace any lost, broken or stolen holder promptly.

8.11 Notification of Violations. Franchisee shall immediately notify Franchisor of any apparent infringements of or challenges to the use of the "Coffee News" name or Format or Franchisee's Franchised business in the region covered by this Agreement. Franchisee shall not communicate with any person other than Franchisor, 2703203 Manitoba Inc., and its counsel in connection with any such infringement, challenge or claim. Franchisee agrees that 2703203 Manitoba Inc. shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation or other administrative claim or action relating to any such infringement, challenge or claim. Any money, damages or other benefits arising out of such infringement, challenge or claim shall accrue to 2703203 Manitoba Inc. Franchisee agrees to execute any and all instruments and documents, render such assistance and perform such acts as may, in the opinion of the counsel of 2703203 Manitoba Inc., be necessary or advisable, to protect and maintain the interests of 2703203 Manitoba Inc., Franchisor and its franchisees in any litigation or administrative proceeding or to otherwise protect and maintain the interest of 2703203 Manitoba Inc. and Franchisor in the "Coffee News" name and Format or their businesses.

8.12 Independent Contractor Status and Indemnification. Franchisee is an independent contractor or licensee of the Franchisor, and is not an agent, legal representative, joint venturer, partner, employee, servant or agent of Franchisor, for any purpose whatsoever. Franchisee is not authorized to make any contract, lease, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor. Franchisee shall be responsible for, and shall promptly pay when due, all expenses of Franchisee's franchised business, including, but not limited to all taxes and levies connected with the said franchised business and any income arising therefrom. Franchisor shall not be liable for any such expenses, taxes, levies or disbursements otherwise paid or incurred in connection with the establishment and maintenance of the aforesaid business.

8.13 Indemnity. Franchisee will indemnify Franchisor and its employees and hold them harmless from and against all losses, claims, actions, damages, liabilities and expenses, including attorneys fees, arising from loss of life, personal injury, damage to property or any other loss or injury suffered by Franchisor's agents, employees or third parties, arising directly or indirectly from, or as a result of, or in connection with Franchisee's operation of the Periodical business in the franchised area or by reason of Franchisee's use of the system, names or marks of the Periodical. Franchisee shall indemnify Franchisor and its employees and hold them harmless from and against all copyright or trademark challenges of Franchisee's right, title or interest in any trade names, service marks, trade symbols, emblems, signs, slogans or insignia used in Franchisee's franchised business. Further, Franchisee shall indemnify Franchisor and

its employees and hold them harmless from and against all claims arising out of Franchisee's use of any such social media network.

**8.14 The sale of Franchise by Franchisee.** Franchisee agrees not to pledge or encumber this Agreement except with the express written approval of Franchisor, to be granted in the Franchisor's sole discretion, which Franchisee may request in the event that Franchisee seeks to sell the Franchise granted hereunder to a third party who desires to use said Franchise as collateral for purchase financing. Franchisor shall have the authority to extend the term of this Agreement beyond the term set forth in paragraph 3 to enable a purchaser of the Franchise to obtain financing of said purchase if Franchisor, in his sole discretion, determines such extension to be necessary. Franchisee may request approval of the use of the Franchise granted hereunder as collateral and/or the extension of the term of this Agreement by written request sent to address provided under paragraph 14.

**8.15 Compliance with Coffee News Social Media Policies.** Franchisee acknowledges and agrees to comply with Coffee News Social Media Policies that Coffee News adopted that may be amended from time to time. It is acknowledged that the franchisees are responsible for their own content posted or published through the social media and are responsible for complying with all laws and regulations and third-party site terms and conditions. Coffee News will not have any liability for the Franchisee's use of social media sites. Additionally, Coffee News does not have responsibility or obligation for monitoring Franchisee's compliance with such laws, regulations, and third-party terms and conditions. Any approval by Coffee News of the use of social media sites or monitoring thereof does not constitute a representation that the franchisees are in compliance with these laws, regulations or terms and conditions. The franchisees are responsible for monitoring their own employees, representatives, agents, etc. to ensure compliance with these requirements set forth in the Policies. A copy of the Coffee News Social Media Policy is attached hereto as Schedule D to this Agreement and all content of the Policy is incorporated as part of the Agreement.

## **9. RESERVATION OF RIGHTS.**

**9.1 Reservation of Rights.** All rights in the Periodical other than those specifically granted herein by Franchisor to Franchisee are reserved by Franchisor for full use by it or its assignees, transferees or licensees.

## **10. TRAINING**

**10.1 Training Program.** Franchisor offers a three day Coffee News College every 8-13 weeks for all North American franchisees. All signatories to this Franchise Agreement are required to attend the next available Coffee News College. All existing franchisees may attend future initial training programs voluntarily.

**10.2. Training Program.** Such training consists of 3 day classroom program utilizing both veteran franchisees and corporate staff to provide a combination of lectures and hands on involvement. There is also time allowed for networking between you and veteran franchisees during this period. The training is normally offered in Bangor, Maine and at other random locations around North America on at least one (1) additional occasion, depending upon the volume of new franchisees. The topics covered in the 3

day training program include without limitation sales, advertisement, design, billing, collections, distribution, marketing, and startup.

10.3. Expenses. The initial training program is at no additional cost to you. The one-time training fee of \$2,500.00 is included in the \$9,500.00 initial franchise fees. However, you are responsible for your own travel and hotel stay expenses. Your attendance of subsequent training program will be at your own expenses.

10.4 When Franchisee obtains finance for full funding to purchase minimum of four franchises subject to Paragraph 4.4 hereof, Franchisee shall attend the next Coffee News College at the time of purchase.

## 11. SUCCESSORS AND ASSIGNMENT.

11.1 Successors and Assigns of Franchisor. All rights of Franchisor in this Agreement shall inure to the benefit of Franchisor's successors and assigns.

11.2 Nontransferability of Franchisee's Interest. Franchisee agrees that its interest in this Agreement is not transferable and shall not be sold, pledged, hypothecated, assigned or transferred without the express written consent of Franchisor, provided that Franchisor's consent shall not be unreasonably withheld. When a transfer is granted by Franchisor, the transferee franchisee shall execute Coffee News' then current Franchise Agreement and related documents to govern the remaining term of this Agreement.

11.3 Ownership Changes. If Franchisee is a corporation or partnership, Franchisee agrees to notify Franchisor of any change in stock ownership or partnership interest in Franchisee while this Agreement is in effect. Any such change which, together with all prior changes, results in a change of the person or persons having control of the entity shall be a transfer subject to the provisions of this paragraph 10 and its subparagraphs.

11.4 Transfer Upon Death or Permanent Incapacity. Immediately upon the death or permanent incapacity of the Franchisee or if the Franchisee is a corporation, upon its dissolution or upon the death of any person with a substantial or controlling interest in the Franchise, the Franchisee has the following options:

- a) if requested by the Franchisee's heirs, Franchisor, at its sole discretion, may allow a family member of the Franchisee or another officer of the Franchisee entity continue to temporarily operate the franchise. Such temporary operation may be converted to a full-term operation, which will be contingent upon Franchisor's approval after said family member has developed sufficient skill necessary to operate the franchised business; or
- b) if the officer(s) of the Franchisee's entity decides to sell the Franchise, Franchisor, at its sole discretion, may allow a temporary operating agreement until the Franchise is sold; If the Franchisee's entity is registered as a sole proprietor, Franchisor at its sole discretion may allow a temporary operating agreement signed by a responsible and duly authorized person until such time as the Franchise is sold or transferred to a new owner with Franchisor's approval; or



- c) the Franchise shall be transferred automatically back to Franchisor and by signing this Franchise Agreement, the Franchisee agrees that his/her interest in the franchised business shall not be part of probate of his/her estate.

A transfer fee in the amount of \$2,500.00 may be assessed and required for transfers set forth in above Sections 11.4 (a) and (b) depending upon the skill level and knowledge of the buyer or transferee.

## 12. LEGAL FEES ASSOCIATED WITH FRANCHISE.

12.1 Legal Fees Associated With Franchise. Franchisee shall bear the expense of all legal fees, costs and expenses associated with the operation of the Franchise granted herein. Such fees shall include, but not be limited to, the costs associated with the determination of the legal requirements of and compliance with the statutes, ordinances and regulations regarding arrangements of this type in the State of \_\_\_\_\_. Franchisee shall supply Franchisor with a letter of opinion, drafted by an attorney qualified and licensed to practice law in the State of \_\_\_\_\_, stating that this Agreement and Franchisee's operation of its Franchised business hereunder are in full compliance with the statutes, ordinances and regulations of the State of \_\_\_\_\_.

## 13. BREACH, DEFAULT AND TERMINATION.

13.1 Breach by Franchisee. If Franchisee breaches or defaults under any provision of this Agreement, Franchisor shall have all rights and remedies permitted by law or equity, including, but not limited to, the right of termination. Any termination by Franchisor shall have no effect upon Franchisee's obligation to pay the non-refundable deposit due in accordance with subparagraph 2.1 (a) and/or Schedule A. The forfeiture by Franchisee of such non-refundable deposit in the case of termination shall be liquidated damages and not a penalty. For the purposes of this paragraph, a default or breach shall include, but not be limited to, the following:

(a) Unlicensed Distribution. The printing or distribution of unlicensed or unauthorized issues of the Periodical.

(b) Similar Publication. The printing, distribution or participation in, directly or indirectly, any publication of a similar type to the Periodical.

(c) Insolvency. The insolvency, bankruptcy or placement in receivership of Franchisee.

(d) Criminal Offenses. The conviction of Franchisee or its principal shareholder with a major criminal offense which, by its nature and by the potential long-term imprisonment threatened, would result in serious damage to the reputation of the Periodical or the effective business operation of Franchisor.

(e) Attachment or Seizure. Attachment or seizure of any of Franchisee's assets, provided Franchisor is certain that such seizure or attachment is an extreme threat to the continued successful operation of the exclusive license.

(f) Nonpayment. Failure to pay when due the deposit payments, due in accordance with subparagraph 2.1 (a) and/or Schedule A, or weekly fees, due in accordance with subparagraph 2.1(b) and/or Schedule A, for sixty (60) consecutive days whether or not Franchisor has advised Franchisee in writing of such failure.

(g) Mental Incompetency. The mental incompetency of Franchisee, its operator or principal shareholder.

(h) Breach or Default. The Breach or default by Franchisee under any other contract or agreement between Franchisee and Franchisor.

(i) Lack of Communication. The Franchisee has not communicated with Franchisor within 10 weeks of Franchisor's three (3) attempts of contact via phone, email or such other reasonable methods.

(j) Others. Failure to comply with any requirements of this Agreement.

13.2 NON Waiver by Franchisor. Neither Franchisor's waiver of a breach or default by Franchisee, nor delay or failure to exercise any right upon breach or default, nor acceptance of any payment, shall be deemed a waiver nor shall the same impair rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice shall not preclude the later assertion of other additional defaults or breaches.

13.3 Termination By Franchisee. Franchisee shall have the right to terminate this Agreement by providing Franchisor with written notice to Franchisor one hundred twenty (120) days prior to the effective date of such termination. Franchisee shall have the right to terminate this Agreement within the Initial Period covered by the non-refundable deposit, in which case the non-refundable deposit shall be forfeited to Franchisor as liquidated damages and not as a penalty. Any termination by Franchisee shall have no effect upon Franchisee's obligation to pay the non-refundable deposit due in accordance with subparagraph 2.1(a) and/or Schedule A.

#### 14. EFFECT OF TERMINATION.

14.1 Effect Upon Franchisee's Rights. Upon termination of this Agreement for any reason, all of Franchisee's rights hereunder shall forthwith cease and Franchisee shall not thereafter publish or use the Periodical or any part thereof or the system, names and marks associated with the Periodical in any manner whatsoever.

14.2 Continuation of Franchisor's Rights. Upon termination of this Agreement for any cause whatsoever, all rights, title and interest in and to the Periodical shall remain with Franchisor as holder of an exclusive license covering the United States.

14.3 Return of Materials. Upon termination of this Agreement for any reason, Franchisee shall return the Operations Manual, all printed and working copies of the Periodical then in existence plus all advertiser lists, present advertiser identities, telephone numbers and addresses, together with all files and records pertinent to such customers in the licensed area, monthly sales records up to the date of termination, all camera-ready artwork in connection with the Periodical, holders and all printed back issues.

15. NOTICES.

15.1 Notices. All notices, requests, payments, demands and reports to be given under this Agreement are to be in writing, delivered by hand, telegram, certified or registered mail, or courier service guaranteeing overnight delivery, except that regular 6 month reports from Franchisee and shipments of Copy by Franchisor may be sent by regular mail, to the following address (which may be changed by written notice):

FRANCHISOR:

Coffee News USA, Inc.  
One Cumberland Place, Suite 102  
Bangor, ME 04401

Phone: 207-941-0860

FRANCHISEE:

Email Address:

Phone:

Notice by mail shall be deemed received on the third business day after mailing or upon actual receipt, whichever is earlier.

16. INTERPRETATION.

16.1 Amendments. This Agreement constitutes the entire agreement between the parties and may not be changed except with a written document signed by both parties with the exception of the amendments. Nevertheless, nothing in this Agreement or in any related agreement is intended to disclaim the representations that Franchisor has made in the franchise disclosure document.

16.2 Choice of Law and Consent To Jurisdiction. This Agreement shall be governed by the laws of the State of Maine. Franchisor and Franchisee agree that any legal or equitable action for claims, debts or obligations arising out of, or to enforce the terms of, this Agreement may be brought by either party in the United States District Court for the District of Maine, or in any courts of the State of Maine, and that such court shall have personal jurisdiction over the parties and the venue of the action shall be appropriate in such court.

16.3 Construction of Language. The language of this Agreement shall be construed according to its fair meaning and not strictly for or against either party. All

words in this Agreement refer to whatever number or gender the context requires; if more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes only and do not control interpretation. All the terms and words used in this Agreement, regardless of the number or gender in which they are used, shall be deemed and construed to include any other number (singular or plural) or any other gender as the context or sense of this Agreement, or any section or clause hereof, may require.

**16.4 Successors.** References to Franchisor or Franchisee include such successors, assigns, or transferees as are permitted in accordance herewith.

**16.5 Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that part shall be deemed modified to the extent necessary to make it valid and operative, or if it cannot be so modified, then severed, and the remainder of the Agreement shall continue in full force or effect as if the Agreement had been signed with the invalid portion so modified or eliminated.

**16.6 Exhibits and Schedules.** All exhibits and schedules attached hereto are incorporated by reference in the appropriate paragraph and form a part of the Agreement.

**16.7 Enforceability.** The parties to this Agreement understand and agree that, if any portion of the restrictive covenants set forth in this Agreement is held to be unreasonable, arbitrary, or against public policy, then that portion of those covenants shall be considered divisible as to time and region. The parties to this Agreement agree that if any court or competent jurisdiction determines that the specified time period or the specified region of application of any covenant is unreasonable, arbitrary, or against public policy, then a lesser time period, geographical area or both, that is determined to be reasonable, non-arbitrary, and not against public policy, may be enforced against the parties hereto. The parties to this Agreement agree and acknowledge that they are familiar with the present and proposed operations of "Coffee News" Franchises and believe that the restrictive covenants in this Agreement are reasonable with respect to their subject matter, duration, and geographical application. Notwithstanding that the parties agree that any court of competent jurisdiction may modify the time period or specify geographical area of applicability in this agreement, the parties do not intend that a court be able to modify the payment terms set forth herein.

**16.8 Arbitration.** Except for obtaining injunctive relief by either party against actual or threatened conduct that would cause irreparable harm to that party, all controversies, disputes or claims arising under this Agreement between Franchisor and Franchisee shall be submitted for arbitration to the Office of the American Arbitration Association nearest to Franchisor on demand of either Franchisor or Franchisee. Such arbitration proceedings shall be conducted in Bangor, Maine. Except as otherwise provided in this Agreement, such claims shall be heard by one arbitrator in accordance with the then Current Commercial Arbitration Rules of the American Arbitration Association. The administrative cost of the arbitration, including the cost of the arbitrator, shall be borne equally by the parties. Each party shall be responsible for the payment of its own attorneys' fees and expenses. At Franchisor's request, the arbitrator shall require Franchisee to produce all books and records of the Franchisee's business for Franchisor's examination and use as evidence in the arbitration. The arbitrator shall have the authority to award all relief at law or equity but shall not have the

authority to award exemplary or punitive damages. The award and decision of the arbitrator shall be conclusive and binding upon the parties and judgment upon the award may be entered in any court of competent jurisdiction identified in paragraph 15.2 above, including an order pursuant to an opinion of the arbitrator for specific performance of any of the requirements of this Agreement. Franchisor and Franchisee agree that any contest of such award shall be in the courts specified in Paragraph 15.2 above. The arbitrator shall not add, delete, modify or amend any of the terms of this Agreement. This Agreement to arbitrate shall continue in full force and effect subsequent to and not withstanding the expiration or termination of this Agreement. During the period of any dispute or arbitration, the terms of this Agreement will remain in full force and effect on all parties, including the payment of all fees due in accordance with Schedule A and including the use of the trademark by the Franchisee.

*[The remainder of the page intentionally left blank]*

17. SIGNATURES:

\_\_\_\_\_ IN WITNESS THEREOF the parties have signed this Agreement on the day and year first above written.

FRANCHISOR:

WITNESS:

Coffee News USA, Inc.  
One Cumberland Place, Ste. 102  
BANGOR, ME 04401

By \_\_\_\_\_  
WITNESS:  
President

William A. Buckley, Its

FRANCHISEE:

WITNESS:

By \_\_\_\_\_

WITNESS:

By \_\_\_\_\_

## SCHEDULE A - Option

### 1. REGION

\_\_\_\_\_, including seasonal Franchises:

Projected Coffee News Franchises =

### 2. DEPOSIT PAYMENT

Deposit: \$ \_\_,000.00 due on or about \_\_\_\_\_ 1, 2019.

### 3. RETURN OF FRANCHISES

After every six months, Franchisee has the option to return the remainder of Franchisee's Franchise(s) if Franchisee is unable to put such Franchises into operation. If Franchisee's Franchises/ licenses are not in operation but Franchisee desires to maintain possession of such Franchises, Franchisee may pay the next level of licensing fees.

### 4. WEEKLY LICENSING FEES

Feb 1/\_\_\_\_ - and on ... \$ 80.00/wk (1  
CN's)

Please note: Timing of the weekly licensing fees is over-generous on purpose- to allow Franchisee more than enough time to get the entire region in operation well before Franchisee reaches his/her maximum licensing fees.

Also, if Franchisees are able to put more Coffee News publications in operation than Franchisee's licensing fees expect, that is to Franchisee's benefit only. Franchisee's licensing fees do not increase. In the event that Franchisee decides to sell Franchisee's Franchises / licenses, the new buyer will pay to Franchisor a transfer fee of \$ 2,500.00 and will pay licensing fees based on the number of Coffee News publications in operation at the time of the sale.

**SCHEDULE B  
PROMISSORY NOTE**

\$ \_\_\_\_\_, 20\_\_

I, \_\_\_\_\_ [name and address of the Franchisee] doing business as \_\_\_\_\_ [trade name of his business] (the "Debtor") promise to pay to the order of **Coffee News USA, Inc.** at One Cumberland Place, Bangor, Maine 04401 (the "Holder"), the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the amount is called "principal") plus interest accruing at the Annual Percentage Rate (APR) of \_\_\_\_\_ percent ( \_\_\_\_\_ %) and such other finance charges, if any.

1. The payments shall be made as follows:

|                              |                |
|------------------------------|----------------|
| Principal Amount Financed:   | \$ _____       |
| Annual Interest:             | _____ %        |
| Duration of Loan:            | _____ (months) |
| Start Date of Loan:          | _____          |
| Monthly Payment:             | \$ _____       |
| Total Number of Payments:    | _____          |
| Principal Amount to be paid: | \$ _____       |
| Finance Charges to be paid:  | \$ _____       |
| Total Cost of the loan:      | \$ _____       |

2. Each monthly payment shall be made on the \_\_\_\_\_ day of each calendar month beginning on \_\_\_\_\_, 20\_\_. Debtor will make these payments every month until he/she have paid all of the principal and interest and any other charges described above that he/she may owe under this Note. In no event shall any monies continue to be owed after \_\_\_\_\_, 20\_\_, which is called the "maturity date." Any unpaid balance may be pre-paid at any time without penalty.

3. The Debtor acknowledges and hereby agrees to grant Holder, with any and all the licensed rights to the territory that was granted to Debtor in the foregoing Coffee News Franchise Agreement, to secure the payment set forth in this Promissory Note and to secure the performance of all covenants and agreements contained herein. In the event of a failure to pay interest, principal or any other amount due on this Promissory Note in accordance with its terms, or of a breach of any other covenant, condition or agreement contained herein, remaining uncured for a period in excess of five (5) days (except that no grace period shall be permitted for a default under this Note or the foregoing Coffee News Franchise Agreement), or any breach in the covenants, conditions or agreements in any instrument given in connection with the Promissory Note and debt secured hereby, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the undersigned, or if the foregoing Coffee News Franchise Agreement for which the parties have entered into this Promissory Note is terminated for any reason, then the entire debt secured hereby, together with all charges to which Holder would be entitled under the Promissory Note or by law if the Promissory Note were prepaid in full, shall be due and payable. Holder shall have the right to realize upon the security granted herein, and the payment and acceptance of any sum on account of this note shall not be considered a waiver of such right of election. The failure at any time of Holder to exercise this option shall not constitute a waiver of

the right to exercise the right at any other time. Upon realizing the security granted herein, Holder has the right and power to sell the Franchise that was granted to Debtor in the foregoing Coffee News Franchise Agreement.

4. If the Promissory Note is not paid when due and shall be placed by the Holder in the hands of any agent or attorney for collection through legal proceedings or otherwise, the undersigned shall pay to the Holder the costs and reasonable expenses of collection, including without limitation, reasonable attorney's fees.

5. This Schedule B and the Promissory Note contained herein shall be governed by and construed according to the laws of the State of Maine.

6. Nonperformance of either party shall be excused to the extent that performance is rendered impossible by strike, fire, flood, governmental acts, orders or restrictions, or any other reason where failure to perform is beyond the control and not caused by the negligence of the non-conforming party.

7. The parties agree that neither party may assign or transfer any rights and obligations under this Schedule B, directly or indirectly except upon the prior written consent of the other party. Subject to the foregoing, this Schedule B shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

8. If any provision of this Schedule B is held to be invalid by a court of competent jurisdiction, then the remaining provisions shall nevertheless remain in full force and effect.

The undersigned hereby acknowledges receipt of a filled-in copy of this Schedule B, the Promissory Note, and Exhibit A to this Promissory Note (the Guaranty of Performance), which is incorporated as party of this Schedule B by reference. The undersigned acknowledges and agrees that he/she has read and understand the entire Schedule B and that he/she has been offered an opportunity to obtain legal consultation in connection with the Schedule B and the Promissory Note contained herein before his/her signature.

IN WITNESS WHEREOF, the parties hereto have executed this Promissory Note contained herein on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**Holder:**

**Debtor:**

Coffee News USA, Inc  
By: William A. Buckley  
Title: President

[Franchisee's name]  
By:  
Title:

[witness]

[witness]



STATE OF MAINE )  
 ) SS.  
COUNTY OF PENOBSCOT )

Personally appeared before me on this \_\_\_\_\_ day \_\_\_\_\_, 20\_\_\_\_, the above named William A. Buckley to me known to be the person who executed the foregoing Schedule B as President of the above named Holder and, being duly sworn, stated upon that the Schedule B is true and correct.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

Personally appeared before me on this \_\_\_\_\_ day \_\_\_\_\_, 20\_\_\_\_, the above named \_\_\_\_\_ (the "Debtor") to me known to be the person who executed the foregoing Schedule B as \_\_\_\_\_ of the above named Debtor and, being duly sworn, stated upon that the Schedule B is true and correct.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

**SCHEDULE C  
PROMISSORY NOTE  
(An alternative option to SDHCEDULE B)**

\$ \_\_\_\_\_, 20\_\_

I, \_\_\_\_\_ [name and address of the Franchisee] doing business as \_\_\_\_\_ [trade name of his business] (the "Debtor") promise to pay to the order of **Coffee News USA, Inc.** at One Cumberland Place, Bangor, Maine 04401 (the "Holder"), the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the amount is called "principal") and such other finance charges, if any.

1. The payments shall be made as follows:

Principal Amount Financed: \$ \_\_\_\_\_  
Duration of Loan: \_\_\_\_\_ (months)  
Start Date of Loan: \_\_\_\_\_

Monthly Payment (\$25.00/week  
for each franchised unit): \$ \_\_\_\_\_

Total Number of Payments: \_\_\_\_\_  
Principal Amount to be paid: \$ \_\_\_\_\_  
Finance Charges to be paid: \$ \_\_\_\_\_  
Total Cost of the loan: \$ \_\_\_\_\_

2. Each monthly payment shall be made on the \_\_\_\_ day of each calendar month beginning on \_\_\_\_\_, 20\_\_. Debtor will make these payments every month until he/she have paid all of the principal and interest and any other charges described above that he/she may owe under this Note. In no event shall any monies continue to be owed after \_\_\_\_\_, 20\_\_, which is called the "maturity date." Any unpaid balance may be pre-paid at any time without penalty.

3. The Debtor acknowledges and hereby agrees to grant Holder, with any and all the licensed rights to the territory that was granted to Debtor in the foregoing Coffee News Franchise Agreement, to secure the payment set forth in this Promissory Note and to secure the performance of all covenants and agreements contained herein. In the event of a failure to pay interest, principal or any other amount due on this Promissory Note in accordance with its terms, or of a breach of any other covenant, condition or agreement contained herein, remaining uncured for a period in excess of five (5) days (except that no grace period shall be permitted for a default under this Note or the foregoing Coffee News Franchise Agreement), or any breach in the covenants, conditions or agreements in any instrument given in connection with the Promissory Note and debt secured hereby, or if a proceeding in bankruptcy, receivership or insolvency shall be instituted by or against the undersigned, or if the foregoing Coffee News Franchise Agreement for which the parties have entered into this Promissory Note is terminated for any reason, then the entire debt secured hereby, together with all charges to which Holder would be entitled under the Promissory Note or by law if the Promissory Note were prepaid in full, shall be due and payable, Holder shall have the

right to realize upon the security granted herein, and the payment and acceptance of any sum on account of this note shall not be considered a waiver of such right of election. The failure at any time of Holder to exercise this option shall not constitute a waiver of the right to exercise the right at any other time. Upon realizing the security granted herein, Holder has the right and power to sell the Franchise that was granted to Debtor in the foregoing Coffee News Franchise Agreement.

4. If the Promissory Note is not paid when due and shall be placed by the Holder in the hands of any agent or attorney for collection through legal proceedings or otherwise, the undersigned shall pay to the Holder the costs and reasonable expenses of collection, including without limitation, reasonable attorney's fees.

5. This Schedule C and the Promissory Note contained herein shall be governed by and construed according to the laws of the State of Maine.

6. Nonperformance of either party shall be excused to the extent that performance is rendered impossible by strike, fire, flood, governmental acts, orders or restrictions, or any other reason where failure to perform is beyond the control and not caused by the negligence of the non-conforming party.

7. The parties agree that neither party may assign or transfer any rights and obligations under this Schedule C, directly or indirectly except upon the prior written consent of the other party. Subject to the foregoing, this Schedule C shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

8. If any provision of this Schedule C is held to be invalid by a court of competent jurisdiction, then the remaining provisions shall nevertheless remain in full force and effect.

The undersigned hereby acknowledges receipt of a filled-in copy of this Schedule C, the Promissory Note, and Exhibit A to this Promissory Note (the Guaranty of Performance), which is incorporated as party of this Schedule C by reference. The undersigned acknowledges and agrees that he/she has read and understand the entire Schedule C and that he/she has been offered an opportunity to obtain legal consultation in connection with the Schedule C and the Promissory Note contained herein before his/her signature.

IN WITNESS WHEREOF, the parties hereto have executed this Promissory Note contained herein on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**Holder:**

**Debtor:**

Coffee News USA, Inc  
By: William A. Buckley  
Title: President

[Franchisee's name]  
By:  
Title:

[witness]

[witness]

STATE OF MAINE )  
 ) SS.  
COUNTY OF PENOBSCOT )

Personally appeared before me on this \_\_\_\_\_ day \_\_\_\_\_, 20\_\_\_\_, the above named William A. Buckley to me known to be the person who executed the foregoing Schedule C as President of the above named Holder and, being duly sworn, stated upon that the Schedule C is true and correct.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

Personally appeared before me on this \_\_\_\_\_ day \_\_\_\_\_, 20\_\_\_\_, the above named \_\_\_\_\_ (the "Debtor") to me known to be the person who executed the foregoing Schedule C as \_\_\_\_\_ of the above named Debtor and, being duly sworn, stated upon that the Schedule C is true and correct.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

## EXHIBIT A TO SCHEDULE B and/or SCHEDULE C

### GUARANTY OF PERFORMANCE

(To Be Executed by Principal Stockholder(s) If Franchisee/Debtor is a Corporation, professional corporation, partnership, limited liability partnership, limited liability company)

FOR VALUE RECEIVED, and in consideration for, and as in inducement to Coffee News USA, Inc. as the Holder to make the foregoing Schedule B / C to Coffee News Franchise Agreement with \_\_\_\_\_ [name of the Franchisee/Debtor], as the Debtor (the "Schedule B"), the undersigned, who each own 5% or more of the Debtor, unconditionally guarantee the full performance of all the covenants, conditions and agreements therein provided to be performed and observed by the Debtor and the Debtor's successors and assigns pursuant to the Schedule B / C and the Promissory Note contained therein, and expressly agrees that the validity of this Guaranty of Performance and the obligations of the guarantor(s) hereunder shall not be terminated, affected or impaired by reason of the granting by Holder of any indulgences to Debtor or by reason of the assertion by Holder against Debtor of any of the rights or remedies reserved to Holder pursuant to the provisions of the Schedule B / C or by the relief of Debtor from any of Debtor's obligations under said Schedule B / C by operation of law or otherwise (including without implied limitation, the rejection or assignment of the Schedule B / C and/or the Promissory Note) in connection with proceedings under bankruptcy laws now or hereafter enacted), irrespective of Holder's consent or other action or inaction with respect to such relief, the undersigned hereby waiving notice, protest, demand of the acceptance of this Guaranty all suretyship defenses and all defenses in the nature thereof.

The undersigned further covenants and agrees that this Guaranty shall continue in full force and effect as to any modification or extension of the Schedule B / C, whether or not the undersigned shall have received any notice of or consented to such modification or extension. The undersigned further agrees that the undersigned's liability under this Guaranty shall be primary, and that in any right of action which shall accrue to Holder under said Schedule B / C, Holder may, at Holder's option, proceed against the undersigned and Debtor, jointly and severally, and may proceed against any or all of the undersigned without having commenced any action against or having obtained any judgment against Debtor. In addition to any other remedies Holder may have against the undersigned and the obligations of the undersigned to Holder, the undersigned shall reimburse Holder for all costs and liabilities incurred by Holder in connection with the enforcement of this Guaranty of the Schedule B / C or a default under either including, without limitation, all costs of collection and reasonable attorney's fees. No party liable under this Guaranty shall be entitled to rights of subrogation against any party or interest in the Schedule B / C before the full performance and observance of all covenants, conditions and agreements of the Schedule B / C.

It is agreed that the failure of Holder to insist in any one or more instances upon a strict performance or observance of any of the terms, provisions or covenants of the Schedule B / C or to exercise any right therein contained shall not be construed or deemed to be a waiver or relinquishment for any subsequent performance or observance of such term, provision, covenant or right, but the same shall continue and remain in full force and effect. Receipt by Holder of payment with knowledge of the breach of any provision of the Schedule B / C and the Promissory Note contained therein shall not be deemed a

waiver of such breach.

No assignment or other transfer of the Schedule B / C or any interest therein shall operate to extinguish or diminish the liability of the undersigned guarantor(s) under this Guaranty. Wherever reference is made to the liability of Debtor named in the Schedule B, such reference shall be deemed likewise to refer to the undersigned guarantor(s).

It is further agreed that all of the terms and provisions hereof shall inure to the benefit of the respective successors and assigns of Holder, and shall be binding upon the respective heirs, executors, administrators and assigns of the undersigned.

If any provision of the Schedule B / C and/or Exhibit A to Schedule B / C is held to be invalid by a court of competent jurisdiction, then the remaining provisions shall nevertheless remain in full force and effect.

WITNESS THE EXECUTION UNDER SEAL, WHEREOF, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Guarantor(s):

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

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

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

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

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

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

## **SCHEDULE D**

### **Coffee News Social Media Policy For Coffee News Franchisees**

As the Franchisor of the Coffee News franchises, Coffee News USA, Inc. ("Coffee News" or "We") acknowledge that various technology and social media platforms such as Facebook, YouTube, Twitter, blogs, message boards, wikis, social networking services, video and photo sharing websites, etc., are changing the way people interact. The use of the social media to promote businesses is getting more popular than ever. We respect and support Coffee News Franchisees' (or "your") rights to interact with others through social media in a responsible and knowledgeable manner.

In the meantime, Coffee News, as it has always been, is committed to protect its interest including without limitation its Intellectual property rights, the goodwill associated with the Coffee News brand, contractual rights under the Coffee News Franchise Agreement, and the rights not to be harmed by conduct of others whose activities that Coffee News is not legally responsible. Coffee News Social Media Policy (the "Policy") will help the Coffee News franchisees make respectful and appropriate decisions about their interactions with others concerning Coffee News on the Internet. It is acknowledged that both Coffee News Agreement and Coffee News Franchise Disclosure Document contain the governing provisions relating to advertising which cover the use of social media. This Policy provides you with certain guidelines under the advertising provisions.

It is acknowledged that the Franchisees are responsible for their own content posted or published through the social media and are responsible for complying with all laws and regulations and third-party site terms and conditions. Coffee News will not have any liability for the Franchisee's use of social-media sites. Additionally, Coffee News does not have responsibility or obligation for monitoring Franchisee's compliance with such laws, regulations, and third-party terms and conditions. Any approval by Coffee News of the use of social media sites or monitoring thereof does not constitute a representation that the Franchisees are in compliance with these laws, regulations or terms and conditions. The Franchisees are responsible for monitoring their own employees, representatives, agents, etc. to ensure compliance with these requirements set forth in the Policies. Given the constant change and development of the technology, this Policy is subject to change and modification at any time.

WHEREFORE, Coffee News adopts the following Social Media Policies that all Coffee News Franchisees shall follow:

#### **1. General Guidelines:**

Coffee News suggests that all Franchisees, comply with the following general guidelines:

- a. Be professional and remember that you are part of the Coffee News brand. Wherever possible or appropriate, disclose your franchisee relationship with Coffee News.
- b. Keep your post and comments about your business.
- c. Be responsible and honest at all times.
- d. Be credible, accurate, fair and thorough.

- e. Post meaningful, respectful comments. No spam and no language that is offensive to others. When disagreeing with other's opinions, be objective and respectful.
- f. Keep in mind that your online post and comments are permanent.
- g. Whenever you post Coffee News trademark and/or logo online, make sure that you use the trademark and logo correctly in consistent with the Coffee News brand. We take great care to protect the brand and our web efforts and so should you.
- h. Do not post or link to any materials that are defamatory, harassing or indecent.
- i. Do not give a personal opinion that can be construed as judgmental. Do not talk about politics or religion. Stay away from causes.
- j. If you are unsure of whether you should post something or not, do not post it.
- k. Be aware of praise and criticisms posted by other people, competitors, customers, vendors about Coffee News and share those posts with Coffee News.

## **2. Username format**

Due to the importance of brand consistency and the risk of customer confusion, Coffee News suggests that a franchisee use a username including the wording "Coffee News," a space, and then end with the city in which the Franchisee is located. (e.g. "Coffee News\_ Maine.")

## **3. Compliance with laws, regulations and third-party terms**

The Franchisees are obligated to comply with all laws and regulations that are applicable to the use of social media. The Franchisees are prohibited from actions including without limitation defaming or disparaging competitors, customers, employees, suppliers, subcontractors, or Coffee News; harassing employees, customers, or any other individuals or entities; using copyrighted materials, trademarks or other proprietary materials in an infringing manner; discriminating against employment applicants; violating privacy laws and policies or otherwise misusing the proprietary information of others; or violating laws or other ethical standards, such as fraud or misrepresentation. All posts by the Franchisees on the site must be truthful and not misleading. The Franchisees are not encouraged to mention their competitors on the site, but if they do, the Franchisees must follow the guidelines contained in this Policy.

## **4. Confidential information**

The Franchisees may not use or post the confidential and/or proprietary information of Coffee News pursuant to the Coffee News Franchise Agreement, or breach any other restrictions on confidentiality or disclosure. Additionally, the Franchisees may not comment on legal matters, or private matters internal to the Coffee News franchise system. Further, the Franchisees need to carefully review the content of the site before publishing or posting and may not disclose proprietary information of their clients, customers or suppliers, or use the names of clients, customers or suppliers without permission.

## **5. Endorsements and testimonials**

The Franchisees shall comply with all rules and regulations concerning the endorsement of products pursuant to the 2012 FTC Endorsement Guidelines, as it



may be amended from time to time. If the Franchisee is in any way compensated relating to promote and post about a product, then any post by the Franchisee on that topic must disclose such relationship.

**6. Ownership of domain names, accounts and content**

In consistent with the Coffee News Franchise Agreement, any goodwill generated from Coffee News Franchisees' social media account belongs to Coffee News. Coffee News reserves the right of ownership to its Franchisees' social-media accounts, the content therein, and the domain names associated with these accounts.

**7. Franchisor-generated content**

From time to time, to keep the brand image consistent, the Franchisees may be required to post or use content provided by Coffee News.

**8. Exclusion of incendiary topics and the right to remove content**

To protect its brand, Coffee News reserves the right to monitor the use of social media and social networking by the Franchisees. Subject to Coffee News' sole discretion, Coffee News has the right to remove, or require a Franchisee to remove, any content posted by the Franchisee that violates this Social Media Policy, violates any laws or regulations, or that Coffee News feels is not consistent with an appropriate use of its trademarks and/or logo.

**9. Disclaimers**

Franchisees shall post or publish Disclaimers stating that the views and content of the site are those of the Franchisees, and do not necessarily reflect the position of Coffee News.

The Issuance date: \_\_\_\_\_, 20\_\_\_\_

**COFFEE NEWS FRANCHISE AGREEMENT  
SCHEDULE E**

**CONFIDENTIALITY ADDENDUM**

Attached to and made a part of the Coffee News Franchise Agreement among and between Coffee News USA, Inc., or 2703203 Manitoba Inc. (collectively the "Franchisor") and Coffee News franchisees (the "Franchisee"):

1. Any provision set forth in this attached Coffee News Franchise Agreement (the "Agreement") and/or its Exhibits which are inconsistent or contrary to the provisions set forth in this Confidentiality Addendum shall be void and have no effect. All other terms shall remain in full force and effect.
2. Parties acknowledge that Franchisor developed a Franchisor website-based customer relationship management platform ("Coffee News CRM") which is available for Franchisee to manage his/her/its franchised business.
3. With respect to Franchisee's customers information or data that the Franchisee has entered into the password protected Coffee News CRM account ("Franchisee's Confidential Information"), Franchisor shall not disclose the Franchisee's Confidential Information for Franchisor's marketing programs without prior consent of the Franchisee.
4. Within 30 days from the closing date of Franchisor's transfer, assignment, or sale of its interest in the Coffee News franchise business, Franchisor shall provide the Franchisee with notice of said transfer, assignment, or sale and offer the Franchisee an opportunity to modify or remove any Franchisee's Confidential Information.
5. Nevertheless, the Franchisee shall be deemed to have given Franchisor his/her/its consent to disclose the Franchisee's Confidential Information and the Franchisor shall not be held liable for disclosing the same if:
  - a. The Franchisee voluntarily surrender or return to Franchisor the franchised Territory pursuant to the Agreement; or
  - b. The Franchisee has failed to communicate with Franchisor regardless of Franchisor initiated communication for 10 weeks or longer, which has caused termination of the Agreement; or
  - c. The Franchisee fails to modify or remove the Franchisee's Confidential Information within 30 days after Franchisor's notice of Franchisor's transfer, assignment or sale.

*[The remainder of the page intentionally left blank]*

IN WITNESS THEREOF the parties have signed this Confidentiality Addendum on the day and year first above written.

FRANCHISOR:

WITNESS:

Coffee News USA, Inc.  
One Cumberland Place, Ste. 102  
BANGOR, ME 04401

By \_\_\_\_\_  
WITNESS:  
President

William A. Buckley, Its

FRANCHISEE:

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

By \_\_\_\_\_

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

By \_\_\_\_\_

# **EXHIBIT      B**

## **COFFEE NEWS Newsletter Sample**

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*Better for you than Candy  
 Last Longer than Pizza  
 Give A Gift from the Heart*  
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 Celebrating 30 Years**  
  
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 Weekend Grop beginning at 8AM, Feb. 8  
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 Vol. 1 No. 47E Feb. 8, 2008  
 www.CoffeeNewsJackson.com

**Everybody's Talking**  
**Who will come?** It's a subject most people don't talk about openly, but everyone probably spends some time thinking about who would attend their funeral and what might be said about them. Amir Vehabovic, of Gradiska, Bosnia, decided to take his musings farther by faking his death to see who would come to mourn him. He ordered a false death certificate and he bribed undertakers to provide an empty coffin, then sent invitations to 45 people to attend his funeral. Spying from the nearby bushes, he was dismayed that only his elderly mother showed up. "I really thought more of you would turn up," he wrote in an angry letter to his friends.  
**Long time to wait:** Alan Brogan and Irene Kinnair met and fell in love when they were youngsters in an orphanage together. At the ripe age of 9, Alan told Irene he was going to marry her someday. It finally happened... 50 years later. Soon after his declaration of love, Alan was moved to another orphanage and the friends lost touch with one another. Forty years later, they met again, but Alan was in a relationship. But a decade after that, fate reunited them in Sunderland, England. They were both single, and the romantic attraction was still there. Four months later, they married. "Fifty years was a long time to wait," says Alan.

**Cool lady:** Sandy Gimpel may be 67 years old, but she's still flying high, jumping and falling, and risking life and limb. Gimpel is a stunt woman in Hollywood. She's done some high-flying, been trampled, and had a heyday doubling for such actresses as Cloris Leachman, Jodie Foster, Sally Field and Sarah Jessica Parker. "I don't want to ever quit," Gimpel says of her career choice. The five-foot wonder woman stays in shape by working out every day, and she has even produced her own workout video. "I want people who are getting older to beat the aging process," says Gimpel.  
**Quite an inheritance:** An American rock star, Isaac Slade, the lead singer of The Fray, and Baroness Sir Benjamin Slade, a British aristocrat with a \$15-million historic estate, have discovered they have something in common: family blood ties. And for Isaac, 29, that means he's in line to inherit Benjamin's 13th century English estate in Somerset. Slade senior had no heirs, so he set about to search for some and found Isaac, believed to be his only living relative. Slade junior is thrilled at the prospect of taking over the estate. Sir Ben is happy, too. "I am just over the moon to have found him," he says.

**Quoteable Quotes**  
 Where beams of imagination play, the memory's soft figures melt away.  
 Alexander Pope  
 The highest purpose of intellectual culture is to give a man perfect knowledge and mastery of his own inner self.  
 Novalis

**What's Happening**  
**Wild Pursuit:** The Leukemia & Lymphoma Society's Annual Gala, Wild Pursuit, For The Cure will be held Sat., Feb. 16 at The Country Club of Jackson, 7pm. til midnight. The evening will include wild game cuisine, cash bar, live & silent auctions, and entertainment by Aquanet. For ticket or further info call (601) 956-7447.  
**Victorian Valentines:** Children ages 5 to 12 are invited to create a Victorian Valentine craft at the Mansion House Museum, 420 E. Fortification St., Jackson, on Tuesday, Feb. 12, 3:30-4:30pm. Free, reservations required. Info call (601) 961-4724.  
 To include your community event in What's Happening, fax (601) 898-9857 or email to: coffee.news.lady@bellsouth.net.

**For A Chance To Win \$25.00**  
 1. Find the Ad with the hidden Coffee Cup graphic.  
 2. Cut out the Ad and mail it along with completed entry form to:  
 Coffee News Contest • 107 Rockwood Dr. • Madison, MS 39110  
 Name \_\_\_\_\_ Phone \_\_\_\_\_ Age \_\_\_\_\_  
 Address \_\_\_\_\_  
 When do you get up each day? \_\_\_\_\_  
 I will \$25.00 winner drawn each month. Winners will be announced in future issues of Coffee News. One entry per household weekly. Thank you! B

**Trivia**  
 1. The world's largest spider is named after which biblical character?  
 2. How many karats is pure gold?  
 3. The practice of decorating a Christmas tree originated in which European country?  
 4. Which Alexander discovered the first antibiotic?  
 5. Back, Blanket, and Buttonhole are all types of what?  
 (Flip bottom of page for answers)  
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 Call Amy at (601) 954-4232 for further info.  
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 Requirements: The technician works the entire production area, repairing any equipment that is damaged and performing preventive maintenance on equipment.  
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Call Diane at (601) 955-7988 today!

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## Your Weekly Horoscope

**ARIES** (March 21 - April 20)  
You may decide to change the decor of your home, or you may attend a musical or artistic event that exposes you to new styles that are different. Lucky numbers: 4, 8, 13, 14, 32, 42.

**TAURUS** (April 21 - May 21)  
Your perception of people gets rather hazy; you tend to see them through rose-colored glasses. It is best not to make firm commitments at this time. Lucky numbers: 2, 4, 29, 30, 31, 45.

**GEMINI** (May 22 - June 21)  
If you have creative or artistic inclinations, your work will blossom. You can come up with some really lovely, inspiring images. Lucky numbers: 6, 8, 10, 12, 47, 48.

**CANCER** (June 22 - July 23)  
It's a good time to get a new perspective on your lifestyle, but don't force yourself to make important decisions while you are not comfortable with any alternatives. Lucky numbers: 4, 14, 19, 32, 45, 46.

**LEO** (July 24 - Aug. 23)  
Physical thrills and excitement have a strong appeal for you now, and you want to do something new and out of the ordinary. Try a new sport. Lucky numbers: 8, 10, 13, 42, 43, 49.

**VIRGO** (Aug. 24 - Sept. 23)  
Your needs for love, companionship, friendship, and sharing are very strong now, and you won't want to be alone or go off to do solitary work. Lucky numbers: 14, 18, 29, 33, 34, 38.

**LIBRA** (Sept. 24 - Oct. 23)  
Practical concerns dominate. It's a good time to learn practical skills, do your taxes, organize your files, and take care of business. Lucky numbers: 5, 12, 15, 21, 40, 48.

**SCORPIO** (Oct. 24 - Nov. 22)  
A significant development in a close relationship or strong feelings of affection to someone you encounter are very likely at this time. Lucky numbers: 3, 13, 24, 26, 36, 47.

**SAGITTARIUS** (Nov. 23 - Dec. 21)  
A trip, or a lot of activity, is very likely. A significant conversation, learning from another, and getting ideas and perceptions across to others is also likely. Lucky numbers: 11, 12, 15, 28, 44, 45.

**CAPRICORN** (Dec. 22 - Jan. 20)  
You may hear from someone who has important information for you or feel a pressing need to write or call someone else in order to bring some matter in the open. Lucky numbers: 2, 6, 11, 25, 29, 37, 41.

**AQUARIUS** (Jan. 21 - Feb. 19)  
Your desire for love and affection, as well as beauty and pleasure, is strong now and you act on feelings and creative impulses more readily than usual. Lucky numbers: 3, 15, 19, 24, 25, 31.

**PISCES** (Feb. 20 - March 20)  
You have a very artistic and no-nonsense attitude at this time and are rather critical, skeptical, or cautious about new ideas. Deep, quiet study and solitary reflection is favored. Lucky numbers: 4, 8, 26, 28, 29, 33.

**Lucky numbers this week:** This week's odds favor Aries, Cancer, and Pisces winners with the luckiest numbers being 4 and 32.

## Did You Know...

**Quirky:** In the 1960s, physicist Murray Gell-Mann needed a word for subatomic particles. He chose "quark," a word he first read in the book *Finnegans Wake*, which was written by James Joyce.

**Hissy fit:** The deadly king cobra, the huge, hooded snake of southeast Asia, will try to avoid contact with humans if possible. However, if startled, it will stick its head up, spread its hood and hiss. As well, it sways from side to side. These are the cues that tell the human visitor to back away.

**First toothpaste:** Getting your teeth clean about 4,000 years ago involved using a paste devised by Egyptian physicians who mixed pumice stone and strong wine vinegar together. It was brushed on using a chew stick.

**Clean face:** Ancient Egyptian males were proud of a nice hairless face. A clean-shaven mug was a status symbol, and members of the royal family were buried with their collection of bronze shaving razors.

## On the Lighter Side

Did you ever notice when you blow in a dog's face he gets mad at you? But when you take him in a car he sticks his head out the window?

Children are natural mimics. They act like their parents in spite of every attempt to teach them good manners.

Heat causes things to expand. Thus, in summer the days are longer.

Mathematics is 10% inspiration... and 99% perspiration.

When people run around and around in circles we say they are crazy. When planets do it we say they are orbiting.

You can't tell which way the train went by looking at the track.

There is absolutely no substitute for a genuine lack of preparation.

Someone who thinks logically is a nice contrast to the real world!

## Answers

Little numbers: 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

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She got her Coffee News at Carol Long's Flowers

Pick up a new issue of **Coffee News** each week at any of the following Byram area locations:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>A Tanning Spa</li> <li>Backyard Burgers</li> <li>Baptist Medical Center</li> <li>Bo Don's</li> <li>Bob's Frozen Custard</li> <li>Byram Family Doctors</li> <li>Byram Farmer's Market</li> <li>Car Thai</li> <li>Chimneyville Smokehouse</li> <li>China Super Buffet</li> <li>Conoco</li> <li>Courthouse Raquets &amp; Fitness</li> <li>Covered</li> <li>Davis Tux &amp; Auto</li> <li>Day &amp; Inn</li> <li>Deuce McAllister Nissan</li> <li>Donut Factory</li> <li>Dragon Garden Restaurant</li> <li>Elton Rd. Chevron</li> <li>El Sombrero</li> <li>Escon Super Store</li> <li>Escon The Filling Station</li> <li>Fernando's</li> <li>Friend's &amp; Co. Hair Studio</li> <li>Heart &amp; Soul Massage</li> </ul> | <ul style="list-style-type: none"> <li>Therapy Clinic</li> <li>Turkey Mexican Grill</li> <li>Kruger Deli</li> <li>Magnolia Mini Storage</li> <li>McDonald's</li> <li>MEA Medical Clinic</li> <li>Pig Shik BBQ</li> <li>Pizza Hut</li> <li>Poli's Drug Store</li> <li>Portabella's</li> <li>Reed Pierce's</li> <li>Stamp's Fishhouse</li> <li>Stamps Superbazaar</li> <li>Serving Delta Fish House</li> <li>Wynolds Steakhouse</li> <li>Wynolds Road Canteen</li> </ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

and many more in Clinton, North Jackson, Rankin County, Madison & Ridgeland.

# **EXHIBIT**

**C**

## **COFFEE NEWS Financial Statements**

**COFFEE NEWS USA, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2019, 2018 and 2017**

**With Independent Auditor's Report**



# **COFFEE NEWS USA, INC.**

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**Edwards, Faust & Smith**  
CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

The Boards of Directors  
Coffee News USA, Inc.

We have audited the accompanying financial statements of Coffee News USA, Inc. which comprise the balance sheets as of December 31, 2019, 2018, and 2017, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coffee News USA, Inc. as of December 31, 2019, 2018, and 2017, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 10 to the financial statements, in 2019, the entity retrospectively adopted new accounting guidance issued by the Financial Accounting Standards Board ("FASB"), Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). Our opinion is not modified with respect to this matter.

*Edwards, Faust & Smith*

February 28, 2020

# COFFEE NEWS USA, INC.

## Balance Sheets

December 31, 2019, 2018 and 2017

|                                                                                                   | <u>2019</u>       | <u>(Restated)<br/>2018</u> | <u>(Restated)<br/>2017</u> |
|---------------------------------------------------------------------------------------------------|-------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                                                                                     |                   |                            |                            |
| Current assets                                                                                    |                   |                            |                            |
| Cash                                                                                              | \$ 421,847        | \$ 394,275                 | \$ 599,566                 |
| Accounts receivable, net of allowance for doubtful<br>accounts of \$90,000 in 2019, 2018 and 2017 | 141,548           | 183,712                    | 158,232                    |
| Inventory                                                                                         | <u>-</u>          | <u>-</u>                   | <u>9,085</u>               |
| Total current assets                                                                              | <u>563,395</u>    | <u>577,987</u>             | <u>766,883</u>             |
| Other assets                                                                                      |                   |                            |                            |
| Furniture and equipment, net                                                                      | 86,767            | 110,285                    | 127,664                    |
| Repurchased licenses                                                                              | <u>17,500</u>     | <u>17,500</u>              | <u>17,500</u>              |
| Total other assets                                                                                | <u>104,267</u>    | <u>127,785</u>             | <u>145,164</u>             |
| Total assets                                                                                      | <u>\$ 667,662</u> | <u>\$ 705,772</u>          | <u>\$ 912,047</u>          |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                       |                   |                            |                            |
| Current liabilities                                                                               |                   |                            |                            |
| Accounts payable                                                                                  | \$ 4,840          | \$ 6,914                   | \$ 10,949                  |
| SEP-IRA payable                                                                                   | 12,687            | 30,754                     | 32,128                     |
| Accrued Payroll                                                                                   | -                 | -                          | 11,421                     |
| Current portion of deferred franchise sales                                                       | 133,310           | 138,123                    | 165,160                    |
| Current portion of long-term debt                                                                 | <u>8,700</u>      | <u>8,700</u>               | <u>13,200</u>              |
| Total current liabilities                                                                         | <u>159,537</u>    | <u>184,491</u>             | <u>232,858</u>             |
| Deferred franchise sales revenue                                                                  | 173,659           | 173,883                    | 178,569                    |
| Long-term debt, less current portion                                                              | <u>18,104</u>     | <u>26,798</u>              | <u>35,559</u>              |
| Total liabilities                                                                                 | <u>351,300</u>    | <u>385,172</u>             | <u>446,986</u>             |
| Stockholders' equity                                                                              |                   |                            |                            |
| Common stock, no par and no stated value                                                          | 4,053             | 4,053                      | 4,053                      |
| Retained earnings                                                                                 | <u>312,309</u>    | <u>316,547</u>             | <u>461,008</u>             |
| Total stockholders' equity                                                                        | <u>316,362</u>    | <u>320,600</u>             | <u>465,061</u>             |
| Total liabilities and stockholders' equity                                                        | <u>\$ 667,662</u> | <u>\$ 705,772</u>          | <u>\$ 912,047</u>          |

See accompanying notes to financial statements

# COFFEE NEWS USA, INC.

## Statements of Income and Retained Earnings

December 31, 2019, 2018 and 2017

|                                                       | 2019       | (Restated)<br>2018 | (Restated)<br>2017 |
|-------------------------------------------------------|------------|--------------------|--------------------|
| Revenues                                              | \$ 882,140 | \$ 1,117,578       | \$ 1,224,186       |
| Direct operating expenses                             | 239,087    | 377,737            | 336,029            |
| Gross profit                                          | 643,053    | 739,841            | 888,157            |
| General and administrative expenses                   |            |                    |                    |
| Salaries                                              | 253,737    | 310,486            | 321,284            |
| Fringe benefits                                       | 45,663     | 69,531             | 75,995             |
| Professional fees                                     | 94,980     | 92,911             | 87,741             |
| Supplies and repairs                                  | 58,213     | 82,943             | 74,685             |
| Rent                                                  | 33,350     | 38,575             | 26,700             |
| Property Tax                                          | 204        | 207                | 103                |
| Insurance                                             | 349        | -                  | -                  |
| Depreciation and amortization                         | 17,518     | 17,379             | 8,685              |
|                                                       | 504,014    | 612,032            | 595,193            |
| Other income (expense)                                |            |                    |                    |
| Interest                                              | 6,247      | 4,939              | 1,561              |
| Bad debts expense                                     | (42,519)   | -                  | -                  |
|                                                       | (36,272)   | 4,939              | 1,561              |
| Net income                                            | 102,767    | 132,748            | 294,526            |
| Retained earnings, beginning, as previously stated    | 612,449    | 782,500            | 673,430            |
| Retroactive restatement, 2703203 Manitoba             | 16,104     | 22,237             | 19,050             |
| Retrospective adjustment for ASC 606 revenue deferral | (312,006)  | (343,729)          | (375,444)          |
| Retained earnings, beginning, restated                | 316,547    | 461,008            | 317,036            |
| Distributions to stockholders                         | (107,005)  | (277,209)          | (150,554)          |
| Retained earnings, end of year                        | \$ 312,309 | \$ 316,547         | \$ 461,008         |

See accompanying notes to financial statements

**COFFEE NEWS USA, INC.**

**Statements of Cash Flows**

December 31, 2019, 2018 and 2017

|                                                                                     | <u>2019</u>       | <u>(Restated)<br/>2018</u> | <u>(Restated)<br/>2017</u> |
|-------------------------------------------------------------------------------------|-------------------|----------------------------|----------------------------|
| Cash flows from operating activities                                                |                   |                            |                            |
| Net income                                                                          | \$ 102,767        | \$ 132,748                 | \$ 294,526                 |
| Adjustments to reconcile net income to<br>net cash provided by operating activities |                   |                            |                            |
| Depreciation and amortization                                                       | 17,519            | 17,379                     | 8,685                      |
| Decrease (increase) in                                                              |                   |                            |                            |
| Accounts receivable                                                                 | 42,164            | (25,480)                   | 3,041                      |
| Inventory                                                                           | -                 | 9,085                      | 10,915                     |
| Increase (decrease) in                                                              |                   |                            |                            |
| Accounts payable                                                                    | (2,081)           | (4,032)                    | 3,107                      |
| Accrued payroll                                                                     | -                 | (11,421)                   | (909)                      |
| SEP-IRA payable                                                                     | (18,067)          | (1,374)                    | 8,509                      |
| Deferred franchise sales                                                            | (5,037)           | (31,723)                   | (31,716)                   |
| Net cash from operating activities                                                  | <u>137,265</u>    | <u>85,182</u>              | <u>296,158</u>             |
| Cash flows from investing activities                                                |                   |                            |                            |
| Disposal (purchase) of property and equipment                                       | <u>-</u>          | <u>-</u>                   | <u>(43,466)</u>            |
| Net cash from investing activities                                                  | <u>-</u>          | <u>-</u>                   | <u>(43,466)</u>            |
| Cash flows from financing activities                                                |                   |                            |                            |
| Proceeds from long-term debt                                                        | -                 | -                          | 43,466                     |
| Payments on long-term debt                                                          | (8,693)           | (13,261)                   | (10,252)                   |
| Distributions to stockholders                                                       | <u>(101,000)</u>  | <u>(277,212)</u>           | <u>(150,556)</u>           |
| Net cash from financing activities                                                  | <u>(109,693)</u>  | <u>(290,473)</u>           | <u>(117,342)</u>           |
| Net change in cash                                                                  | 27,572            | (205,291)                  | 135,350                    |
| Cash, beginning of year                                                             | <u>394,275</u>    | <u>599,566</u>             | <u>464,216</u>             |
| Cash, end of year                                                                   | \$ <u>421,847</u> | \$ <u>394,275</u>          | \$ <u>599,566</u>          |

See accompanying notes to financial statements

# COFFEE NEWS USA, INC.

## Notes to Financial Statements

December 31, 2019, 2018 and 2017

### 1. Summary of Significant Accounting Policies

#### Basis of Presentation

The accompanying financial statements include only the activities of Coffee News USA. In prior years, the financial included the activities of 2703203 Manitoba, Ltd, a Canadian corporation under common ownership. The Canadian Company owns the worldwide trademarks and franchise rights for Coffee News that are not owned by Coffee News USA. The change was made because the Canadian operations are entirely separate from the USA operations, and the common owner no longer wishes to include them. See Note 10 for a summary of the impact of this change.

#### Nature of businesses

Coffee News USA, Inc. (the Company) owns the franchise rights for Coffee News, a weekly restaurant publication, for the United States, Mexico, Central America and the Caribbean. Revenues are generated from the sale of franchises, promotional material, the collection of weekly royalty fees and transfer fees, and the operation of a training school for all new publishers in North America, including Canada. Receivables arise from the sale of franchises and collection of franchise fees.

#### Cash

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

#### Accounts receivable

Accounts receivable consist of amounts due for the sale of franchises, monthly royalty fees and, through October 2019, advertising from a local edition operated by the Company. The sale of franchises and the collection of royalties are due and payable in advance. The franchisee agreement provides for a 60 day grace period for franchise fees before the rights are lost. Franchises are either returned to the franchisor, sold or transferred by the franchisee, and any outstanding accounts receivable subsequently paid.

Accounts receivable over 90 days old totaled \$158,218 in 2019, \$133,432 in 2018 and \$125,516 in 2017.

Receivables with respect to franchise sales contracts totaled \$26,654 in 2019, \$80,751 in 2018, \$40,089 in 2017 and \$36,046 in 2016.

Management believes the system of work outs and collection minimizes losses due to bad debts. Bad debts are accounted for using the reserve method. Management believes the reserve is adequate to cover any uncollectible accounts at year end.

#### Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

#### Repurchased Licenses

The Company occasionally repurchases franchise rights from sub-franchisors who have not made significant progress in developing the areas or who choose to focus on other countries. Repurchased franchise rights are recorded at cost when repurchased and are expensed as licenses when sold.

#### Furniture and Equipment

Furniture and equipment are depreciated by straight-line and accelerated methods over the asset's estimated useful lives. The Company capitalizes equipment with an estimated useful life greater than one year.

# COFFEE NEWS USA, INC.

## Notes to Financial Statements

December 31, 2019, 2018 and 2017

### 1. Summary of Significant Accounting Policies

#### Revenue Recognition

Revenue from the collection of royalty payments, training fees, and product promotional sales are recognized monthly since they are earned at a point in time. Revenues from the sale of franchises are recognized over the term of the initial franchise agreement, generally four years. The Company provides franchisees with the weekly content and other support in accordance with the franchise agreement. The method of recognition of franchise fee revenue was changed in 2019 as discussed in Note 10.

#### Advertising Costs

Advertising costs of \$44,564, \$56,822 and \$32,000 for years ended 2019, 2018 and 2017 are charged to expense as they are incurred.

#### Income Taxes

Coffee News USA, Inc. is an S corporation under provisions of the United States Internal Revenue Code. As such, its income for federal income tax purposes is taxed at the shareholder level, and no income taxes are provided for the Company. Federal and state returns for 2019, 2018, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

### 2. Revenue and Deferred Franchise Revenues

#### Disaggregation of revenue from contracts with customers

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

|                                                      | <u>2019</u>       | <u>2018</u>         | <u>2017</u>         |
|------------------------------------------------------|-------------------|---------------------|---------------------|
| Performance obligations satisfied at a point in time | \$ 725,005        | \$ 933,356          | \$ 1,021,186        |
| Performance obligations satisfied over time          | <u>157,135</u>    | <u>184,222</u>      | <u>203,000</u>      |
| Total revenues                                       | <u>\$ 882,140</u> | <u>\$ 1,117,578</u> | <u>\$ 1,224,186</u> |

Revenue from performance obligations satisfied at a point in time consist of monthly royalty fees, local advertising sales, promotional product sales, and seminar fees.

Revenue from performance obligations satisfied over time consist of initial franchise sale contracts, all of which have four year terms.

#### Performance obligations

For performance obligations related to monthly royalty fees, local advertising sales, promotional product sales, and seminar fees, control transfers to the franchisee at a point in time. Accordingly, these revenues are recognized monthly.

For performance obligations satisfied over time, control transfers to the franchisee over the term of the franchise agreement, generally four years. As a result, franchise sales revenue is recognized on the straight line basis over the term of the contracts. The Company's franchise sales agreements do not contain variable consideration and contract modifications are generally minimal.

# COFFEE NEWS USA, INC.

## Notes to Financial Statements

December 31, 2019, 2018 and 2017

### 2. Revenue and Deferred Franchise Revenues

Sales of franchise income are as follows:

| <u>Contract year</u>                                 | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       |
|------------------------------------------------------|-------------------|-------------------|-------------------|
| 2013                                                 | \$ -              | \$ -              | \$ 22,587         |
| 2014                                                 | -                 | 36,664            | 73,328            |
| 2015                                                 | 28,498            | 56,996            | 56,996            |
| 2016                                                 | 28,679            | 28,679            | 28,679            |
| 2017                                                 | 42,821            | 42,821            | 21,410            |
| 2018                                                 | 38,125            | 19,062            | -                 |
| 2019                                                 | 19,012            | -                 | -                 |
|                                                      | <u>\$ 157,135</u> | <u>\$ 184,222</u> | <u>\$ 203,000</u> |
| Franchise sales income as a percent of total revenue | 17.8%             | 16.5%             | 16.6%             |
| New franchises sold                                  | 20                | 35                | 25                |

Deferred franchise sales are as follows:

| <u>Contract year</u> | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       |
|----------------------|-------------------|-------------------|-------------------|
| 2014                 | \$ -              | \$ -              | \$ 36,664         |
| 2015                 | -                 | 28,498            | 85,494            |
| 2016                 | 14,339            | 43,018            | 71,697            |
| 2017                 | 64,232            | 107,053           | 149,874           |
| 2018                 | 95,312            | 133,437           | -                 |
| 2019                 | 133,086           | -                 | -                 |
|                      | <u>\$ 306,969</u> | <u>\$ 312,006</u> | <u>\$ 343,729</u> |

### 3. Borrowing and Leasing

Long-term debt consists of:

Huntington National Bank 2.84% note due in monthly installments of \$884, including interest, through June 2018; collateralized by a vehicle

| <u>2019</u> | <u>2018</u> | <u>2017</u> |
|-------------|-------------|-------------|
| \$ -        | \$ -        | \$ 5,293    |

Ford Motor Credit 0% note due in monthly installments of \$724 through January 2023; collateralized by a vehicle.

|        |        |        |
|--------|--------|--------|
| 26,804 | 35,498 | 43,466 |
| 26,804 | 35,498 | 48,759 |

Less current portion

|       |       |        |
|-------|-------|--------|
| 8,700 | 8,700 | 13,200 |
|-------|-------|--------|

Long-term debt, excluding current portion

|                  |                  |                  |
|------------------|------------------|------------------|
| <u>\$ 18,104</u> | <u>\$ 26,798</u> | <u>\$ 35,559</u> |
|------------------|------------------|------------------|



# COFFEE NEWS USA, INC.

## Notes to Financial Statements

December 31, 2019, 2018 and 2017

### 3. Borrowing and Leasing

Maturities on long-term debt for the next five year are as follows:

|           |    |       |
|-----------|----|-------|
| 2020      | \$ | 8,700 |
| 2021      |    | 8,700 |
| 2022      |    | 704   |
| 2023-2024 |    | -     |

Coffee News USA, Inc. has a \$15,000 unsecured line of credit of which \$0 was outstanding at year end.

In 2017-2019 certain office space was provided by two stockholders under month to month lease arrangements calling for rent of \$9,000 per year. Rent for one of the stockholders was not paid during 2017 and was subsequently paid in 2018. In addition, the Company has a six year office lease with an unrelated party for \$2,050 per month, increasing to \$2,125 in 2020. Total lease expense for the offices was \$33,350 in 2019, \$38,575 in 2018, and \$26,700 in 2017.

Scheduled payments on operating lease obligations for the next five years are as follows:

|           |    |        |
|-----------|----|--------|
| 2020      | \$ | 24,975 |
| 2021      |    | 25,500 |
| 2022      |    | 14,875 |
| 2023-2024 |    | -      |

### 4. Retirement Plan

Coffee News USA, Inc. maintains SEP-IRA retirement accounts for employees. Contributions are discretionary and totaled approximately \$12,700 for 2019, \$30,800 for 2018, and \$32,100 in 2017.

### 5. Risk and Uncertainties

The Company sells franchises for the publication of the Coffee News publication worldwide. Future revenue growth will result from maintaining and expanding franchise sales and will be determined by the success of the franchise development staff and continued positive economic conditions worldwide.

Coffee News USA maintains substantially all its operating cash balances in two financial institutions that, at times, may exceed federally insured limits. It has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk with respect to these accounts. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

### 6. Repurchased Licenses

Repurchased licenses consist of the following:

|                         | 2019      | 2018      | 2017      |
|-------------------------|-----------|-----------|-----------|
| Deerfield, Illinois USA | \$ 17,500 | \$ 17,500 | \$ 17,500 |

During 2013, Coffee News repurchased the rights to 4 franchises in Deerfield, Illinois, USA for \$17,500 and is currently marketing them.

### 7. Furniture and equipment

Furniture and equipment consists of the following:

|                               | 2019       | 2018       | 2017       |
|-------------------------------|------------|------------|------------|
| Furniture and equipment       | \$ 151,124 | \$ 194,562 | \$ 194,562 |
| Less accumulated depreciation | (64,357)   | (84,277)   | (66,898)   |
|                               | \$ 86,767  | \$ 110,285 | \$ 127,664 |

# COFFEE NEWS USA, INC.

## Notes to Financial Statements

December 31, 2019, 2018 and 2017

### 8. Capital Stock

Coffee News USA has authorized 60,000 shares and 2,000 issued no par shares.

### 9. Related Party Transactions

The Company provides corporate vehicles to shareholders. Operating personnel are salaried employees. See Note 3 for information on leasing from related parties. In addition, Coffee News USA purchased printing services from Coffee News Printing, a business with one owner in common. Printing services totaled \$36,107 in 2019, \$36,982 in 2018 and \$34,653 in 2017.

There are no intercompany transactions or balances.

### 10. Accounting Changes

As discussed in Note 1, in prior years the Coffee News financial statements included both Coffee News USA and 2703203 Manitoba, the Canadian operations. In 2019, the statements include only the USA operations. The prior year financial statements have been retroactively restated to remove 2703203 Manitoba, which had \$47,100 of capital, \$(19,050) of retained earnings and \$(5,963) of cumulative foreign currency translation adjustments at the end of 2016. Retained earnings at the end of 2016 have been restated to remove Manitoba, leaving \$692,481 for Coffee News only.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASU's replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2019, the first day of the Company's fiscal year, using the full retrospective method restating all prior periods, and recorded a net change to beginning retained earnings of \$375,444 as of January 1, 2017 due to the cumulative effect of adopting ASC 606.

Following is a summary of earnings as originally reported and as restated:

|                                                                 | 2018       | 2017       |
|-----------------------------------------------------------------|------------|------------|
| Combined income as previously reported                          | \$ 105,151 | \$ 261,150 |
| Less 2703203 Manitoba                                           | (4,126)    | 1,661      |
| Income for Coffee News as previously reported                   | 101,025    | 262,811    |
| Retrospective effect of accounting change for franchise revenue | 31,723     | 31,715     |
| Income for Coffee News as restated                              | \$ 132,748 | \$ 294,526 |

Following is a summary of retained earnings restatement amounts related to 2703203 Manitoba:

|                                                      | 2018       | 2017       |
|------------------------------------------------------|------------|------------|
| Combined retained earnings as previously reported    | \$ 612,449 | \$ 782,500 |
| Less 2703203 Manitoba                                | 16,104     | 22,237     |
| Retained earnings Coffee News as previously reported | \$ 628,553 | \$ 804,737 |

# COFFEE NEWS USA, INC.

## Notes to Financial Statements

December 31, 2019, 2018 and 2017

### 10. Accounting Changes

The Balance sheets as of December 31, 2018 and 2017 have been further adjusted to reflect retrospective application of the new accounting standard as follows:

| <u>2018</u>                   | <u>As Previously<br/>Reported</u> | <u>ASC 606<br/>Adjustment</u> | <u>As<br/>Adjusted</u> |
|-------------------------------|-----------------------------------|-------------------------------|------------------------|
| Deferred franchise sales      | \$ -                              | \$ 312,006                    | \$ 312,006             |
| Retained earnings Coffee News | \$ 628,553                        | \$ (312,006)                  | \$ 316,547             |
| <u>2017</u>                   |                                   |                               |                        |
| Deferred franchise sales      | \$ -                              | \$ 343,729                    | \$ 343,729             |
| Retained earnings Coffee News | \$ 804,737                        | \$ (343,729)                  | \$ 461,008             |

### 11. New Pronouncements

#### Leases:

On February 25, 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under the new standard, lessees will be required to recognize lease assets and liabilities for most leases on their statements of financial position. The new standard will be effective for fiscal years ending June 30, 2021. Early adoption is permitted.

### 12. Subsequent Events

Subsequent events have been evaluated through February 28, 2020 which is the date the financial statements were available to be issued, and no additional matters were determined to require adjustment or disclosure.

# **EXHIBIT**

**D**

## **COFFEE NEWS Publishers List**

**EXHIBIT D**  
**COFFEE NEWS PUBLISHERS LIST (as of 12/31/2019)**

**International Coffee News Franchises**

**AUSTRALIA**

| NAME OF FRANCHISEE | ADDRESS / TELEPHONE              | # OF FRANCHISES |
|--------------------|----------------------------------|-----------------|
| Denise Maloney     | Arundel QLD 4214<br>0488 797 901 | 2               |
| <b>Total</b>       |                                  | <b>2</b>        |

**CANADA**

| NAME OF FRANCHISEE                   | ADDRESS/TELEPHONE                                                                | # OF FRANCHISES |
|--------------------------------------|----------------------------------------------------------------------------------|-----------------|
| <b>Alberta – 63</b>                  |                                                                                  |                 |
| Mike & Melynda Crampton              | 1333 25 Street, Box 2773<br>Didsbury, AB T0M 0W0<br>403-518-1281                 | 2               |
| Kerry Crapo                          | 23 Fairview Close<br>Brooks, AB T1R 0N7<br>403-793-0507                          | 1               |
| Lori & Cody Cunningham               | 39159 Range Rd. 10<br>Red Deer County T4S 2E3<br>403-314-0870                    | 1               |
| Bryon Farguson                       | RR 2, Site 15, Box 8<br>Red Deer, AB T4N 5E2<br>403-346-4141                     | 4               |
| Walter Heuvingh<br>Capital Marketing | Suite 331, 9768 170 <sup>th</sup> Street<br>Edmonton, AB T5T 5L4<br>780-220-6390 | 48              |
| Veronica Peterson                    | 37 Forest Drive<br>Sylvan Lake, AB T4S 1H4<br>403-864-4459                       | 1               |
| Amy Roseler                          | 143 Moraine Rd.<br>Canmore, AB T1W 1J6<br>403-431-0027                           | 2               |
| Duane & Carma Thomson                | 78 South 1st Street South<br>McGrath, AB T0K 1J0<br>403-759-1002                 | 3               |
| Dorothy Quaife                       | 128 Westview Drive<br>Sylvan Lake, AB T4S 1H5<br>403-887-3950                    | 1               |

| <b>British Columbia - 49</b>       |                                                                          |    |
|------------------------------------|--------------------------------------------------------------------------|----|
| Malcolm Campbell                   | 1920 Old Okanagan Rd.<br>Westbank, V4T 3K6<br>604-997-5926               | 4  |
| Jaret & Kim Dutour                 | #121 – 10215 St.<br>Surrey, BC V3R 4A8<br>604-861-3337                   | 4  |
| Brian Kaardal<br>Bite Me Marketing | 101 – 901 Island Way<br>Campbell River, BC V9W<br>2C2 250-287-2510       | 2  |
| Marco Oscarson                     | 6122 Brickyard Road<br>Nanaimo, BC V7L 3J4<br>250-751-7611               | 10 |
| Leander Sauer                      | 304-1561 Vidal St.<br>White Rock, BC V4B 5A7<br>604-306 – 5766           | 20 |
| Andrew Scott                       | 2312 Wakefield Dr.<br>Langley, BC V2Y 1B4<br>604-783-4192                | 4  |
| Dennis Tarr                        | 180 52A Street<br>Delta, BC V4M 3P6<br>604-839-0921                      | 4  |
| Andrew Zurrin                      | Box 355<br>Cranbrook, BC V1C 4H8<br>250-489-6112                         | 1  |
| <b>Manitoba - 12</b>               |                                                                          |    |
| Leslie Daum                        | 367 McMeans Avenue East<br>Winnipeg, Manitoba R2C<br>OW9<br>204-510-1540 | 2  |
| Alastair Gillespie                 | 182 Baltimore Road<br>Winnipeg, Manitoba R2C<br>OW9<br>204-793-1418      | 10 |
| <b>New Brunswick - 6</b>           |                                                                          |    |
| Sherry Arsenault                   | 90 Vincent Road<br>Quispamis, NB E2E 1T5<br>506-849-1446                 | 3  |
| Paul & Anne Babineau               | 49 Winter Ave.<br>Moncton, NB E1C 5x2<br>506-855-3776                    | 2  |
| Jack Dow                           | 527 Beaverbrook Court<br>Fredericton, NB E3B 1X6<br>506-453-9802         | 1  |
| <b>Newfoundland - 6</b>            |                                                                          |    |
| Tom Williamson                     | 42 Ocean View Rd.<br>Conception Bay South, NL<br>A1X 0E7 709-682-8028    | 6  |

| <b>Nova Scotia - 3</b>       |                                                                  |    |
|------------------------------|------------------------------------------------------------------|----|
| Glenn & Barbara Ash          | 74 Lynne Dr.<br>Sydney, NS B1P 2Z8<br>902-539-8290               | 1  |
| Jeff Dunham                  | 7 D'Aubin Lane<br>Kentville, NS B4N 2X6<br>902-365-4123          | 2  |
| <b>Ontario - 63</b>          |                                                                  |    |
| Mike Bell                    | 99 Badgley Rd. RR1<br>Carrying Place, ON K0K 1L0<br>613-438-5953 | 6  |
| Tony Brooks                  | 372 Larry Street<br>Port Stanley, ON N5L 1H5<br>519-672-6397     | 10 |
| Bonnie Craig                 | 2020 Dog Lake Rd.<br>Gorham, ON<br>807-767-2179                  | 1  |
| Derek Cross                  | 2733 Los Palmas Crt.<br>Mississauga, ON<br>L5N 2G6               | 14 |
| Kathy Eller                  | 320 Robinson St.<br>Woodstock, ON N4S 3B9<br>519-532-0762        | 3  |
| Craig Gilles                 | 3 Landsend Street<br>Sudbury, ON P3C 1B9<br>705-525-7073         | 2  |
| Karen Guse & Terry Gibbs     | 81 Strathcona Ave.,<br>Brantford, On. N3S 1T7<br>519-820-8665    | 3  |
| Gayle & Chris Hanlon         | 43 Chaplin Ave.<br>St. Catharines, ON L2R 2E4<br>519-878-9781    | 3  |
| Karen Halstead & Greg Davies | 29 White Water Dr.<br>Port Dover, ON N0A 1N9<br>519-583-2994     | 4  |
| John Janisse                 | 1613 Greenwood Cres. SS6<br>Belle River, ON<br>N0R 1A0           | 3  |
| Karen Newton                 | 25 Alfred Street West<br>Thornbury, ON<br>509-599-7099           | 4  |
| Betty van Riel               | 3642 Charlotte Ave.<br>Long Sault, ON K0C 1P0<br>613-938-6967    | 1  |
| Bonnie Wiatr                 | 19 South Parkwood Blvd.<br>Elmira, ON<br>N3B 3L1                 | 9  |

| <b>Prince Edward Island - 2</b>                                  |                                                                      |            |
|------------------------------------------------------------------|----------------------------------------------------------------------|------------|
| Brad Curran                                                      | 15. old Bedford Rd.<br>Mount Stewart, PE<br>902-388-6777             | 2          |
| <b>Saskatchewan - 5</b>                                          |                                                                      |            |
| Sheri Wotypka                                                    | Box 1174<br>Swift Current, SK S9H 3X3<br>306-741-2408                | 1          |
| Walter Heuvingsh<br>Capital Marketing<br>(Regina & Lloydminster) | Suite 331, 9768 170th Street<br>Edmonton, AB T5T 5L4<br>780-220-6390 | 4          |
| <b>Total</b>                                                     |                                                                      | <b>209</b> |

### **NEW ZEALAND**

| <b>FRANCHISEE</b> | <b>ADDRESS &amp; PHONE</b>                                           | <b># OF FRANCHISES</b> |
|-------------------|----------------------------------------------------------------------|------------------------|
| Helen Fisher      | P O Box 394<br>Pukekohe NZ 2120<br>021 644 427                       | 1                      |
| Hazely Windelborn | 92 Okahu Road<br>Kaitia NZ 0481<br>021 955 716                       | 1                      |
| Tina Brooke       | 25 Davington Way<br>Burswood, Auckland NZ 2013<br>021 0817 9021      | 1                      |
| Gail Henry        | 17 George Town Drive<br>Beachlands, Auckland NZ 2018<br>027 570 5055 | 2                      |
| Quinn Nguyen      | 9 Regent Street<br>Hamilton NZ 3216<br>022 016 2668                  | 1                      |
| Tania Collins     | 137 Wade River Road<br>Whangaparaoa NZ 0932<br>027 539 4674          | 1                      |
| Deziree Taylor    | 68B Norris Rd, Whatatiri<br>RD9 Whangarei NZ 0179<br>021 439 387     | 1                      |
| Greg Hall         | 19 Fisher-Point Drive<br>Westgate NZ 0814<br>027 478 0192            | 3                      |
| Hayley Newton     | 111 Pah Road<br>Auckland NZ1023<br>021 197 7600                      | 4                      |



| FRANCHISEE                        | ADDRESS & PHONE                                               | # OF FRANCHISES |
|-----------------------------------|---------------------------------------------------------------|-----------------|
| Rahul Jain                        | 31 Poppy Watts Grove<br>Stokes Valley NZ 5019<br>022 430 3962 | 2               |
| Shane Atkinson                    | 167 Easterbrook Road<br>RD1 Kaiapoi NZ 7691<br>021 125 2557   | 4               |
| Georgina Walker                   | 28 Panapa Road<br>RD2 Hastings NZ 4172<br>06 878 4510         | 1               |
| Abhijeet Chaves and<br>Megha Koli | 2/1214 New North Rd<br>Mt Albert NZ1025<br>020 433 0088       | 2               |
| Tania Donovan                     | 20 Kaiaua Road<br>Kaiaua NZ 247<br>027 265 1250               | 2               |
| Danielle Hinchliffe               | 19 Black Street<br>Stoke, Nelson NZ 7011<br>021 0262 1402     | 1               |
| Deane McIntyre                    | 22A Waihi Road<br>Tauranga NZ3110<br>022 108 3007             | 2               |
| <b>TOTAL FRANCHISES</b>           |                                                               | <b>29</b>       |

#### PAPUA NEW GUINEA

| NAME OF FRANCHISEE                            | ADDRESS / TELEPHONE                                                                                                    | # OF FRANCHISES |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------|-----------------|
| AV Arua & Associates Ltd.<br>Arupa Vai'l Arua | Section 506, Allotment 88,<br>Rainbow Estate<br>P.O. Box 1482<br>Boroko, National Capital District<br>Papua New Guinea | 3               |
| <b>TOTAL</b>                                  |                                                                                                                        | <b>3</b>        |

#### SOUTH AFRICA

| NAME OF FRANCHISEE | ADDRESS / TELEPHONE                                                        | # OF FRANCHISES |
|--------------------|----------------------------------------------------------------------------|-----------------|
| <b>GAUTENG – 3</b> |                                                                            |                 |
| Donovan Maistry    | 2 Amaani Villas<br>Raslouw Gardens<br>Raslouw Centruion<br>+27 83 383 8674 | 1               |

| NAME OF FRANCHISEE       | ADDRESS / TELEPHONE                                                          | # OF FRANCHISES |
|--------------------------|------------------------------------------------------------------------------|-----------------|
| Des Reynolds             | 15 Ashford View<br>Cnr Octave/ Opera Str<br>Radiokop 1724<br>+27 71 607 0418 | 1               |
| Tanya Lever              | 118 Kessel St<br>Fairlands<br>Johannesburg 2195<br>+27 64 513 9532           | 1               |
| <b>KWAZULU NATAL – 4</b> |                                                                              |                 |
| Patricia Hardy           | 9 The Links<br>81 Ashley Drive<br>Gillitts 3610<br>+27 82 740 8444           | 4               |
| <b>TOTAL</b>             |                                                                              | <b>8</b>        |

#### SPAIN

| NAME OF FRANCHISEE        | ADDRESS / TELEPHONE                                    | # OF FRANCHISES |
|---------------------------|--------------------------------------------------------|-----------------|
| Maria Torres              | Calle Andorra, 23, 3º2, Madrid<br>Madrid, Spain, 28943 | 3               |
| Alvaro Filgueiras Basanta | Calle Rua de Xenebro, 14-3 D<br>27003 Lugo, Galicia    | 4               |
| <b>TOTAL</b>              |                                                        | <b>7</b>        |

# UNITED STATES

| NAME OF FRANCHISEE                                              | ADDRESS / TELEPHONE                                                         | # OF FRANCHISES |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------|
| <b>ARIZONA – 23</b>                                             |                                                                             |                 |
| Eugene Lee Baron                                                | 2614 Country Club Dr.<br>Bullhead City, AZ 86442<br>928-763-6721            | 2               |
| Mark Blum                                                       | 1126 E Charlestown Av<br>Phoenix, AZ 85022<br>602-558-8616                  | 6               |
| Stephen Gillingham<br>Mary Mason<br>Tri Cities Enterprises, LLC | 9056 W. Sierra Pinta Drive<br>Glendale, AZ 85308<br>623-326-1702            | 1               |
| Leeann Herriman<br>James N. Herriman                            | 4088 W. Rocky Spring Dr.<br>Tucson, AZ 86745<br>520-661-1688                | 1               |
| Barbara and Dale Hulvey                                         | 231 W Giaconda Way, Ste 133<br>Tucson, AZ 85704<br>520-207-9100             | 6               |
| Robert Kastelic                                                 | 10752 North Chapin Court<br>Oro Valley, AZ 85737<br>520-334-7436            | 1               |
| Paul Nelson                                                     | 7718 W Cheryl Dr.<br>Peoria, AZ 85345<br>602-550-7732                       | 6               |
| <b>CALIFORNIA – 6</b>                                           |                                                                             |                 |
| Joy A. Collier                                                  | 32227 Success Valley Drive<br>Porterville, CA. 93257<br>559-788-2340        | 1               |
| Cristi Kimura                                                   | 10831 Valverde Drive, Bakersfield<br>California, USA, 93311<br>661-333-9308 | 5               |
| <b>FLORIDA – 40</b>                                             |                                                                             |                 |
| Richard & Peggy Miller                                          | 2061 Big Pass Lane<br>Punta Gorda, FL 33955<br>239-560-0381                 | 4               |

| NAME OF FRANCHISEE                | ADDRESS / TELEPHONE                                                | # OF FRANCHISES |
|-----------------------------------|--------------------------------------------------------------------|-----------------|
| John & Linda Bando                | 160 Lisa Lane<br>Oldsmar, FL 34677<br>727-789-6677                 | 6               |
| Nicolle Fernandez-Shute           | 533 Leeward Lane<br>New Port Richey, FL 34652<br>201-600-6738      | 8               |
| Ed Baldrige                       | 40 E Wolf Street, Avon Park<br>Florida, USA, 33825<br>863-443-0617 | 3               |
| Sandy Harrison<br>Tim Race        | 328 SW Greenridge Ln<br>Lake City, FL 32025<br>386-965-5055        | 4               |
| Eugene J. Hudon<br>Donna R. Hudon | 254 Fortuna Drive<br>Palm Beach Gdns, FL 33410<br>561-252-7778     | 3               |
| Chris Knorenschild                | 309 Hammock Grove Ct.<br>Jacksonville, FL 32259<br>904-230-0187    | 1               |
| Gerald Langford                   | 2224 Eagles Hammock Blvd<br>Middleburg, FL 32086<br>904-235-7900   | 1               |
| Cynthia Marshall<br>Ross Vickers  | 2306 N Archer Rd<br>Avon Park, FL 33823<br>863-443-0438            | 3               |
| Andy Blackburn                    | 52 Pecan Drive<br>Ocala, FL 34472<br>352-589-6118                  | 5               |
| Ron Vellucci                      | 532 Fox Hollow Lane<br>St. Augustine, FL 32086<br>904-797-3591     | 2               |
| <b>GEORGIA – 5</b>                |                                                                    |                 |
| Randy Cole<br>Vanessa K. Cole     | 1102 Ridgeleigh Circle<br>Dalton, GA 30720<br>706-463-1117         | 2               |

| NAME OF FRANCHISEE                                        | ADDRESS / TELEPHONE                                               | # OF FRANCHISES |
|-----------------------------------------------------------|-------------------------------------------------------------------|-----------------|
| Carl Mulder                                               | 4651 Webster Way NW,<br>Acworth, Georgia, 30101<br>(615) 414-8882 | 3               |
| <b>ILLINOIS – 2</b>                                       |                                                                   |                 |
| Syed H. Jaffery<br>Zakia Fatima                           | 890 Foxworth Blvd, 116<br>Lombard, IL 60148<br>630-827-9230       | 2               |
| <b>INDIANA – 17</b>                                       |                                                                   |                 |
| Dave Charrlin                                             | 17197 Timberstream Dr.<br>Noblesville, IN 46062<br>317-520-2310   | 3               |
| Scott Nguyen                                              | 7408 Holden Dr<br>Fort Wayne, IN 46706<br>260-450-2829            | 1               |
| David Onion<br>Amy Hill                                   | 4055 Greendale Dr.<br>Fort Wayne, IN 46815<br>260-336-2492        | 4               |
| Lisa Lillemoen Shaw                                       | P.O. Box 4932<br>Elkhart, IN 46514<br>574-202-6397                | 7               |
| Josh Stubblefield<br>Coffee News on the<br>Sunnyside, LLC | 248 Spring St<br>Jeffersonville, IN 47130<br>812-786-2224         | 2               |
| <b>IOWA -6</b>                                            |                                                                   |                 |
| Gil Semprini<br>CDCMarketing, LLC                         | 2622 53 St.<br>Des Moines, IA 50310<br>515-975-0054               | 6               |
| <b>KANSAS – 7</b>                                         |                                                                   |                 |
| Deborah M. Jackson                                        | 112 S Scott Ave<br>Belton, MO 64012<br>816-331-2848               | 7               |

| NAME OF FRANCHISEE      | ADDRESS / TELEPHONE                                                           | # OF FRANCHISES |
|-------------------------|-------------------------------------------------------------------------------|-----------------|
| <b>KENTUCKY – 16</b>    |                                                                               |                 |
| David L. Hermesen       | 2401 Sir Johns Ct.<br>Louisville, KY 40220<br>502-479-8038                    | 3               |
| Lawrence R. Rother      | 2106 Boulevard Napoleon;<br>Louisville, KY 40205-1834<br>502-235-2707         | 6               |
| Ken & Jill Miller       | 344 Boiling Springs Dr<br>Lexington, KY 40511<br>859-699-3813                 | 4               |
| Donna Wood              | 318 Plantation Ave,<br>Somerset, Georgia, 42501<br>606-875-3107               | 3               |
| <b>LOUISIANA – 2</b>    |                                                                               |                 |
| Patrick Carter          | 2113 Saint Mary St., Suite 77<br>Thibodaux, Louisiana, 70301<br>985- 228-1780 | 2               |
| <b>MAINE – 15</b>       |                                                                               |                 |
| Coffee News USA, Inc.   | One Cumberland Place<br>Bangor, ME 04401<br>207-941-0860                      | 3               |
| Brian and Cheryl Oliver | 155 Canaan Rd,<br>Hampden, Maine 04444<br>207-299-8700                        | 5               |
| John H. Dyer            | 99 Oak St., Apt A,<br>Ellsworth, ME 04605<br>207-812-1900                     | 2               |
| Chris & Bonnie Popper   | 131 Grant St.<br>Bangor, ME 04401<br>207-947-2116                             | 1               |
| Michele Lancaster       | 1068 Dover Rd.<br>Garland, ME 04939<br>207-270-1135                           | 1               |

| NAME OF FRANCHISEE                                                                | ADDRESS / TELEPHONE                                                       | # OF FRANCHISES |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------|
| Reid Stanley                                                                      | HCR 65 BOX 111<br>Benedicta, Maine 04733<br>207-365-7165                  | 3               |
| <b>MARYLAND – 9</b>                                                               |                                                                           |                 |
| Thomas L. Balsamo<br>Angela R. Balsamo<br>TAB Publishing dba Coffee<br>News Bowie | 8048 Mayer Avenue,<br>Pasadena, MD 21122<br>443-790-1360                  | 5               |
| Jody H. Youll<br>Madaco Marketing, LLC                                            | 1901 Stockton Road<br>Joppa, MD 21085<br>410-877-1962                     | 4               |
| <b>MASSACHUSETTS – 5</b>                                                          |                                                                           |                 |
| Thomas A. Clarke<br>Holli M. Clarke                                               | 192 Pleasant St #1<br>Leominster, MA 01453<br>978-549-8948                | 2               |
| Trish Paduano                                                                     | 204 Partridge Rd<br>Pittsfield, MA 01201<br>413-329-9279                  | 3               |
| <b>MICHIGAN – 13</b>                                                              |                                                                           |                 |
| Christopher Girard<br>Do-All, Inc.                                                | 1400 S. Lincoln Street<br>Bay City, MI 48708<br>989-894-2851              | 3               |
| Lora L. Wilson                                                                    | 687 NE 5 <sup>th</sup> Street<br>Chrystal River, FL 34429<br>352-637-1960 | 5               |
| Robert Maitland<br>Kathy Maitland                                                 | 6092 Higgins Ave.<br>Sterling Heights, MI 48314<br>586-739-4766           | 2               |
| Alma Blackburn                                                                    | 7756 Pioneer<br>Ypsilanti, MI 48197<br>734-545-4780                       | 3               |

| NAME OF FRANCHISEE                                                                                         | ADDRESS / TELEPHONE                                                  | # OF FRANCHISES |
|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------|
| <b>MINNESOTA – 1</b>                                                                                       |                                                                      |                 |
| Charlene M. Sennewald                                                                                      | 4099 32 <sup>nd</sup> St. SW<br>Pine River, MN 56474<br>218-831-0898 | 1               |
| <b>MISSISSIPPI – 13</b>                                                                                    |                                                                      |                 |
| Martha L. Douglass<br>Loyd E. Douglass<br>Campbell Creek Publishing,<br>LLC dba Pearl River Coffee<br>News | 187 Conerly Rd.,<br>Braxton MS 39044<br>601-824-5932                 | 4               |
| Bethanne Dufour<br>Coffee News of Pine Belt,<br>LLC                                                        | 10 Professsional Parkway<br>Hattiesburg, MS 39402<br>601-606-2266    | 2               |
| Diane R. Lisenbe<br>Timothy D. Lisenbe                                                                     | 107 Rockwood Drive<br>Madison, MS 39110<br>601-607-7988              | 3               |
| Brian K. Parton                                                                                            | 205 Morris Noble Rd.<br>Ocean Springs, MS 39564<br>800-359-1410      | 4               |
| <b>MISSOURI – 8</b>                                                                                        |                                                                      |                 |
| Deborah M. Jackson                                                                                         | 112 S Scott Ave<br>Belton, MO 64012<br>816-331-2848                  | 8               |
| <b>NEBRASKA - 6</b>                                                                                        |                                                                      |                 |
| Hobbes Logan                                                                                               | 1233 S. 119 <sup>th</sup> Street<br>Omaha, NE 68144<br>402-709-0149  | 6               |
| <b>NEW HAMPSHIRE - 4</b>                                                                                   |                                                                      |                 |
| Gene Vallee                                                                                                | 81 Four Rod Rd,<br>Rochester, New Hampshire 03867<br>603-312-5732    | 1               |



| NAME OF FRANCHISEE                                           | ADDRESS / TELEPHONE                                                    | # OF FRANCHISES |
|--------------------------------------------------------------|------------------------------------------------------------------------|-----------------|
| Roy C. Fairbanks Jr.                                         | 459 Berry River Rd<br>Barrington NH 03825<br>603- 332-6311             | 3               |
| <b>NEW JERSEY – 16</b>                                       |                                                                        |                 |
| John F. Arizzi<br>Joanne M. Arizzi<br>JAD Publications LLC.  | 22 Bunker Drive,<br>Leht, NJ 08087<br>609-294-0940                     | 2               |
| David Dailey<br>Donald F. Devingo<br>Gravitas Marketing, LLC | 141 Willow Drive<br>Jackson, NJ 08527<br>732-300-8314                  | 10              |
| Michael C. Trainor                                           | 117 French St.<br>Haddon Twncshp, NJ 08108<br>609-313-4910             | 4               |
| <b>NORTH CAROLINA – 17</b>                                   |                                                                        |                 |
| Joyce A. Blankenship<br>WNC Marketing Concepts,<br>LLC.      | 5 Brooks Cove Rd.<br>Candler, NC 28715<br>828-665-1546 or 828-231-4481 | 2               |
| Tamara Johnson                                               | 1040 Dooley,<br>Charlotte, North Carolina 28227<br>980-406-9596        | 1               |
| Al Ebron                                                     | PO Box 602<br>Morehead City, NC 28557<br>252-558-1294                  | 3               |
| Morris L. Fer<br>Kim D. Roberts-Fer                          | 11 Dazzling Brook Lane<br>Waynesville, NC 28786<br>828-456-3855        | 1               |
| Scott Kaiser                                                 | 108 Branchside Lane<br>Holly Springs, NC 27540<br>919-740-3635         | 3               |
| Kevin S. Lanier<br>Cream and Sugar Ventures,<br>LLC          | 104 Gage Court,<br>Fort Mill, SC 29715<br>803-548-0637                 | 2               |

| NAME OF FRANCHISEE                            | ADDRESS / TELEPHONE                                                  | # OF FRANCHISES |
|-----------------------------------------------|----------------------------------------------------------------------|-----------------|
| Samuel M. Post<br>Alicia H. Post              | 317 Lantz Ave.,<br>Salisbury, NC 28144<br>704-232-0923               | 4               |
| Theresa Vollmer                               | 2221 Mica Mine Lane<br>Wake Forest, NC 27587<br>919-562-8510         | 1               |
| <b>NORTH DAKOTA - 4</b>                       |                                                                      |                 |
| Steven M. Herman<br>SELS, LLC<br>North Dakota | 4401 River Oaks Circle<br>Sioux Falls, SD 57105-7042<br>605-332-2602 | 4               |
| <b>OKLAHOMA - 2</b>                           |                                                                      |                 |
| Randall L. Woods<br>Janice K. Woods           | 2824 Suroya St.<br>Muskogee, OK 74403<br>918-687-1135                | 2               |
| <b>OREGON - 2</b>                             |                                                                      |                 |
| Andrea Jablonski                              | 128 S. Keene Way Dr.<br>Medford, OR 97505<br>541-973-6587            | 2               |
| <b>PENNSYLVANIA - 7</b>                       |                                                                      |                 |
| Jen Kline Clark                               | 5920 Grant Ave<br>Bensalem, PA 19020<br>215-962-3933                 | 4               |
| Phillip Tompkins                              | 110 Olinda Street,<br>Freeport, Pennsylvania 16229<br>724-900-2302   | 3               |
| <b>SOUTH DAKOTA - 7</b>                       |                                                                      |                 |
| Lori Paulsen Sauser<br>Paul Sauser            | 909 Columbus St.<br>Rapid City, SD 57701<br>605-391-5674             | 3               |
| Steven M. Herman<br>SELS, LLC                 | 4401 River Oaks Circle<br>Sioux Falls, SD 57105-7042<br>605-332-2602 | 4               |

| NAME OF FRANCHISEE                                                                                     | ADDRESS / TELEPHONE                                                        | # OF FRANCHISES |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------|
| <b>TENNESSEE – 9</b>                                                                                   |                                                                            |                 |
| Evelyn Chadwick                                                                                        | PO Box 4102<br>Dalton TN 30719<br>706-218-0456                             | 2               |
| Randy Cole<br>Vanessa K. Cole<br>(Tennessee)                                                           | 1102 Ridgeleigh Circle<br>Dalton, GA 30720<br>706-463-1117                 | 4               |
| Lisa Lillemoen Shaw                                                                                    | P.O. Box 4932<br>Elkhart, IN 46514<br>574-202-6397                         | 3               |
| <b>TEXAS – 49</b>                                                                                      |                                                                            |                 |
| Timothy P. Evans<br>Janet L. Evans<br>JTA Enterprises LLC DBA<br>Coffee News of N.E. Tarrant<br>County | 5057 Comstock Cir.,<br>Keller, TX 76248<br>817-379-5270                    | 12              |
| Adam Jochelson                                                                                         | 6060 North Central Expressway, Ste 500<br>Dallas, TX 75206<br>214-789-2326 | 12              |
| Bertrand McHenry                                                                                       | 2109 Castle Beach Court<br>League City, TX 77573<br>281-300-8228           | 3               |
| Patricia A. Prein<br>Phillip D. Prein<br>Prein Industries                                              | 3053 Landrum Village Lane<br>Montgomery, TX 77316<br>832-622-4136          | 11              |
| Mike & Kendra Thomason                                                                                 | 1307 West Maine Street<br>Gun Barrel City, TX 75156<br>903-288-9876        | 3               |
| Thomas K. Tennon                                                                                       | 4308 Douglas Ave<br>Midland, TX 79703<br>432-238-9020                      | 4               |
| Mark/Kelly Willicut                                                                                    | 154 Tarpon St<br>Bayou Vista, TX 77563<br>409-539-2311                     | 1               |

| NAME OF FRANCHISEE                                               | ADDRESS / TELEPHONE                                                   | # OF FRANCHISES |
|------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------|
| Matthew Brown                                                    | 1712 East Riverside Dr. #227<br>Austin, Texas 78741<br>512- 831-2865  | 3               |
| <b>VIRGINIA – 3</b>                                              |                                                                       |                 |
| Debra Kemelek                                                    | 1490-5A Quarterpath Rd. #195<br>Williamsburg VA 23185<br>757-784-0016 | 3               |
| <b>WASHINGTON – 20</b>                                           |                                                                       |                 |
| Bill Paquin<br>Terri A. Pequin                                   | 472 Spencer Rd<br>Sequim, WA 98382<br>207-479-1616                    | 1               |
| Brenda L. Plantz                                                 | 3525 SW 339th PL<br>Federal Way, WA 98023<br>253-670-3648             | 6               |
| Daniel I. Stusser<br>Pareto-Curve Marketing, Inc.                | P.O. Box 4008,<br>Olympia, WA 98501-0008<br>360-357-1000              | 2               |
| V-Team LLP<br>William Vollmer<br>Robert Vollmer<br>Debra Vollmer | 164 Valley Meadows Dr<br>Chehalis, WA 98532<br>360-740-4726           | 1               |
| P. Michael Zetty, Jr<br>Susan E. Zetty                           | 8746 Coralie Pl NW<br>Bremerton, WA 98311<br>360-692-4328             | 7               |
| Laurie Mitchell                                                  | 10359 SE 187th Place<br>Renton, Washington 98055<br>206-310-2782      | 3               |
| <b>WISCONSIN – 4</b>                                             |                                                                       |                 |
| Beverly A. Van Lieshout<br>Geraldine V. Trepanier                | 2424 Hampton Ave<br>Green Bay, WI 54311<br>920-660-7397               | 4               |
| <b>TOTAL</b>                                                     | <b>UNITED STATES</b>                                                  | <b>338</b>      |
| <b>GRAND TOTAL</b>                                               |                                                                       | <b>596</b>      |

# **EXHIBIT      E**

## **COFFEE NEWS Former Publishers List**

**EXHIBIT E****FORMER COFFEE NEWS PUBLISHERS LIST (as of 12/31/2019)****AUSTRALIA**

| <b>NAME OF FRANCHISEE</b>   | <b>ADDRESS / TELEPHONE</b>                               | <b># OF FRANCHISES</b> |
|-----------------------------|----------------------------------------------------------|------------------------|
| Laurie & Pam Hook           | Seaford VIC AU 3198<br>0422 939 179                      | 4 - CLOSED             |
| Rita Petruccelli            | 35 Hutchinson Drive<br>Lynbrook VIC 3975<br>0401 272 702 | 1 - CLOSED             |
| Sue Mazur                   | Thorneside, AU 4158<br>07 3036 6275                      | 1- CLOSED              |
| Steve and Donelle Rous      | Carina, QLD 4157<br>0448 869 575                         | 2 - CLOSED             |
| Lee Lim                     | McDowall QLD 4053<br>0421 838 212                        | 2 - CLOSED             |
| Greg Board                  | Shoal Point, Mackay QLD 4751<br>0419 796 785             | 1 - CLOSED             |
| Suzi Manley and Troy Colley | Victoria Point QLD<br>0478 806 261                       | 3 - CLOSED             |
| <b>Total</b>                |                                                          | <b>14</b>              |

**BAHRAIN**

| <b>NAME OF FRANCHISEE</b> | <b>ADDRESS / TELEPHONE</b>                        | <b># OF FRANCHISES</b> |
|---------------------------|---------------------------------------------------|------------------------|
| Hamad Al Khalifa          | PO Box 115<br>Manama, Bahrain<br>011-973-39447117 | 2 Closed               |
| <b>TOTAL</b>              |                                                   | <b>2</b>               |

### CANADA

| NAME OF FRANCHISEE | ADDRESS / TELEPHONE                              | # OF FRANCHISES           |
|--------------------|--------------------------------------------------|---------------------------|
| Ben Hechter        | 3818 Garden Grove Dr.<br>Burnaby, BC V5G 4A7     | 1 Transfer                |
| Wes Huffman        | 289 West Lakeview Dr.<br>Chestermere, AB T1X 1S9 | 25 Transfer (20 editions) |
| Carrie Foss        | P.O. Box 1422<br>Oliver, BC V0H 1T0              | 3 Transfer                |
| Theresa Yzerman    | 1170 Broad Street E.<br>Dunnville, ON N1A 3A2    | 3 Gave Back               |
| <b>Total</b>       |                                                  | <b>32</b>                 |

### NEW ZEALAND

| TRANSFERS                    | ADDRESS & PHONE                                             | # OF FRANCHISES |
|------------------------------|-------------------------------------------------------------|-----------------|
| Graham and Barbara Greenhorn | P O Box 38-770<br>Howick NZ 2145<br>09 537 6037             | 1               |
| Brendon Johnson              | 19 Hammond Ave<br>Hatfields Beach NZ 3434<br>09 427 8455    | 1               |
| Carol Stewart                | 108 Elliot Street<br>Papakura NZ 2113<br>027 333 1212       | 2               |
| Julie Butel                  | P O Box 7031<br>Whangarei NZ 0144<br>09 459 1453            | 1               |
| Adrian Dermer                | 7 Miro Place<br>Kaitia NZ 0410<br>021 127 8685              | 1               |
| Rishi Paveskar               | 2/264 Onewa Road<br>Birkenhead NZ 0626<br>021 0871 5709     | 2               |
| Bhavik & Kejal Soni          | 84 Captain Scott Road<br>Glen Eden NZ 0602<br>06 878 4510   | 2               |
| Shane Atkinson               | 167 Easterbrook Road<br>RD1 Kaiapoi NZ 7691<br>021 125 2557 | 1               |
| <b>TOTAL TRANSFERS</b>       |                                                             | <b>11</b>       |

### NORTHERN IRELAND

| NAME OF FRANCHISEE | ADDRESS / TELEPHONE                                                                 | # OF FRANCHISES |
|--------------------|-------------------------------------------------------------------------------------|-----------------|
| John Hutchinson    | 178 Ballymoney Road,<br>Ballymena,<br>Co Antrim, N. Ireland BT43 5HG<br>07711020592 | 4 - Closed      |
| <b>TOTAL</b>       |                                                                                     | <b>4</b>        |

### SOUTH AFRICA

| Roodepoort - 1   |                                                                             |          |
|------------------|-----------------------------------------------------------------------------|----------|
| Desmond Reynolds | 15 Ashford View<br>Cnr Octave/Opera Str<br>Radiokop 1724<br>+27 71 607 0418 | 1        |
| <b>TOTAL</b>     |                                                                             | <b>1</b> |

### UNITED STATES

| NAME OF FRANCHISEE                            | ADDRESS / TELEPHONE                                                              | # OF FRANCHISES |
|-----------------------------------------------|----------------------------------------------------------------------------------|-----------------|
| ARIZONA                                       |                                                                                  |                 |
| Richard Taylor                                | 10363 E Meadow Lane<br>Phoenix, AZ 85022<br>602-677-4556                         | 3 - TRANSFER    |
| Leeann Herriman                               | 4088 W Rocky Spring Drive<br>Tucson, AZ 86745<br>520-661-1688                    | 2 - TRANSFER    |
| CALIFORNIA                                    |                                                                                  |                 |
| Christopher Lawrence<br>Dba Mjukin Publishing | 3617 Running Springs Way<br>Bakersfield, CA 93311<br>661-747-2744 / 661-912-3947 | 5 - TRANSFER    |
| Gene Lytle                                    | 645 S. Lovers Lane Suite 4<br>Visalia, CA 93292<br>559-594-9444                  | 3 - CLOSED      |



| NAME OF FRANCHISEE                  | ADDRESS / TELEPHONE                                            | # OF FRANCHISES |
|-------------------------------------|----------------------------------------------------------------|-----------------|
| <b>FLORIDA</b>                      |                                                                |                 |
| Roger Giegerich                     | 135 Sunbird Square<br>Sebring, FL 33872<br>863-273-1452        | 3 – TRANSFER    |
| Mark Krakower                       | 6706 Paseo Castille<br>Sarasota, FL 34238<br>941-921-1547      | 1 – CLOSED      |
| <b>GEORGIA</b>                      |                                                                |                 |
| Bobby Gusman                        | 1041 Broadview Point<br>Greensboro, GA 30642<br>305-785-8258   | 2 - CLOSED      |
| <b>ILLINOIS</b>                     |                                                                |                 |
| Dan Ramsden                         | 3204 Spyglass Circle<br>Palos Height, IL 60463<br>708-258-1119 | 3 – CLOSED      |
| Syed Jaffery<br>Zakia Fatima        | 890 Foxwoth Blvd, 116<br>Lombard, IL 60148<br>630-827-9230     | 3 – CLOSED      |
| George Shawtell & Patricia<br>Moore | 20238 S Greenfield Lane<br>Frankfort, IL 46062<br>708-525-1673 | 1 – CLOSED      |
| <b>INDIANA</b>                      |                                                                |                 |
| Ryan Harrison                       | 301 S Monticello St.<br>Winamac, IN 46996<br>855-964-8433      | 1 - CLOSED      |
| <b>KANSAS</b>                       |                                                                |                 |
| Deborah Jackson                     | 112 S. Scott Ave<br>Belton, MO 64012<br>816-331-2848           | 7 – CLOSED      |
| <b>LOUISIANA</b>                    |                                                                |                 |
| Brandi Parfait                      | PO BOX 82434<br>Lafayette, LA 70598<br>337-417-6025            | 3 - CLOSED      |

| NAME OF FRANCHISEE                                                                          | ADDRESS / TELEPHONE                                                   | # OF FRANCHISES |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------|
| <b>MAINE</b>                                                                                |                                                                       |                 |
| Coffee News USA, Inc                                                                        | One Cumberland<br>Place, Ste 102<br>Bangor, ME 049041<br>207-941-0860 | 5 - TRANSFER    |
| Mark Albert                                                                                 | 127 Frazer Ave<br>Madawaska, ME 04756<br>207-436-0577                 | 1 - CLOSED      |
| Glenn Coombs (deceased)                                                                     | 56 Kent St.<br>Portland, ME 04102<br>207-415-3783                     | 9 - CLOSED      |
| <b>MASSACHUSETTS</b>                                                                        |                                                                       |                 |
| Ryan Krippendorf                                                                            | 1 Huntington Ave, Unit 4<br>Amesbury, MA 01913<br>978-270-7192        | 2 - CLOSED      |
| <b>MICHIGAN</b>                                                                             |                                                                       |                 |
| Angela Prokes                                                                               | 1615 Brentwood Dr.<br>Wixom, MI 48393<br>248-231-2411                 | 3 - CLOSED      |
| <b>MINNESOTA</b>                                                                            |                                                                       |                 |
| Matthew Ketchum<br>Amy Ketchum<br>Ketchum Companies, LLC<br>Db a Coffee News South<br>Metro | 2300 O'Meara Ct<br>Burnsville, MN 55306<br>952-892-0400               | 4 - CLOSED      |
| Michael Baldwin                                                                             | 9384 North Sleepy Hollow Lane<br>Bayside, WI 53217<br>414-588-2850    | 1 - CLOSED      |
| <b>MISSISSIPPI</b>                                                                          |                                                                       |                 |
| Wendy Coltharp                                                                              | 2659 Bienville Rd<br>Nesbit, MS 38651<br>662-812-5932                 | 4 - CLOSED      |
| <b>NEW HAMPSHIRE</b>                                                                        |                                                                       |                 |
| Gary Blue<br>GJ Productions II LLC                                                          | 412 Ledgerview Dr.<br>Rochester, NH 03839<br>603-332-9156             | 1 - TRANSFER    |

| NAME OF FRANCHISEE                                         | ADDRESS / TELEPHONE                                                            | # OF FRANCHISES |
|------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------|
| <b>NEW JERSEY</b>                                          |                                                                                |                 |
| Heera Sidhu                                                | 1700 Grand Ave, 1 <sup>st</sup> Floor<br>Asbury Park, NJ 08527<br>732-800-6397 | 2 - CLOSED      |
| <b>NORTH CAROLINA</b>                                      |                                                                                |                 |
| Alan Dandison                                              | 717 West Henderson St<br>Salisbury, NC 28144<br>704-762-6626                   | 2 - CLOSED      |
| Morris Fer<br>Kim Roberts - Fer                            | 11 Dazzling Brook Lane<br>Waynesville, NC 28786<br>828-456-3855                | 1 - CLOSED      |
| Scott Kaiser                                               | 108 Branchside Lane<br>Holly Springs, NC 27540<br>919-740-3635                 | 1 - CLOSED      |
| Kevin Lanier<br>Cream and Sugar Ventures,<br>LLC           | 104 Gage Court<br>Fort Mills, SC 29715<br>803-548-0637                         | 1 - CLOSED      |
| Samuel M. Post<br>Alicia H. Post                           | 317 Lantz Ave.,<br>Salisbury, NC 28144<br>704-232-0923                         | 1 - CLOSED      |
| <b>OHIO</b>                                                |                                                                                |                 |
| Jac Clay<br>Clayco Marketing, LLC                          | 1454 Jefferson Street SE<br>New Philadelphia, OH 44663<br>330-339-7980         | 4 - CLOSED      |
| Matthew Williams                                           | 7915 Wales Ave NW<br>North Canton, OH 44720<br>330-977-0029                    | 6 - CLOSED      |
| Kenneth Spooner                                            | 6030 Ogilby Dr.<br>Hudson, OH 44236<br>216-375-2889                            | 3 - CLOSED      |
| <b>SOUTH CAROLINA</b>                                      |                                                                                |                 |
| Julia Howell<br>James Howell<br>Back Porch Publishing, LLC | 901 Bruce Rd.<br>Cayce, SC 29033<br>803-447-1339                               | 6 - CLOSED      |

| <b>NAME OF FRANCHISEE</b>                     | <b>ADDRESS / TELEPHONE</b>                                           | <b># OF FRANCHISES</b>              |
|-----------------------------------------------|----------------------------------------------------------------------|-------------------------------------|
| Jodi Simmons                                  | 5025 Wayneland Dr. K8<br>Jackson, MS 39211                           | 7 - CLOSED                          |
| Larry Rochester                               | 200 Pate Dr Suite A<br>Greenville, SC 29609<br>864-325-4016          | 6 - CLOSED                          |
| <b>SOUTH DAKOTA</b>                           |                                                                      |                                     |
| Steven M. Herman<br>SELS, LLC                 | 4401 River Oaks Circle<br>Sioux Falls, SD 57105-7042<br>605-332-2602 | 1 - CLOSED                          |
| <b>TEXAS</b>                                  |                                                                      |                                     |
| Daniel Cavazos                                | 6842 Inca Dove<br>El Paso, TX 79911<br>915-241-7566                  | 4 - CLOSED                          |
| <b>WASHINGTON</b>                             |                                                                      |                                     |
| Gerald Cummings                               | 601 SE Picadilly Dr.<br>Shelton, WA 98584<br>541-817-7979            | 1 - CLOSED<br>1 - TRANSFER          |
| Daniel Stusser<br>Pareto-Curve Marketing, Inc | PO BOX 4008<br>Olympia, WA 98501-0008<br>360-357-1000                | 1 - CLOSED                          |
| <b>WISCONSIN</b>                              |                                                                      |                                     |
| Michael Baldwin                               | 9384 North Sleepy Hollow Lane<br>Bayside, WI 53217<br>414-588-2850   | 1 - CLOSED                          |
| <b>TOTAL</b>                                  |                                                                      | <b>Closed 96<br/>Transferred 20</b> |

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

# **EXHIBIT F**

## **State Regulatory Authorities**

**EXHIBIT F**

**STATE REGULATORY AGENCIES**

|                                                                                                                                                                              |                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>CALIFORNIA</u></b><br>Commissioner of the Department of<br>Business Oversight<br>320 West 4TH Street, Suite 750<br>Los Angeles, CA 90013-2344<br>Phone: 1-866-275-2677 | <b><u>NEW YORK</u></b><br>NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21 <sup>st</sup> Floor<br>New York, NY 10005<br>(212) 416-8236     |
| <b><u>HAWAII</u></b><br>Director of the Department of Commerce and<br>Consumer Affairs<br>335 Merchant St., Rm. 203<br>Honolulu, HI 96813                                    | <b><u>NORTH DAKOTA</u></b><br>Securities Commissioner<br>State of North Dakota<br>Capitol Building<br>Bismarck, ND 58505                                               |
| <b><u>ILLINOIS</u></b><br>Illinois Attorney General<br>500 South Second St.<br>Springfield, IL 62706                                                                         | <b><u>RHODE ISLAND</u></b><br>Director, Dept. of Business Regulation<br>233 Richmond ST., Suite 232<br>Providence, RI 029034232                                        |
| <b><u>INDIANA</u></b><br>Indiana Secretary of State<br>302 West Washington, Room E111<br>Indianapolis, IN 46204                                                              | <b><u>SOUTH DAKOTA</u></b><br>Division of Insurance<br>Securities Regulation<br>124 South Euclid, Ste. 104<br>Pierre, SD 57501<br>(605) 773-3563                       |
| <b><u>MARYLAND</u></b><br>Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202-2020                                            | <b><u>VIRGINIA</u></b><br>State Corporation Commission<br>Division of Securities/Retail Franchising<br>1300 East Main ST., 9 <sup>th</sup> Floor<br>Richmond, VA 23219 |
| <b><u>MICHIGAN</u></b><br>Michigan Department of Commerce<br>Corporations and Securities Bureau<br>670 Law Building<br>Lansing, MI 48913                                     | <b><u>WASHINGTON</u></b><br>Dept. of Financial Institutions<br>Securities Division<br>PO Box 9033<br>Olympia, WA 98501                                                 |
| <b><u>MINNESOTA</u></b><br>Minnesota Dept. of Commerce<br>Securities-Franchise Registration<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198           | <b><u>WISCONSIN</u></b><br>Commissioner of Securities<br>Fourth Floor<br>101 East Wilson St.,<br>Madison, Wisconsin 53702                                              |

# **EXHIBIT      G**

## **Agents for Service of Process**

**EXHIBIT G**

**AGENTS FOR SERVICE OF PROCESS**

|                                                                                                                                                                             |                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>ILLINOIS</u></b><br>Office of the Attorney General<br>500 South Second St.<br>Springfield, IL 62706                                                                   | <b><u>RHODE ISLAND</u></b><br>Chief Securities Examiner<br>Division of Securities<br>233 Richmond St., Suite 232<br>Providence, RI 029034232                         |
| <b><u>INDIANA</u></b><br>Indiana Securities Division<br>Secretary of State<br>302 West Washington, Room e111<br>Indianapolis, IN 46204                                      | <b><u>SOUTH DAKOTA</u></b><br>Division of Insurance<br>Securities Regulation<br>124 South Euclid, Ste. 104<br>Pierre, SD 57501<br><br>(605) 773-3563                 |
| <b><u>MARYLAND</u></b><br>Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore MD 21202-2020                                                                 | <b><u>TEXAS</u></b><br>Statutory Document Section<br>Secretary of State<br>P.O. Box 12887<br>Austin, TX 78711                                                        |
| <b><u>NEW YORK</u></b><br>New York Department of State<br>One Commerce Plaza<br>99 Washington Ave., 6 <sup>th</sup> Fl.<br>Albany, NY 12231-0001<br>(518) 473-2492          | <b><u>VIRGINIA</u></b><br>Clerk of the Commission<br>State Corporation Commission<br>1300 East Main St., 1 <sup>st</sup> Floor<br>Richmond, VA 23219                 |
| <b><u>NORTH DAKOTA</u></b><br>Franchise Examiner<br>Office of Securities Commissioner<br>600 East Blvd., Fifth Floor<br>Bismarck, ND 58505                                  | <b><u>WASHINGTON</u></b><br>Director of Dept. of Financial Institutions<br>Securities Division<br>150 Israel Rd. SW<br>Tumwater, WA 98501<br>(360) 902-8760          |
| <b><u>CALIFORNIA</u></b><br>Commissioner of the Department of<br>Business Oversight<br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013-2344                         | <b><u>HAWAII</u></b><br>Commissioner of Securities<br>King Kalakaua Building<br>335 Merchant Street, Rm. 203<br>Honolulu, Hawaii 96813                               |
| <b><u>OREGON</u></b><br>Department of Consumer and<br>Business Services<br>Division of Finance and Corporate Securities<br>Labor and Industries Building<br>Salem, OR 97310 | <b><u>WISCONSIN</u></b><br>Franchise Administrator<br>Securities and Franchise Registration<br>Wisconsin Securities Commission<br>P.O. Box 1768<br>Madison, WI 53701 |



# EXHIBIT H

## State Addendum

## **EXHIBIT H**

### **CALIFORNIA ADDENDUM**

- a. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
- b. The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
- c. California Business and Professions Code 20000 through 20043 provides rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
- d. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. sec. 101 et seq.).
- e. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- f. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- g. The Franchise Agreement requires binding arbitration. The arbitration will occur in Bangor, Maine with the costs being borne equally by both parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
- h. The Franchise Agreement requires application of the laws of Maine. This provision may not be enforceable under California law.
- i. Section 31125 of California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed materials modification of an exiting franchise.
- j. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at [www.dbo.ca.gov](http://www.dbo.ca.gov).

# **EXHIBIT I**

## **NOTICE OF EXEMPTION FOR INTERNET ADVERTISEMENT**

**NOTICE OF EXEMPTION FOR INTERNET ADVERTISEMENT  
SECTION 310.156.3 (a)(1) OF  
TITLE 10, CALIFORNIA CODE OF REGULATION**

1. Coffee News advertising on its website at [www.coffeenews.com](http://www.coffeenews.com). Coffee News or anyone acting with its knowledge agrees to comply with the California Franchise Investment Law (Corp C §31100 et. Seq.) in Coffee News' internet advertising. The contact person regarding Coffee News' website advertisement is Ms. Melissa Coombs at Coffee News USA, One Cumberland Place, Ste. 102, Bangor, Maine, 04401-8444, (207) 941-0860, [abbie@coffeenews.com](mailto:abbie@coffeenews.com).
2. Coffee News' internet advertisement will not be directed to any specific person or group within California by a "non-passive form of communication...such as e-mail, instant messages, or other similar modes of communication" by anyone acting with Coffee News' knowledge.
3. OUR WEBSITE HAD NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

Franchisor / Coffee News USA, Inc.:

  
By: William A. Buckley  
Title: President & CEO

Date: 13 April, 2020

# EXHIBIT

J

## STATE EFFECTIVE DATES

**EXHIBIT J**  
**STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| <b>State</b>         | <b>Effective Dates</b> |
|----------------------|------------------------|
| <b>California</b>    |                        |
| <b>Hawaii:</b>       | April 30, 2019         |
| <b>Illinois:</b>     | April 22, 2019         |
| <b>Indiana:</b>      | December 3, 2019       |
| <b>Maryland:</b>     | September 16, 2019     |
| <b>Minnesota:</b>    | May 13, 2019           |
| <b>New York:</b>     | August 21, 2019        |
| <b>North Dakota:</b> | April 30, 2019         |
| <b>Rhode Island:</b> | May 5, 2019            |
| <b>South Dakota:</b> | April 23, 2019         |
| <b>Virginia:</b>     | August 26, 2019        |
| <b>Washington:</b>   | July 30, 2019          |
| <b>Wisconsin:</b>    | April 23, 2019         |

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.

## ITEM 23

### RECEIPT

**This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.**

**If Coffee News USA offers you a franchise, Coffee News USA must provide this Disclosure Document to you 14 calendar- days before you sign a binding agreement with, or make a payment to coffee News, or an affiliate in connection with the proposed franchise sale.**

**If Coffee News USA 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 Office of Commissioner of the Department of Business Oversight at 320 West 4TH Street, Suite 750, Los Angeles, CA 90013-2344.**

You may contact the following franchise seller offering the franchise:

Mr. William A. Buckley  
One Cumberland Place, Suite 102  
Bangor, Main 04401  
Tel: (207) 941-0860

Coffee News USA INC. authorizes the Commissioner of the Department of Business Oversight, 320 West 4TH Street, Suite 750, Los Angeles, CA 90013-2344 to receive service of process for us.

Issuance Date: March 18, 2020

I have received a disclosure document dated

This disclosure document included the following Attachments and Exhibits:

- A. Franchise Agreement
- B. Sample Coffee News
- C. Financial Statements
- D. Coffee News Publishers List
- E. Former Coffee News Publishers List
- F. State Regulatory Authorities
- G. Agents for Service of Process
- H. State Addendum
- I. Notice of Exemption for Internet Advertisement
- J. State Effective Dates

Date:

Publisher

**ITEM 23**

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**Date:**

**Publisher**

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