

FUZZIWIG'S CANDY FACTORY, INC.

FRANCHISE DISCLOSURE DOCUMENT

Fuzziwig's Candy Factory, Inc
Franchise Division
656 Main Avenue
Durango, Colorado 81301
Telephone (970) 247-2770
Fax (970) 247-2735
www.fuzziwigscandyfactory.com
E-mail info@fuzziwigscandyfactory.com



The franchise offered is for the operation of a retail store selling bulk candy, packaged confectionary products and gifts

The total investment necessary to begin operation of a Fuzziwig's Candy Factory or Sweets From Heaven business is from \$189,000 to \$363,350 This includes \$33,000 which must be paid to us or an affiliate

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

You may wish to receive your Disclosure Document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Kayo Folsom at the above address

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 accountant

Buying a franchise is a complex investment The information in this Disclosure Document can help you make up your mind More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580 You can also visit the FTC's home page at www.ftc.gov for additional information on franchising

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

Issuance Date May 16, 2018 ~~25, 2017~~

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, or about franchising in your state

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE AND LITIGATE WITH US ONLY IN COLORADO. OUT OF STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO ARBITRATE AND LITIGATE WITH US IN COLORADO THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. CERTAIN OTHER STATES REQUIRE DISCLOSURES AND PROHIBIT CERTAIN PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. SEE THE STATE SPECIFIC ADDENDUM IN EXHIBIT J FOR A SUMMARY OF SOME OF THESE LAWS

3 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Dates See the next page for state effective dates

STATE EFFECTIVE DATES

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

California	<u> </u> <u>May 30, 2017</u>
Illinois	<u> </u> <u>May 30, 2017</u>
Minnesota	<u> </u> <u>October 4, 2017</u>
New York	<u> </u> <u>October 10, 2017</u>
North Dakota	<u> </u> <u>June 13, 2017</u>

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EXHIBITS

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Exhibit B	Franchise Agreement
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Exhibit E	Financial Statements
Exhibit F	Operations Manual Table of Contents
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Exhibit I	Closing Acknowledgment
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Exhibit K	Summary of Industry Specific Laws
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ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is Fuzziwig's Candy Factory, Inc ("we" or "Fuzziwig's") We refer to the person or legal entity who buys the franchise as "you" throughout this Disclosure Document If you are a legal entity, certain provisions of the Franchise Agreement also apply to your individual owners and are noted in the Franchise Agreement

Our principal offices are located at 2145 Resort Drive, #225, (P O Box 882829), Steamboat Springs, Colorado 80487 and our Franchise Division's address is 656 Main Avenue, Durango, Colorado 81301 We presently do business under the name "Fuzziwig's Candy Factory" We were formed on December 20, 2001 as a Colorado corporation Our agents for service of process are listed on **Exhibit A** We do not have any parent company

Our Predecessor

Our predecessor, Rocky Mountain Chocolate Factory, Inc ("RMCF"), with its principal business address at 265 Turner Drive, Durango, Colorado 81303, opened the first Fuzziwig's Candy Factory Store in June 1996 RMCF operated Fuzziwig's Candy Factory Stores from June 1996 until June 1998, when our affiliate, Grueser Enterprises, Inc ("GEI"), purchased all of the assets of the Fuzziwig's Candy Factory System RMCF offered franchises for Fuzziwig's Candy Factory stores from June 1996 until June 1998 RMCF has offered franchises for Rocky Mountain Chocolate Factory stores since 1982 Rocky Mountain Chocolate Factory stores feature gourmet chocolates, including Rocky Mountain Chocolate Factory brand chocolates manufactured by RMCF, and other premium confections Neither we nor GEI has any continuing association or affiliation with RMCF for purposes of operating the Fuzziwig's Candy Factory System

In June 1998, GEI, a Colorado corporation controlled by our principals Don and Patricia Grueser purchased all of the assets of the Fuzziwig's Candy Factory System from RMCF GEI has operated Fuzziwig's Candy Factory Stores since June 1998 We acquired the rights to the Fuzziwig's Marks and System from GEI in December 2001 GEI's business address is First Financial Center, 2155 Resort Drive, #104, Steamboat Springs, Colorado 80487 GEI has never sold franchises for Fuzziwig's Candy Factory Stores or in any other line of business However, GEI acquired two franchises at the time it purchased assets of the Fuzziwig's Candy Factory System Those franchises are identified on **Exhibit C**, and their franchise agreements have now been assigned to us

In December 2003, our affiliate, GEI, acquired the assets of the Sweets From Heaven ("SFH") franchise system from Sweets From Heaven U S A , LP and Bedford Capital Corporation As a result, we now have franchised locations in the United States, Guam and the Bahamas These stores operate under a system different from ours and we will not be offering additional franchises under the SFH system at this time However, we may be granting some franchisees the right to use our system with the SFH Marks on their Stores

Our Prior Business Experience

GEI has operated Fuzziwig's Candy Factory Stores since 1999. GEI currently operates 4 Fuzziwig's Stores and manages the various SFH stores acquired in the December- 2003, asset purchase. We have never operated any Fuzziwig's Candy Factory Stores or other businesses of the type being franchised. We began offering franchises for Fuzziwig's Candy Factory Stores in April 2002. Neither we nor GEI have offered franchises in other lines of business. We do not engage in any other business activities.

The Franchise

We franchise the establishment and operation of retail stores ("Fuzziwig's Candy Factory Stores" or "Sweets From Heaven Stores" or collectively, "Stores," which include Stores operating under the Fuzziwig's System with SFH branding) which sell bulk candy, packaged confectionery products and nostalgic candies (collectively, "Candy"), and small toys, plush items and other gifts (collectively, "Gifts"), offered in a themed environment providing a fun and enjoyable experience for children and adults of all ages. We work to identify new trends in Candy and Gifts and stock these items in our Stores before they may be widely available elsewhere, giving customers a reason to visit our Stores frequently, to discover the latest trends in Candy and Gift items. Each Store features bright colors, music, decorative pieces that suggest imitation candy-making machines and an "amusement park" atmosphere for children and adults to enjoy while they shop. The Stores are licensed to use the service marks FUZZIWIG'S and FUZZIWIG'S CANDY FACTORY, with related logos, trade dress, commercial symbols and marks, or SWEETS FROM HEAVEN and related SFH Marks and symbols (collectively, "Marks"), and our marketing plan and proprietary business methods (collectively, "System").

You must sign our Franchise Agreement ("Franchise Agreement"), see the attached **Exhibit B**. The Franchise Agreement grants you the right to use our Marks and System to operate your own Store at a location that we first approve ("Franchised Location"). Stores are customarily located in regional shopping malls or lifestyle centers, but may be approved for other locations in our sole discretion.

Regulations Affecting the Store

There are no regulations specific to the operation of a Store in your state. There are, however, laws of a more general nature affecting the establishment and operation of your Store. In most states and local governments, there are industry-specific health and other regulations that apply to businesses offering food and beverages to the public. (See **Exhibit K**). You are solely responsible to determine what local, city, county, or state regulations, permits, and licenses you will need, and you must comply with all applicable local, state and federal health and sanitation laws and regulations relating to food handling and the sale of food. You should also familiarize yourself with other federal, state or local laws of a more general nature which affect the operation of your Store. You must comply with employment, worker's compensation, insurance, corporate, taxing, licensing and similar laws and regulations.

Market and Competition

Confectionary sales are a mature and competitive market. The market and the number of competing companies will likely continue to develop. As a Fuzziwig's Candy Factory or Sweets From Heaven franchisee, your competition for market share will include a wide variety of national chains, local businesses, and individuals who specialize in providing similar products. For example, you may face competition from stores such as the Sweet Factory, local independent candy stores, grocery stores, department stores, and bulk retail operations. There are many such competing businesses.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer, Finance Director, Secretary, Treasurer and Director William "Don" Grueser

Don Grueser has served as our Chief Executive Officer, Secretary, Treasurer and a Director since our inception on December 20, 2001. Mr. Grueser has served as the Chief Operating Officer of GEI, since its inception in 1990. GEI is located in Steamboat Springs, Colorado.

President Clifton W. "Kayo" Folsom

Kayo Folsom has served as our President since our formation in December 2001.

Chief Operating Officer Patricia C. Grueser

Patricia Grueser has served as our Chief Operating Officer since December 2001. Since its inception in 1990, she has served as the President of GEI.

Training/New Store Opening Manager Derek John Hannula

Derek Hannula has served as our Training/New Store Opening Manager since April 22, 2003. From January 1994 until April 2003, he was Store Manager of Grueser Enterprises in Steamboat Springs, Colorado.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

You must pay an initial franchise fee (the "Initial Franchise Fee") of \$30,000 for the first store, \$25,000 for the second store and \$20,000 for the third and any subsequent stores. You must pay one-half of the initial franchise fee when you sign the Franchise Agreement and pay the remainder on the earlier of (a) the date you sign the lease for a Franchised Location or (b) 180 days after you sign the Franchise Agreement. We do not give refunds of these amounts, once paid, under any circumstances. In our last fiscal year ended January 31, 2016, the actual Initial Franchise Fee paid to us for each franchise sold was \$30,000.

We also offer a three store development arrangement to existing franchisees. Under this arrangement, the franchisee can acquire the right to develop three stores for a one-time non-refundable initial fee of \$45,000, payable in full upon the signing of the first of the three franchise agreements. Only franchisees who are in good standing and in compliance with their franchise agreement(s) can participate in the three-store development arrangement. Good standing means a franchisee who has had a store open for a minimum of one year at the time of the signing of a multi store agreement, has no material defaults and has not had more than one written notice in default in any 12 month period or more than two in any three year period.

We offer no financing for the Initial Franchise Fee.

After you have chosen and we have approved your Franchised Location, we may hire a professional to negotiate the lease for your Franchised Location and you must reimburse us for the professional's fees. We estimate these fees will not be more than \$3,000 per lease negotiated, but we reserve the right to charge you a higher fee if reasonably required because of the complexities associated with negotiating the lease for your Franchised Location.

Except as disclosed above and unless a franchise broker is used in the sale, no fees are collected by or for a third party.

ITEM 6 OTHER FEES¹

Column 1 Name of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	6% of Gross Retail Sales	Payable monthly on the 15 th day of month for the preceding month, based on Gross Retail Sales for the immediately preceding month. Payable by electronic transfer from your bank account or as we otherwise designate.	Gross Retail Sales includes all revenue from the Store, but does not include certain taxes, refunded sales, settlements, non-inventory sales or shipping expenses charged to a customer. We have the right to collect the Royalty more frequently.

Column 1 Name of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Marketing Fund Fee	Up to 1% of Gross Retail Sales	Payable at the same time and in the same manner as the Royalty	We will begin collecting the Marketing Fund Fee when we determine there are enough Stores to utilize a Marketing Fund
Local Advertising Allocation ³	Minimum of 1% of Gross Retail Sales	As incurred, but must be spent at least quarterly	This local advertising allocation is in addition to the Marketing Fund Fee. This is the minimum amount which you must spend during each calendar quarter, with a report of expenditures submitted to us on or before the 10th day after the end of each calendar quarter. If we establish a regional ad co-op which includes your Store, all or a portion of your local advertising allocation may be reallocated to the co-op. Franchised and company-owned Stores will each have one vote in these co-ops.
Training Fees ²	Current rate is \$250 per day	As incurred	Initial training is free for up to 4 people, except for these costs. We may require additional training at other times during the term of your Franchise Agreement.
Costs of Inspection and Audit	Actual out-of-pocket expenses	On demand	Payable only if you understate your Gross Retail Sales by more than 5% annually, do not submit reports to us or do not cooperate in performance of inspection and audit.
Approved Supplier Testing	Actual out-of-pocket expenses	As incurred	Payable only if you request supplier approval, and only to the extent we incur expenses associated with conducting the tests.
Transfer Fee	\$2,500	Before effectiveness of transfer	Payable when you transfer the Franchise Agreement, an interest in the Store or the franchise.
Successor Franchise or Renewal Fee	\$500	When you sign the then current Franchise Agreement	Payable only when you renew your Franchise Agreement.
Administrative Fee	Varies up to 15% of the amount collected by us	As incurred	If you do not pay your landlord or any other third party, we may, but are not obligated, to collect the money from you and pay the person owed and you must reimburse us.
Interest and Late Fee	18% per annum interest and a \$25 late fee	Late fee is automatically assessed, interest payable on demand	Begins to accrue the day after payments are due to us.

Column 1 Name of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional Training Requested by you ²	Then current rates published in the Operations Manual plus expenses of our trainer currently estimated to be \$250 per day	As incurred	Payable only if you request additional training at your Store and we agree to provide it
Attendance at Meetings, Seminars, Conferences	\$75 to \$1,500 per meeting, seminar or conference	As often as annually, as incurred	Includes registration fees and costs of travel, food and accommodations during attendance
Evaluation Fee	\$500 to \$1,000	As incurred	We have the right to charge a fee to evaluate suppliers and products you request be added to our approved supplier list
Reimbursement of Taxes	Variable	Upon demand	You are responsible for all state and local taxes imposed on us as a result of our receipt of fees from you

NOTES

- (1) Except as note, all fees are imposed by and payable to us All of these fees are nonrefundable
- (2) Expenses associated with travel, meals and lodging while you attend training sessions All of these expenses are paid to third parties and are generally nonrefundable We charge you our then current hourly or daily rates at the time we assist you Our daily rate is currently \$250
- (3) Fees that are not paid to us and are not refundable

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee	\$20 000	\$30 000	Check or wire transfer	\$15 000 at signing of Franchise Agreement and the rest in 180 days or on signing your lease whichever is earlier	Us
Lease Negotiation Fee (See Note 1)	\$0	\$3 000	As incurred	At time of lease negotiation	Us

YOUR ESTIMATED INITIAL INVESTMENT					
Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
	Low	High			
Build Out and Improvements (See Note 2)	\$50,000	\$140,000	As incurred	Before Opening	Landlord/Contract or Architect/Engineer
Architect/Design	\$6,000	\$8,500		As incurred	GEA Associates
Furniture, Fixtures and Animation (See Note 3)	\$47,000	\$63,000	As incurred	Before Opening	Suppliers
Equipment (See Note 3)	\$10,200	\$14,300	As incurred	Before Opening	Suppliers
Acrylics	\$9,500	\$14,000	As incurred	Before Opening	Suppliers
Signs	\$2,500	\$8,500	As incurred	Before Opening	Suppliers
Opening Inventory and Supplies Purchased from Others (See Note 4)	\$30,000	\$40,000	Lump Sum	Paid in advance until credit accounts are established	Suppliers
Security Deposits, Utility Deposits, Business Licenses (See Note 5)	\$50	\$9,550	As incurred	Before Opening	Suppliers
Rent (See Note 6)	\$4,500	\$15,000	Check or Wire Transfer	First of each month	Landlord
Pre-Opening Training (Travel and Living Expenses) (See Note 7)	\$1,250	\$2,500	As incurred	Before Opening	Suppliers
Additional Funds - 3 months (See Note 8)	\$8,000	\$15,000	As incurred	As incurred	Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 9)	\$189,000	\$363,350			

NOTES (Except as noted below, none of the payments listed above are refundable)

- (1) **Lease Negotiation** Payable only if we choose to hire a professional to negotiate the lease for your Franchised Location. We estimate these fees will not be more than \$3,000 per lease negotiated, but we reserve the right to charge you a higher fee if reasonably required because of the complexities associated with negotiating the lease for your Franchised Location.
- (2) **Build-Out and Improvements** You must lease retail space that meets our standards and specifications. Space requirements for your Stores may range from approximately 875 to 1,200 square feet, resulting in cost variances to you. Your costs to improve the Franchised Location will depend in large part on whether your space is completely constructed, or is the remodel of an existing space. If your Store opens in a center or any building other than a major mall, the landlord will sometimes provide you with a tenant improvement allowance, although this landlord assistance may result in higher rental costs. If your Store is in a major mall or Triple A location, the landlord will usually not provide you with a tenant improvement allowance, resulting in higher construction costs to you. The condition of previously occupied sites varies greatly and the amount of usable space also varies greatly.

- (3) **Furniture, Fixtures and Equipment** This item includes the estimated costs to equip your Store with decorative items depicting animated candy factory props, lights, audio equipment, storage cabinets, display cabinets, storage fixtures, point-of-sale (POS) systems and signs
- (4) **Opening Inventory and Supplies** A typical opening inventory costs approximately \$20,000. You may want to begin operating with a larger inventory. You must maintain a minimum inventory of no less than \$20,000.
- (5) **Security Deposits, Utility Deposits, Business Licenses** Security deposits range from \$0 to two months' rent, utility deposits range from \$0 to approximately \$500 and business licenses range from approximately \$50 to \$550, depending on your location. Security deposits and utility deposits may be refundable depending upon the terms of your agreements with your landlord and the utilities providers.
- (6) **Rent** We estimate that rent ranges from \$4,500 to \$15,000 per month, including pass-throughs/triple net and other occupancy charges, for the typical mall in which you would locate a Store. Your rent may be higher depending on the size and geographic location of your Store and the type of mall in which you choose to locate your Store.
- (7) **Pre-Opening Training, Travel and Living Expenses** Your travel and living expenses when you attend our initial training program vary depending on the length of your instruction, the distance you must travel and the standard of living you desire while you attend the program.
- (8) **Additional Funds** This estimates your pre-operational expenses and costs, which are not listed above, as well as additional funds necessary for the first three months of your business operations, less any income generated by the Business during this time. These figures are estimates and we cannot guarantee that you will not have additional expenses when you start the business. Your costs depend on factors such as how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market for our products, the prevailing wage rate, competition, and the sales level you reach during this initial period. This category includes a variety of expenses and working capital items during your start-up phase, such as legal and accounting fees, insurance premiums, advertising, promotional and grand opening expenses and materials, employee salaries, and other miscellaneous costs. This item does not include any salary for you or your General Manager.
- (9) **Total Estimated Investment** We relied on our experience in the retail confections industry when we prepared these figures. You should review these figures carefully with a business advisor before you make any decision to purchase a franchise. We offer no financing of the Initial Franchise Fee.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must establish and operate your Store in compliance with your Franchise Agreement and the confidential operations manual we loan to you, in the form of several manuals, technical bulletins and other written materials, (collectively, "Operations Manual"), which we may modify in our sole discretion. All equipment, services, supplies, materials, uniforms and inventory items that you use or offer for sale through your Store must meet the minimum standards and specifications in our Operations Manual. We reserve the right to require you to purchase computer, communications, and information systems as we reasonably may specify in the future.

You must sell only candy and gifts that we designate. Because we try to offer the latest and most popular candy and gifts in our Stores, we may periodically change our list of designated candies and gifts. To establish the Stores as trend-setters in the retail confection business, we may require you to purchase an initial inventory of a new designated item within 7 to 14 days, depending on the item. If you propose to offer, conduct or utilize any products, services, materials, forms, items or supplies for sale or use in your Store which we have not previously approved as meeting our specifications, you must first notify us in writing requesting our approval. We may for any reason withhold our approval. For us to make a determination, you must submit specifications, information, or samples of the proposed products or services. We will advise you, usually within ten days, whether the products or services meet our specifications. You may not utilize products or services until we give our written approval. We encourage you to look for new products that would be appropriate for sale in the Stores and to actively seek our approval to sell those products.

We require you to procure, maintain and provide us with evidence of (i) comprehensive general liability insurance for the Franchised Location and its operations with a limit of not less than \$1,000,000 combined single limit, or such greater limit as may be required as part of any lease agreement for the Franchised Location, (ii) unemployment and worker's compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law, and (iii) all-risk personal property insurance in an amount equal to at least 100% of the replacement costs of the contents and tenant improvements located at the Fuzziwig's Store. All of the required policies of insurance must name us as an additional named insured and must provide for a 30 day advance written notice to us of cancellation.

To assure uniformity in all Franchised Locations, you must use a construction contractor and a supplier from a list of approved contractors and suppliers that we provide to you, to build out and equip your Franchised Location. In addition, you must purchase all of the candy and gifts that you sell at or through your Store from a source we designate. Currently there are approved or designated candy suppliers for all of your inventory and one designated supplier of decorations depicting animated candy factory props for your Franchised Location. In addition, there is only one approved supplier for the architectural and design work for your Store. You must purchase all products and services that you require to operate your Store from manufacturers or suppliers we designate. We are not currently but may become a designated supplier or the only supplier of items you require to operate your Store. If there is no designated supplier for a particular item, you must purchase all products and services from other suppliers who have received our prior written approval and meet all of our specifications and standards.

We formulate and modify our specifications and standards based on quality, composition, finish, appearance and service. We require that suppliers adequately demonstrate their capacity to supply your needs, in the quantities, at the times, and with the reliability requisite to an efficient operation. We may change our standards and specifications, or suppliers who have our authorization, at any time if we give you 30 days written notice in advance, and may require you to dispose of supplies or products on hand.

Our criteria for supplier approval are available to you upon request and are included in our Operations Manual. We base our approval on quality, vendor reputation, pricing and our opinion about the compatibility of the product with our Store image and product line. We may require that samples from a proposed new supplier be delivered to us for testing before we approve the supplier. You must reimburse us for the cost of conducting the test.

Neither we nor our affiliate are currently an approved supplier of any product or service. We had no revenues from purchases from franchisees during our last fiscal year. Further, we did not derive income as a result of required purchases or leases made according to our specifications during our last fiscal year. We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specifications, will range from 80% to 90% of the total cost of establishing your Store and from 35% to 40% of the total cost of operating your Store after that time. We are not affiliated with any approved or designated suppliers. None of our officers have an ownership interest in any approved supplier.

In an effort to make sources or supplies available to you, we may negotiate, administer, and, in some cases, guarantee purchase programs under which you can purchase items at discounted prices and lower freight rates. We may receive rebates or vendor payments on the sale of items sold under our purchase programs to franchisees by the manufacturer/supplier, including purchases of candy, gifts and other items. We did not receive any rebates during the fiscal year ended January 31, ~~2018~~²⁰¹⁷, but our affiliate, GEI, received a total of ~~\$18,435.00~~^{\$18,435.00} in rebates from a packaging supplier and a candy supplier as a result of product and supplies purchases by franchised and company-owned Stores. We have no purchasing or distribution cooperatives, although we may form cooperatives in the future. We do not give you any material benefits based on your use of designated or approved sources or suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 3.1 and 5.1	ITEMS 7, 8 and 11
(b) Pre-opening purchases/leases	Sections 5.1, 5.3 and 5.4	ITEMS 5, 7 and 8
(c) Site development and other pre-opening requirements	Sections 5.2 and 5.5	ITEMS 7, 8 and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
(d) Initial and ongoing training	Article 6	ITEMS 6, 7 and 11
(e) Opening	Section 5 6	ITEM 11
(f) Fees	Articles 11 and 12	ITEMS 5 and 6
(g) Compliance with standards and policies/Operations Manual	Article 8 and Sections 13 1 and 13 2	ITEMS 8, 11, 14, 15 and
(h) Marks and proprietary information	Article 14 and Section 20 3	ITEMS 13 and 14
(i) Restrictions on products/services offered	Sections 10 1(d) and 13 4	ITEMS 8 and 16
(j) Warranty and customer service requirements	Not applicable	Not applicable
(k) Territorial development and sales quotas	Not applicable	Not applicable
(l) On-going product/service purchases	Sections 10 1 and 13 4	ITEMS 8 and 16
(m) Maintenance, appearance and remodeling requirements	Sections 10 1(a), (b), (f) and (j)	ITEM 8
(n) Insurance	Article 21	ITEM 7
(o) Advertising	Article 12	ITEMS 6 and 11
(p) Indemnification	Section 19 3	Not applicable
(q) Owner's participation/management/staffing	Sections 10 1(c) and (1)	ITEM 15
(r) Records and reports	Article 15	ITEM 6
(s) Inspections/audits	Sections 13 3 and 15 5	ITEM 6
(t) Transfer	Article 16	ITEM 17
(u) Renewal	Sections 17 2, 17 3 and 17 4	ITEM 17
(v) Post-termination obligations	Section 18 5	ITEM 17
(w) Non-competition covenants	Article 20	ITEM 17
(x) Dispute Resolution	Section 22 1	ITEM 17
(y) Other	None	Not applicable

ITEM 10 FINANCING

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

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

Except as listed below, we need not provide any assistance to you

Pre-Opening Obligations

Before you open your Store

1 When you sign the Franchise Agreement, we will provide you with written specifications for the Franchised Location, if you do not have an approved location. We base our approval of a proposed Franchised Location on information you submit to us in a form sufficient to assess the location. (See Section 7 1(b), Franchise Agreement)

2 Within 30 days of signing the Franchise Agreement, we will provide you with direction regarding the required conversion, layout and decoration of the Store premises, plus specifications concerning signs, decor, displays, lights and colors. (See Section 7 1(c), Franchise Agreement)

3 Within 30 days of signing the Franchise Agreement, we will provide you with direction regarding the selection of suppliers of equipment, point of sale (POS) systems, signs, animated candy factory props, supplies and materials used and Candy and Gifts offered for sale through your Store. We provide you with a list of approved suppliers, if any, of equipment, POS systems, supplies, signs, animated candy factory props, materials, candy and gifts, and, if available, a description of any national or regional supply agreements that approved suppliers offer for the benefit of our franchisees. (See Section 7 1(d), Franchise Agreement)

4 At least 30 days before you open we will train you in our corporate headquarters located in Durango, Colorado or at another location we designate. (See Section 7 1(a), Franchise Agreement)

5 When you sign the Franchise Agreement, we will loan you one copy of our confidential Operations Manual, covering the operating and marketing techniques of the Store, plus all updates and revisions. (See Section 7 1(e), Franchise Agreement)

6 We will provide up to six days of opening assistance, to begin approximately three days before you open your Store. (See Section 7 1(f), Franchise Agreement)

Schedule for Opening

We estimate that the typical length of time between the date you sign the Franchise Agreement and the date your Store opens will be 120 to 270 days. The factors which may affect this time period are your ability to locate a site, secure financing, and obtain a lease, the extent to which you must upgrade or remodel an existing location, the delivery schedule for equipment, inventory and supplies, and completing your training. You must open your Store within 270 days after you sign the Franchise Agreement.

Post-Opening Obligations

During the operation of your Store, we will

1 Regularly consult with you by telephone regarding the continued operation and management of your Store and advise you regarding retail services, product quality control, inventory management, customer relations and similar issues. (See Section 9 1(a), Franchise Agreement)

2 Give you access to advertising and promotional materials as we may develop them, the cost of which we may pass on to you at our option (See Section 9 1(b), Franchise Agreement)

3 Provide you with on-going updates on information and programs regarding the candy industry in general, your chosen brand, and our concept and related System, including information about special or new products which we develop and make available to franchisees (See Section 9 1(c), Franchise Agreement)

4 Train replacement or additional General Managers during the term of the Franchise Agreement We may charge a tuition or fee for training, commensurate with our other current published prices, which will be payable to us in advance You must pay all travel and living expenses for your personnel during the training program The availability of the training programs depends on space considerations and prior commitments to new franchisees (See Section 9 1(d), Franchise Agreement)

5 Make our employees or designated agents available to you for advice and assistance regarding the on-going operation of your Store If you request additional assistance and we agree to provide it, we may charge you for all travel, lodging, living expenses, telephone charges and other identifiable expenses associated with the assistance, plus a fee based on the time spent by each employee on your behalf We charge you our then current hourly or daily rates at the time we assist you Our current daily rate is \$250 (See Section 9 2, Franchise Agreement)

Marketing Fund

We may require you to pay a Marketing Fund Fee of up to 1% of your weekly Gross Retail Sales We will begin collecting the Marketing Fund Fee when we determine that there are a sufficient number of Stores to benefit from a national marketing fund We did not collect or spend any Marketing Fund Fees during our last fiscal year If required, you will pay the Marketing Fund Fee at the same time as your payment of the Royalty, deducted from your bank account by electronic funds transfer each week, based on the amount of your Gross Retail Sales during the previous week We will deposit the Marketing Fund Fee in a bank, commercial account or savings account which will be maintained separately from all of our other operating funds ("Marketing Fund") The Marketing Fund will not be audited All company-owned Stores, including those of GEI, ("company-owned Stores") will pay into the Marketing Fund on an equal percentage basis with all franchised Stores Within 120 days after the end of each fiscal year end, we will send you an annual unaudited financial statement for the Marketing Fund which will indicate how we have spent the Marketing Fund during the previous year

If it is established, we will administer the Marketing Fund We will use the Marketing Fund for any or all of the following to create, produce and place point of purchase advertising, in-store signs, in-store promotions, and commercial advertising, to pay agency costs and commissions, to create and produce video, audio, and written advertisements, to administer multi-regional advertising programs, including direct mail and other media advertising, to employ advertising agencies and pay for in-house staff assistance, and to support public relations, market research and other advertising and marketing activities We may use the

Marketing Fund for these purposes for both the Fuzziwig's brand and the SFH brand. We will not solicit franchisees with the Marketing Fund's money.

If it is established, we will be able to reimburse ourselves from the Marketing Fund for administrative costs, salaries and overhead expenses related to the administration of the Marketing Fund and its marketing programs, including conducting market research, preparing material, and collecting and accounting for Marketing Fund contributions. In any fiscal year we will be able to spend an amount greater or less than the aggregate contribution of all franchised and company Stores to the Marketing Fund in that year. The Marketing Fund will be able to borrow from us or other lenders to cover deficits and we can cause the Marketing Fund to invest any surplus for future use. Any amounts that remain in the Marketing Fund at the end of any year will accrue and we will apply them first toward the next year's expenses. We will not guarantee that advertising expenditures from the Marketing Fund will benefit you or any other franchisee directly or on a pro rata basis. We will assume no direct or indirect liability or obligation to you for collecting amounts due to any advertising account or for maintaining, directing or administering any advertising account.

Local Advertising

You must spend a minimum of 1% of Gross Retail Sales each month on local advertising in addition to the 1% Marketing Fund Fee. If your lease requires you to advertise locally, we may, in our discretion, count your local advertising expenditure under your lease towards fulfilling your local advertising expenditure under the Franchise Agreement. You must give us an accounting of the amounts you spent on local advertising within 30 days following the end of each calendar quarter. All company-owned Stores spend money for local advertising on an equal percentage basis with all franchised Stores. Local advertising is your responsibility.

All advertising and promotion materials must be approved by us before publication. You may create your own advertising and promotional materials or purchase them separately through local marketing and media sources within your geographical area. However, all your advertising and promotion must be in media of a type and in a format that we have approved, must be conducted in a dignified manner, and must conform to the standards and requirements we specify. You may not use any advertising or promotional materials until you receive our written approval. We usually provide our written approval or disapproval of your advertising within 14 days from the date we receive it. You must also comply with all social media policies that we prescribe from time to time.

Regional Advertising

We may designate geographic areas in which we may establish regional advertising cooperatives or associations ("Associations"). If your Store is within the territory of an existing Association when your Store opens, you must become a member of that Association. If we establish an Association during the term of your Franchise Agreement, you must become a member within 30 days after we establish the Association. If you fail to participate in the Association or pay any Association dues, you breach the Franchise Agreement. At the request of the Association, you must contribute up to 50% of your National Marketing Fund Fee described in this ITEM 11, as will all other franchises in the Association. These funds would be available

for specific programs selected by the majority of the Association members and which we have approved in advance. If we form an Association, you will be bound by the decisions of the majority of the members of the Association with respect to expenditures, assessments and dues, to the extent we approve them. Each Association could require its members to make minimum contributions to the Association monthly up to the amount of your National Marketing Fund Fee. We will approve all advertising materials before they are used by an Association or furnished to its members. The Association must prepare unaudited annual financial statements and send them to you if you request them. An Association will be comprised of franchisees. We have the right to form, change and dissolve Associations. Each Association will operate under written documents which you may view. Either we or the Association may create the Association's advertising, but advertising created by the Association must have our written approval before it is used. We reserve the right to form, change, merge or dissolve advertising associations or cooperatives.

Operations Manual

Exhibit F to this Disclosure Document is the table of contents of our Operations Manual. As of the date of this Disclosure Document, the total number of pages in our Operations Manual is 34.

Site Selection Assistance

You must select and acquire the premises for your Store. You must not, without our prior written approval, enter into any contract for the purchase or lease of any premises you intend to use as a Franchised Location for your Store. If you purchase an existing company-owned Store from us, we may sublease the premises or assign the lease for the premises to you on the same terms on which we acquired the right to use the premises. See **Exhibit H** for our Sublease Agreement and Assignment and Assumption of Lease and Addendum to the Franchise Agreement. We consider the following factors, among others, when we evaluate your proposed Franchised Location: (i) the coordination of the proposed Franchised Location's address with protected territories previously granted to other franchisees operating under either the Fuzziwig's Candy Factory or Sweets From Heaven Marks, if any, (ii) mall character, quality and location, and (iii) the nature and location of other competition and potential customers. Approval of a location does not infer or guarantee the success or profitability of a Franchised Location in any manner. There is no contractual limit on the time it takes us to approve or disapprove your proposed site. We typically take 30 days or less to approve or disapprove of your proposed Franchised Location. If we do not agree on a site, you will not be able to open a Store.

Computer Hardware and Software/Cash Register Systems

Except as described in this Item, you do not need to buy or use any computer hardware or software. You must use an electronic point of sale cash register system ("POS System") designated by us for taking customer orders, recording sales, and running local reports. We may periodically change or update specifications for the POS System. The POS System you must purchase and use in your Store is a Samsung SPS-530, which includes an electronic scale (CAS PD II). The estimated cost of the computer system is \$4,400. You must also purchase and use a DataCorp credit card authorization interface with your POS System. At your option, you may

purchase an extended warranty/maintenance contract on the POS System. You must also obtain a dedicated phone line for the POS System. We have not approved any other POS Systems or components for use in Fuzziwig's Candy Factory or Sweets From Heaven Stores. GEI uses this POS System in its Stores. We will have independent access to the sales information and data produced by your POS System but no independent access to any other information. There are no contractual limitations on our right to access this information and data. There are no required or optional maintenance, update, upgrading or support contracts.

In addition to the required POS System, you must have an in-store online email address for internal communications purposes. You must contract with and maintain an account with an Internet service provider that meets our standards. We may assign a domain name and an e-mail address for your Store. We also may require you to send us sales reports on a daily basis. We also reserve the right to specify other computer, communication and information systems specifications in the future. You We have a contractual obligation to update both the hardware and software specifications of the POS System and any other required Systems to our then-current standards and specifications, or to address technological developments or events at your expense which will not be limited. We do not assist you in obtaining any portion of the POS System, or any other required equipment or systems, but you must buy all required equipment from suppliers we approve. (See Section 5.4, Franchise Agreement.)

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by such computer-related problems. You must also take reasonable steps to verify that any person or entity upon whom you rely is reasonably protected. This may include establishing firewalls, access code protection, anti-virus systems, and use of backup systems.

Additional Training Information

After you sign the Franchise Agreement and before you open your Store, you must complete to our satisfaction the initial training program. We do not charge you for this training for up to four individuals, although you must pay travel, living expenses and wages for you and all employees who attend the training session. All training will be at our franchise training store ~~corporate headquarters~~ in Castle Rock, Colorado. We may designate other training locations at any time. The training material consists of written and verbal instruction. We offer a total of eight days of training. The training consists of approximately three days of classroom and hands-on training at a Store we own and five days of on-site assistance at your Franchised Location during your grand opening period. You must attend the training sessions at your Store during the grand opening period.

As often as annually, we may require you or your General Manager to attend a national, regional or local meeting, seminar or conference that we present for the purpose of discussing a topic such as advertising programs, new operations methods, training, management, sales, or sales promotion. We may charge you a registration fee for these meetings, seminars or conferences, and you must pay your own expenses for travel, food and accommodations while attending. We offer these meetings, seminars or conferences if we determine and we reserve the right to change or alter any meeting schedules at any time.

We give the following initial training to our franchisees

TRAINING PROGRAM

Column 1 Subject ¹	Column 2 Hours of Classroom Training ²	Column 3 Hours of On The Job Training	Column 4 Location
Introduction to FUZZIWIG'S CANDY FACTORY Concept	1 5		Durango, CO
Customer Service Techniques		2	Durango, CO
Cash Register and Scale Operation		2	Durango, CO
Design and Construction		3	Durango, CO
Employees (responsibilities, opening and closing dates)		2	Durango, CO
Employees (hiring, training, scheduling)	2 5		Durango, CO
Daily Bookkeeping		2	Durango, CO
Weekly Inventory and Other Bookkeeping Methods to Increase Sales and Gross Margins		6	Durango, CO
Our Accounting Policies	1		Durango, CO
Our Candy Manufacturers and Shipping		5	Durango, CO
Our Ordering and Shipping Procedures		2	Durango, CO
Authorized and Recommended Outside Suppliers		3	Durango, CO
Merchandising and Marketing Techniques		3	Durango, CO
Our Philosophy, Franchisor/Franchisee Responsibilities	5		Durango, CO
On-site assistance, reinforce all of above, set up store, merchandise store, train staff, stock, clean		6 days	At your Store Location
TOTAL	10	30 (plus on-site training)	

NOTES

- (1) For each subject, training classes are held on an as-needed basis. You must attend training after you sign the Franchise Agreement and before you open your Store.
- (2) You will spend approximately 25% of the training time in a classroom setting, and approximately 75% in our Store in a location we designate. If you wish, you may work in a company-owned Store at your expense to gain experience interacting directly with actual customers, and we do not pay you for your time. If you live near a company-owned Store, you may spend up to 14 days in that Store with our prior approval.

- (3) Our current training supervisor is Derek Hannula. He has been in the industry over 17 years and with us for over ten years. Other instructors will participate in the training who have been involved in some aspect of the operation of a Store.
- (4) The principal instructional materials used in the training is our Manual.

ITEM 12 TERRITORY

You will operate your Store at a specific location "Franchised Location." You may not relocate your Franchised Location without our prior written approval, which we will not unreasonably withhold. If you sign your Franchise Agreement before you select a location and we approve it, then you must choose and acquire a location for your Store within a "Designated Area", described in **Attachment I** to the Franchise Agreement.

Once you select your Franchised Location and we designate it in the Franchise Agreement, we grant you a protected territory ("Protected Territory") within which we will not establish or operate, or franchise anyone else to establish or operate, another Store. You may not change the boundaries of your Protected Territory without our prior written approval. The boundaries of the shopping mall you are located in are usually designated as the boundaries of the Protected Territory. Your Protected Territory may be delineated by boundary streets, highways, counties, or zip codes. You may only own and operate one Franchised Location within your Protected Territory. You may face competition from other franchised or company-owned stores located outside of your Protected Territory or from other channels of distribution or from competitive brands we control. We have reserved the right to use alternative distribution, including the Internet, within the Protected Territory under any marks. We are not required to pay any compensation for soliciting or accepting orders within the Protected Territory.

The designation of your Franchised Location and Protected Territory does not grant you the exclusive right to any particular market or customers. You may advertise your Store within or outside of your Protected Territory and you may serve all customers wherever located. Other franchisees have the same rights to advertise and serve customers. We do not pay any compensation for soliciting or accepting orders from inside your Protected Territory.

We may establish other related franchises or company-owned stores that sell or lease similar products or services under a different name or trademark.

We and our Affiliates retain the rights, among others

1 To use, and to license others to use, the Marks and the System for the operation of Stores at any location outside of the Protected Territory,

2 To use the Marks and System to identify services and products, promotional and marketing efforts or related items, and to identify products and services similar or identical to those which you will sell, but made available through alternative channels of distribution other than through Stores without regard to the location and use,

3 To use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to those which you will sell and in connection with the operation of Stores, including, but not limited to, the operation of retail stores selling candy, other confectionary products and gifts, at any location, which locations are the same as, or similar to, or different from the Stores, on any terms and conditions as we deem advisable, and without granting you any rights in them,

4 To acquire, merge with, or be acquired by any other business, including a business that competes directly with your Store, and

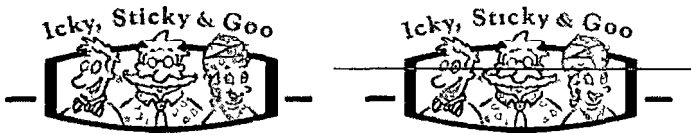
5 To implement multi-area marketing programs, including Internet and regional or national accounts, which may allow us or others to solicit or sell to customers anywhere We reserve the right to issue mandatory policies to coordinate such multi-area marketing programs We reserve the exclusive right to market on the Internet

Your continued right to operate at the Store during the term of the Franchise Agreement does not depend on you achieving any certain sales volume, market penetration or similar contingency Some shopping malls will require you to achieve certain minimum sales volumes as a condition of your lease You have no option, right of first refusal or similar contractual right to acquire the franchise rights to additional Stores within your Protected Territory or contiguous areas We do not have the right to modify your territorial rights

As disclosed throughout this Disclosure Document, we franchise retail candy stores under both the Fuzziwig's Mark and the Sweets From Heaven Mark We have company-owned and franchised outlets under both Marks Company-owned and franchised outlets operating under either Mark may solicit or accept orders from customers who reside in another franchisee's territory We have been operating both systems since December 2003 and have not had to resolve any dispute between us and franchisees or between the Fuzziwig's Candy Factory franchisees and the Sweets From Heaven franchisee's regarding territory, customers or our support There is only one franchisor and one principal business address We will not maintain separate offices or training facilities

ITEM 13 MARKS

We grant you the right to use the Marks, including either the service marks FUZZIWIG'S and FUZZIWIG'S CANDY FACTORY or SWEETS FROM HEAVEN, and other trademarks, service marks and commercial symbols which we may authorize, in the operation of your Store We are the owner of the following principal marks which have been registered on the Principal Register of the United States Patent and Trademark Office ("USPTO")

Mark	Registration No	Date of Registration
FUZZIWIG'S	2,125,866	December 30, 1997*
FUZZIWIG'S	2,127,483	January 6, 1998*
FUZZIWIG'S CANDY FACTORY and Design	3,348,357	December 4, 2007
ICKY, STICKY & GOO	4,501,868	March 25, 2014
	4,501,428	March 25, 2014
THE SWEET FUN FRANCHISE	2,992,066	September 6, 2005*
CANDY HQTRS	1,932,116	October 31, 1995*

*Indicates that the registration has been renewed

We may also grant some franchisees the right to use the SFH Marks on their Store, including the service mark SWEETS FROM HEAVEN, logos, and other commercial symbols. We reserve the right to grant the right to use these Marks in our sole discretion. These Marks are licensed to our affiliate GEI from Sweets From Heaven Franchise (Pty) Ltd in Sandton, South Africa ("SFH Ltd"). GEI has licensed the SFH Marks to us. SFH Ltd is the owner of the SFH Marks which have been registered with on the Principal Register of the USPTO.

Mark	Registration No	Date of Registration
SWEETS FROM HEAVEN	2,235,624	March 30, 1999*
	2,341,751	April 11, 2000*
	2,213,750	December 29, 1998*
	2,333,665	March 21, 2000*

We have filed all required affidavits. There are no agreements currently in effect that significantly limit our rights to use or license the use of our Fuzzwig's Marks in a manner material to the franchise. However, our license from GEI includes all of the rights licensed by

SFH Ltd, which is an exclusive license to use and exploit the Marks in several countries including the United States. The term of our license is perpetual unless the terms are breached by failing to perform the obligations under the license agreement, including proper use, maintenance, and enforcement of the Marks.

The Marks are used as the sole identification of the Stores. However, you must identify yourself as the independent owner of your Store in the manner we require. You must follow our rules when you use any of the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of any entity name or in any form on the Internet, including, but not limited to URLs, domain names, e-mail addresses, locators, links, metatags, or search techniques except as we license to you. You must use the Marks in the manner we specify to identify only authorized products and services, and you may not use any of the Marks in connection with the sale of an unauthorized product or service, or in any other manner not authorized by us in writing. You must modify or discontinue your use of a Mark if we require you to modify or discontinue the use of it, at your own expense. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time in our discretion.

There are no presently effective determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or material litigation involving the Marks.

We are not contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition related to your use of the Marks, but we reserve the right to do so when, in the opinion of our legal counsel, your right to use the Marks requires protection. In this case, we will pay all costs, including attorneys' fees and court costs, associated with any litigation required to defend or protect your authorized use of the Marks. You must cooperate with us in any litigation.

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

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information contained in the Operations Manual is proprietary and is protected by copyright. The designs contained in the Marks and the layout of our advertising materials is also protected by copyright. Although we have not filed an application for copyright registration for the Operations Manual, the Marks, or the advertising materials, we claim common law copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("**Copyright Works**") in connection with your operation of your Store.

You must notify us within three days after you learn about another's use of language or a visual image that you perceive to be identical or substantially similar to one of our Copyright Works or if someone challenges your use of our Copyright Works. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyright Works.

You must add, modify, or discontinue the use of a Copyright Work if we instruct you to do so. You must not directly or indirectly contest our rights to our Copyright Works, Trade Secrets, or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our Copyright Works.

The Operations Manual is our property and you may not copy, disclose or disseminate the contents at any time, without our prior written consent. We have the right to modify or supplement the Operations Manual or other segments of the System upon notice to you. You must keep the Operations Manual current at all times, and upon the termination or non-renewal of your Store, return the Operations Manual to us. We reserve the right to maintain the Operations Manual and any other copyrighted information or trade secrets exclusively in an electronic form, and to require you to access such information through the Internet or on an intranet created and supported by us, and to require you to sign intranet and Web site usage agreements.

We claim proprietary rights to all confidential information contained in the Operations Manual. Certain information in the Operations Manual also constitutes Trade Secrets and is identified as such.

You may only divulge confidential information to your employees or financial advisors as necessary. All managers to whom you show any of the information (or have access to any information) shall be informed of this obligation of confidence and sign the Confidentiality Agreement agreeing not to disclose and agreeing to notify of unauthorized disclosures. If you are a legal entity, we will require your owners to sign a similar written agreement. All information which we designate as confidential shall be deemed confidential except information which you can demonstrate was a part of the public domain, through publication or communication by others.

No patents are material to the franchise at this time. We have no pending patent applications that are material to the franchise.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (or your managing owner) are not required to participate personally in the direct operation of your Store, although we strongly urge you to do so. If you (or your managing owner) do not participate in the day-to-day operation of the Store, you must designate a manager ("General Manager") to be responsible for the direct on-premises supervision of the Store at all times during its hours of operation. If you are a legal entity, we do not require that your General Manager own an equity or have an ownership interest in you. You or, if applicable, the General Manager, must successfully complete our mandatory initial training program. You and your managers, including your General Manager, must enter into a confidentiality and noncompetition agreement with us (See **Exhibit G** to this Disclosure Document). We make no recommendations

and have no requirements regarding the terms of employment or any written agreements between you and your employees

If you are a legal entity, your officers, directors and principal owners must sign an agreement (See **Attachment III** to Franchise Agreement) personally guaranteeing and agreeing to perform all of your obligations under the Franchise Agreement

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale through your Store only the Candy and Gifts that we approve in writing. You must offer through your Store every type of Candy and Gift that we designate and you may not use your Store or the Franchised Location for any purposes other than to sell the approved products. You must devote 100% of all retail floor space to the brands and mix of Candies and Gifts designated by us. We may change or supplement the types of authorized Candy and Gifts, and there are no limits on our right to do so. Except with our prior written consent, you may not transship or reship Candy, Gifts or sell services, Candy or Gifts to our other franchisees. All Candy and Gifts must be sold in containers or bags which we approve. We may set maximum resale pricing on national price promotions and other multi-area marketing to the extent permitted by law.

You must obtain our consent in writing before you operate carts or kiosks, participate in food festivals or offer any other type of off-site food services using our Marks and System.

You must not fill "wholesale orders," which are defined in the Franchise Agreement as those orders or sales where the principal purpose of the purchase is for resale, not for consumption, or any sale other than over-the-counter sales at a price other than the price charged to the general public. We permit volume discounted sales made at the Franchised Location to a single purchaser, not for resale, and discounted sales made at the Franchised Location to charitable organizations for fund-raising purposes.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary
a	Length of the franchise term	Section 17.1	Ten years
b	Renewal or extension of the term	Section 17.3	Two additional five year terms

c	Requirements for you to renew or extend	Section 17.3	Pay fee, sign new agreement and sign general release If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from these in your previous franchise agreement, such as different fee requirements and territorial rights
d	Termination by you	None	Not applicable
e	Termination by us without cause	None	Not applicable
f	Termination by us with cause	Sections 18.1 and 18.2	We can terminate only if you commit any one of several listed violations
g	"Cause" defined - curable defaults	Section 8.2	30 days written notice to cure for failure to maintain standards, deceptive practices, failure to obtain our consent, failure to comply with Operations Manual, breach of lease or other agreement related to Agreement
h	"Cause" defined - non-curable defaults	Section 18.1	Assignment for benefit of creditors, inability to pay debts, bankruptcy (to the extent enforceable under Federal bankruptcy law), reorganization, liquidation, dissolution, receivership, certain unreversed judgments, abandonment, material understatement of income, unlawful or deceptive practices, failure to pay fees, etc. to us after ten days notice
i	Your obligations on termination/non-renewal	Section 18.4	Pay outstanding amounts, de-identification of Store, transfer telephone number, no "trading off," avoid misusing our trade secrets and property rights, covenant not to compete (<u>See also r</u>)
j	Assignment of contract by us	Section 16.6	No restriction on our right to assign
k	"Transfer" by you – defined	Section 16.1	Assignment, sale, gift or other disposition by you or your owners of any interest in the Agreement, you if you are a legal entity, the Store or any assets of the Store, including disposition resulting from a divorce, death, insolvency, dissolution proceedings or otherwise by operation of law
l	Our approval of transfer by you	Section 16.3	We have the right to approve all transfers, our consent not to be unreasonably withheld
m	Conditions for our approval or transfer	Section 16.2	You must have complied with Franchise Agreement and Operations Manual, buyer must qualify, you must pay all amounts due in full, you must pay transfer fee, buyer must sign our then current franchise agreement and you must sign general release
n	Our right of first refusal to acquire your business	Section 16.4	We may match any offer
o	Our option to purchase your business	Section 18.3	We may match any offer
p	Your death or disability	Section 16.7	Transfer must occur within 120 days
q	Non-competition covenants	Section 20.1	No involvement in competing business as defined

	during the terms of the franchise		
r	Non-competition covenants after the franchise is terminated or expires	Section 20 2	No involvement in competing business for 2 years
s	Modification of the agreement	Section 23 1	No modifications except by written agreement of both parties but standards, specifications and operating and marketing techniques of Operations Manual may change
t	Integration/merger clause	Section 23 2	Only terms of Franchise Agreement are binding (subject to state law) Any representations or promises made outside of the Franchise Agreement and this Disclosure Document may not be enforceable
u	Dispute resolution by arbitration or mediation	None	Not applicable
v	Choice of forum	Section 22 1	In Denver, Colorado (subject to state law-see state addenda in Exhibit J)
w	Choice of law	Section 22 3	Colorado law applies (subject to state law-see state addenda in Exhibit J)

The State Addenda in **Exhibit J** may also describe certain state laws that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of the franchise

ITEM 18 PUBLIC FIGURES

There is no compensation or other benefit given or promised to any public figure arising from either the use of the public figure in the name or symbol of the franchise or the endorsement or recommendation of the franchise by the public figure in advertisements. There are no public figures involved in our management.

The Franchise Agreement does not prohibit you from using the name of a public figure or celebrity in your promotional efforts or advertising, however, all advertising requires our approval.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an

existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future, income, you should report it to the franchisor's management by contacting our President Kayo Folsom, 656 Main Avenue, Durango, Colorado, 81301, telephone (970) 247-2770, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

FUZZIWIG'S CANDY FACTORY TABLES

**Table No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 20142015 TO 20172016**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised Outlets	<u>2015</u> <u>2014</u>	<u>35</u> <u>40</u>	<u>34</u> <u>36</u>	<u>-1</u> <u>4</u>
	2015 <u>2016</u>	<u>34</u> <u>36</u>	<u>36</u> <u>34</u>	<u>-2</u>
	<u>2017</u> <u>2016</u>	<u>36</u> <u>34</u>	<u>32</u> <u>36</u>	<u>-4</u> <u>2</u>
Company-Owned*	<u>2015</u> <u>2014</u>	<u>3</u> <u>4</u>	<u>3</u>	<u>0</u> <u>+</u>
	<u>2016</u> <u>2015</u>	<u>3</u>	<u>3</u>	<u>0</u>
	<u>2017</u> <u>2016</u>	<u>3</u>	<u>3</u>	<u>0</u>
Total Outlets	<u>2015</u> <u>2014</u>	<u>38</u> <u>44</u>	<u>37</u> <u>39</u>	<u>-1</u> <u>5</u>
	<u>2016</u> <u>2015</u>	<u>37</u> <u>39</u>	<u>39</u> <u>37</u>	<u>-2</u>
	<u>2017</u> <u>2016</u>	<u>39</u> <u>37</u>	<u>32</u> <u>44</u>	<u>-6</u> <u>4</u>

*All company-owned outlets are owned and operated by GEI

**Table No. 2
TRANSFERS OF OUTLETS FROM
FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR OR AFFILIATE)
FOR YEARS 20142015 TO 20172016**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	<u>2015</u> <u>2014</u>	<u>0</u>
	<u>2016</u> <u>2015</u>	<u>1</u> <u>0</u>
	<u>2017</u> <u>2016</u>	<u>0</u> <u>+</u>
Total (All States)	<u>2015</u> <u>2014</u>	<u>0</u>
	2015 <u>2016</u>	<u>1</u> <u>0</u>
	<u>2017</u> <u>2016</u>	<u>0</u> <u>+</u>

Table No 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2014~~2015 TO ~~2017~~2016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Arizona	2015 2014	4 5	1 0	0	0 +	0	0	5 4
	2016 2015	5 4	0 +	0	0	0	0	5
	2017 2016	5	0	0	0	0	0	5
California	2015 2014	4 6	0	1 0	0 +	0	0 +	3 4
	2016 2015	3 4	0	0	0 +	0	0	3
	2017 2016	3	0	0	0	0	1 0	2 3
Colorado	2015 2014	5 7	0	0	0	0	0 2	5
	2016 2015	5	0	0	0	0	0	5
	2017 2016	5	0	0	0	0	0	5
Connecticut	2015 2014	1	0	0	0	0	0	1
	2016 2015	1	0	0	0	0	0	1
	2017 2016	1	0	0	0	0	0	1
Florida	2015 2014	2	0 +	0	0	0	0	2 3
	2016 2015	2 3	1 0	0	0	0	0 +	3 2
	2017 2016	3 2	0 +	0	0	0	1 0	2 3
Georgia	2015 2014	3 2	0 +	0	0	0	0	3
	2016 2015	3	0	0	0	0	0	3
	2017 2016	3	0	0	0	0	0	3
Illinois	2015 2014	2	0	0	0	0	0	2
	2016 2015	2	0	0	0	0	1 0	1 2
	2017 2016	1 2	2 0	0	0	0	1	2 +
Indiana	2015 2014	1	0	0	0	0	0	1
	2016 2015	1	0	0	0	0	0	1
	2017 2016	1	0	0	0	0	0	1
Kentucky	2015 2014	1	0 +	0	0	0	1 0	0 2
	2016 2015	0 2	0	0	0	0	0 +	0 +
	2017 2016	0 +	0	0	0	0	0	0 +
Montana	2015 2014	1	0	0	0	0	0	1
	2016 2015	1	0	0	0	0	0	1
	2017 2016	1	0	0	0	0	0	1
NevadaNew Hampshire	2015 2014	0 +	0	0 +	0	0	0	0
	2016 2015	0	0	0	0	0	0	0
	2017 2016	0	1 0	0	0	0	0	1 0

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
New Jersey	2015 2014	0	<u>10</u>	0	0	0	0	<u>10</u>
	2016 2015	<u>10</u>	<u>04</u>	0	0	0	0	1
	2017 2016	1	0	0	0	0	0	1
New Mexico	2015 2014	2	0	0	0	0	0	2
	2016 2015	2	0	0	0	0	0	2
	2017 2016	2	0	0	0	0	0	2
New York	2015 2014	1	0	0	0	0	0	1
	2016 2015	1	0	0	0	0	0	1
	2017 2016	1	0	0	0	0	0	1
North Carolina	2015 2014	0	0	0	0	0	0	0
	2016 2015	0	<u>10</u>	0	0	0	0	<u>10</u>
	2017 2016	<u>10</u>	1	0	0	0	0	1
Ohio	2015 2014	2	0	0	0	0	0	2
	2016 2015	2	<u>10</u>	0	0	0	0	<u>32</u>
	2017 2016	<u>32</u>	<u>04</u>	0	0	0	<u>30</u>	<u>03</u>
Pennsylvania	2015 2014	<u>32</u>	0	0	0	0	0	<u>32</u>
	2016 2015	<u>32</u>	0	0	0	0	0	<u>32</u>
	2017 2016	<u>32</u>	0	0	0	0	<u>10</u>	2
Tennessee	2015 2014	1	0	0	0	0	0	1
	2016 2015	1	0	0	0	0	0	1
	2017 2016	1	0	0	0	0	0	1
Texas	2015 2014	<u>23</u>	0	0	0	0	<u>04</u>	<u>12</u>
	2016 2015	<u>12</u>	0	0	0	0	<u>04</u>	1
	2017 2016	1	0	0	0	0	0	1
Washington	2015 2014	0	0	0	0	0	0	0
	2016 2015	0	0	0	0	0	0	0
	2017 2016	0	0	0	0	0	0	0
Total	2015 2014	<u>3540</u>	<u>23</u>	1	<u>02</u>	0	<u>14</u>	<u>3436</u>
	2016 2015	<u>3436</u>	<u>32</u>	0	<u>04</u>	0	<u>13</u>	<u>3634</u>
	2017 2016	<u>3634</u>	<u>43</u>	0	0	0	74	<u>3236</u>

Table No 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS ~~2014~~2015 TO ~~2017~~2016*

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
Colorado	2015 2014	2	0	0	0	0	2
	2016 2015	2	0	0	0	0	2
	2017 2016	2	0	0	0	0	2

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Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
Massachusetts	20152014	10	0	0	0	0	10
Wisconsin	20162015	10	0	0	0	0	10
	2016	0	0	0	0	0	0
Wisconsin	20172014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Total	20152014	3	0	0	0	0	3
	20152016	3	0	0	0	0	3
	20172016	3	0	0	0	0	3

*All company-owned outlets are owned and operated by GEI

PROJECTED OPENINGS
As of January 31, 20182016

Column 1 State	Column 2 Franchise Agreements Signed But Store Not Opened	Column 3 Projected New Sales Of Franchised Stores In Next Fiscal Year	Column 4 Projected Company Owned Store Openings In Next Fiscal Year
California	0	2	0
Colorado	0	0	0
Florida	0	1	0
New Hampshire	0	1	0
Illinois	0	0	0
Nebraska	1	1	0
Ohio	0	10	0
Texas	0	1	0
Utah	0	10	0
Totals	10	85	0

A list of names of all Fuzziwig's Candy Factory franchisees and the addresses and telephone numbers of their Stores are listed as **Exhibit C** to this Disclosure Document. Also listed on **Exhibit C** are the names and last known address and telephone number of all Fuzziwig's Candy Factory franchisees who, during the last fiscal year, had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who have not communicated with us within ten weeks of the date of the application for franchise registration. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

SWEETS FROM HEAVEN TABLES

Table No 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 20142015 TO 20172016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised Outlets	<u>2015</u> 2014	68	67	0-1
	<u>2016</u> 2015	67	57	-10
	<u>2017</u> 2016	59	59	0
Company-Owned*	<u>2015</u> 2014	0	0	0
	<u>2016</u> 2015	0	0	0
	<u>2017</u> 2016	0	0	0
Total Outlets	<u>2015</u> 2014	68	67	0-1
	<u>2016</u> 2015	67	57	-10
	<u>2017</u> 2016	57	57	0

*All company-owned outlets were owned and operated by GEI

Table No 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 20142015 TO 20172016

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All StatesCalifornia	<u>2015</u> 2014	0
	<u>2015</u> 2016	0
	<u>2017</u> 2016	0
Total	<u>2015</u> 2014	0
	<u>2016</u> 2015	0
	<u>2017</u> 2016	0

Table No 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 20142015 TO 20172016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Arizona	<u>2015</u> 2014	1	0	0	0	0	0	1
	<u>2016</u> 2015	1	0	0	0	0	0	1
	<u>2017</u> 2016	1	0	0	0	0	0	1
California	<u>2015</u> 2014	1	0	0	0	0	0	1
	<u>2016</u> 2015	1	0	0	0	0	0	1
	<u>2017</u> 2016	1	0	0	0	0	0	1

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Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Colorado	2015 2014	1	0	0	0	0	0	1
	2015	+	0	0	0	0	0	+
	2016	1	0	0	1	0	0	0
	2017	0	0	0	0	0	0	0
Florida	2015 2014	1	0	0	0	0	0	1
	2015	+	0	0	0	0	0	+
	2016	1	0	0	0	0	0	1
Georgia	2017 2014	10	0	0	0	0	0	10
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Maryland	2014	0	0	+	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
New Hampshire	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
North Carolina	2014	+	0	+	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Pennsylvania	2015 2014	23	0	0	0	0	0	23
	2015	3	0	0	0	0	0	3
	2016	23	0	0	0	0	0	23
Total	2017 2014	28	0	0+	0	0	0	27
Total	2015	6	0	0	0	0	0	6
	2016	6	0	0	1	0	0	56
	2017	5	0	0	0	0	0	5

Table No 4
STATUS OF COMPANY-OWNED OUTLETS FOR
YEARS 20152014 TO 20172016*

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
All StatesMassachusetts	2015 2014	0	0	0	0	0	0
	2016 2015	0	0	0	0	0	0
	2017 2016	0	0	0	0	0	0
Total	2015 2014	0	0	0	0	0	0
	2016 2015	0	0	0	0	0	0
	2017 2016	0	0	0	0	0	0

*All company-owned outlets were owned and operated by GEI

Table No 5
PROJECTED OPENINGS
As of January 31, ~~2018~~2016

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

A list of names of all Sweets From Heaven franchisees and the addresses and telephone numbers of their Stores are listed as **Exhibit C** to this Disclosure Document. Also listed on **Exhibit C** are the names and last known home addresses and telephone numbers of all Sweets From Heaven franchisees who, during the last fiscal year, have had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who have not communicated with us within ten weeks of the date of the application for franchise registration. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

A list of all company-owned stores (both Fuzziwig's Candy Factory and Sweets From Heaven) are listed on **Exhibit D**.

We have not signed confidentiality clauses during the last three years with existing or former franchisees which restrict their ability to speak openly about their experience with either the Fuzziwig's Candy Factory and Sweets From Heaven system.

We do not have any franchisee association.

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year end is January 31. Attached as **Exhibit E** are our audited financial statements for the fiscal years ended January 31, 2016, 2017 and 2018 ~~2015, 2016 and 2017,~~ together with an ~~unaudited balance sheet and income statement as of July 31, 2017.~~

ITEM 22 CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

- Exhibit B** Franchise Agreement (with Exhibits)
- Exhibit G** Nondisclosure and Noncompetition Agreement
- Exhibit H** Sublease and Assignment Agreements and Addendum
- Exhibit J** State Specific Addendum
- Exhibit L** Sample Release (may be used in connection with transfer or renewal)

These Agreements and their attachments are the only contracts proposed for use in the offering of the franchise. The Franchise Agreement, Nondisclosure and Noncompetition

Agreement and Sublease documents refer to the Fuzzwig's Candy Factory name and Marks. If you will operate your store using the Sweets From Heaven name and Marks, you will sign identical agreements except that all references to the Fuzzwig's Candy Factory Marks will be replaced with the Sweets From Heaven Marks.

ITEM 23 RECEIPT

Included as the last document of this Disclosure Document, following the Disclosure Document and all exhibits, is a detachable Receipt. One of these Receipts must be signed and dated by you and returned to us. The other copy is for your records.



EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

EXHIBIT A
LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight Franchise Division 1515 K Street Suite 200 Sacramento, CA 95814-4052 (916) 445-7205	Commissioner of the Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814-4052
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-1090 Phone (217) 782-7046 Fax	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681 Phone (317) 233-3675 Fax	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
MINNESOTA	Minnesota Department of Commerce 85 Seventh Place East, Suite 280 St Paul, MN 55101-2198 (651) 539-1600 Phone	Minnesota Commissioner of Commerce Same Address
NEW YORK	NYS Department of Law Office of the New York State Attorney General Investor Protection Bureau 28 Liberty Street, 21st Floor Section 120 Broadway 23rd Floor New York, NY 10005-1495+0271- 0332 (212) 416-8236 Phone (212) 416-6042 Fax	NYS Attention New York Secretary of State New York Department of Law State Same Address One Commerce Plaza 99 Washington Avenue 6th Floor Albany, NY 12231-0001 (518) 473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712 Phone (701) 328-0140 Fax	North Dakota Securities Commissioner Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051 Phone (804) 371-9911 Fax	Clerk of the State Corporation Commission 1300 E Main Street, 1st Floor Richmond, VA 23219



EXHIBIT B

FRANCHISE AGREEMENT



EXHIBIT C

LIST OF FRANCHISEES

EXHIBIT C

**FUZZIWIG'S CANDY FACTORY FRANCHISEES
(AS OF JANUARY 31, 2018~~2017~~)**

Arizona

Hasu Patel
Chandler Fashion Center
3499 Chandler Blvd #2424
Chandler, AZ 85226
(480) 726-2953

Hasu Patel
Arrowhead Mall
7700 W Arrowhead Towne Center #2052
Glendale, AZ 85308
(623) 979-8537

Kumar Bhowmick
Superstition Springs Center
6555 E Southern Ave Suite 1030
Mesa, AZ 85208
(480) 325-3266

Hasu Patel
Paradise Valley Mall
4550 E Cactus Road, Space 88
Phoenix, AZ 85032
(602) 996-8343

Greg & Laura McKeehan
Park Place Mall
5870 E Broadway Blvd
Tucson, AZ 85711
(520) 790-0851

California

~~Rebecca & Charles Huereque~~
~~Shoppes @Chino Hills~~
~~13865 City Center Dr #3080~~
~~Chino Hills CA 91709~~
~~(909) 590-8903~~

Ryan & Wynter Marchi
Coronado
1126 Orange Avenue
Coronado, CA 92118
(619) 437-7290

Minjae Lee
Westfield-Culver City
6000 Sepulveda Blvd
Space 2501
Culver City, CA 90230
(310) 279-7724

Colorado

Colorado

Stephanie Bernstine
Southlands Mall
6155 S Main Street #E111
Aurora, CO 80016
(303) 627-5728 (fax)
(208) 850-2173

Margaret Folsom
Durango Downtown
680 A Main Street
Durango, CO 81301
(970) 259-1325

Joe and Janice Rodriguez
Main Street – Breckenridge
718 Mathews Circle
Erie, CO 80516
(704) 971-0226

Trish Grueser & Matt Cardille
Steamboat Downtown
845 Lincoln Ave
Steamboat Springs, CO 80487
(970) 879-6194

Don and Trish Grueser
Vail Village
223 E Gore Creek Drive
Vail, CO 81657
(970) 476-4451

Connecticut

Steve and Karen Pappas
Clinton Crossings Premium Outlets
20A Killingsworth TPK #115
Clinton, CT 06413
(860) 664-3932

Florida

Joyce & Harold Biagini
Edison Mall
4125 Cleveland Avenue #1375
Ft Myers, FL 33901
(239) 936-7373

~~Lynda Bazjanec Nickerson~~
~~Prime Outlets of Orlando~~
~~4973 International Drive~~
~~Suite 3F13~~
~~Orlando FL 32819~~
~~(407) 345-5666~~

John & Leslie Glenn
Mall at Wellington
10300 West Forest Hill Blvd
Unit 200
Wellington, FL 33414
(561) 513-6689

Georgia

Amir Shash
Avalon
3175 Avalon Blvd
Alpharetta, GA 30009
(678) 248-5217

Amir Shash
The Avenue Forsyth
410 Peachtree Parkway #140
Cumming, GA 30041
(678) 455-4366

Amir Shash
N Georgia Premium Outlets
800 HWY 400 S Suite 405
Dawsonville, GA 30534
(706) 216-4009

Illinois

~~Karla Baker~~
~~Chicago—Bucktown~~
~~2105 W Division Street~~
~~Chicago, IL 60622~~
~~(872) 802-4384~~

John Franklin
Yorktown Center
The Shops on Butterfield
123 Yorktown Center Drive
Lombard, IL 60148
(630) 261-0330

Scheels All Sports
Fuzziwig's Candy Factory
3801 S MacArthur Blvd
Springfield, IL 62711
(217) 726-6330

Indiana

Stacey Snow
Hamilton Town Center
13901 Town Center Blvd
Noblesville, IN 46040
(317) 770-3849

Kentucky

~~Dippin' Dots~~
~~Paducah Fuzziwig's/Dippin' Dots Co-Brand~~
~~2751 West Park Drive~~
~~Paducah, KY 42001~~
~~(270) 442-8959~~

Montana

Bill and Barbara Miller
Southgate Mall
2901 Brooks Street, Space E-2
Missoula, MT 59801
(406) 542-1817

New Hampshire

Russ & Marjorie Kuhn
Pheasant Lane Mall
301 Daniel Webster Hwy #155
Nashua, NH 03060
(603) 891-3900

New Jersey

Eric Gill
Freehold Raceway Mall
3710 Route 9, #A206
Freehold, NJ 07728
(732) 414-6999

New Mexico

Lupton Partners
Coronado Mall
6600 Menaul NE Suite H-1
Albuquerque, NM 87110
(505) 884-4404

Margaret Folsom
Animas Valley Mall
4601 East Main Ave
Farmington, NM 87402
(505) 326-3831

New York

Yoojeong Rose
Palisades Center Mall
3320 Palisades Center Drive, Space D304
W Nyack, NY 10994
(845) 358-3262

North Carolina

Sasi & Sarah Taravath
Mayfaire Town Centre
6835 Conservation Way Bldg G #103
Wilmington, NC 28405
(910) 679-8376

Ohio

~~Mark and Erin Dandrea~~
~~Easton Town Center~~
~~4081 Fenlon Street Space 504~~
~~Columbus OH 43219~~
~~(614) 337-1872~~

~~Mark and Erin Dandrea~~
~~The Mall at Tuttle Crossing~~
~~5043 Tuttle Crossing Blvd Space #112~~
~~Dublin, OH 43016~~
~~(614) 734-7180~~

~~Mark and Erin Dandrea~~
~~Polaris Mall~~
~~Polaris Fashion Place Unit P1070~~
~~Columbus OH 43240~~
~~(614) 781-9481~~

Pennsylvania

Cheryl and Michael Fenstermaker
Promenade Shops @ Saucon Valley
3045 Center Valley Parkway #107
Center Valley, PA 18034
(610) 841-7957

Lupton Partners
Grove City Factory Shops
1911 Leesburg-Grove City Road
Suite 1005
Grove City, PA 16127
(724) 748-3101

Tennessee

Dan Cantrell
Mall at Green Hills
2126 Abbott Martin Rd
Nashville, TN 37215
(615) 383-7200

Texas

Lupton Partners
NorthPark Center
8687 North Central Parkway
#2M2-2116
Dallas, TX 75225
(214) 346-1962
(214) 346-1741 (fax)

**SWEETS FROM HEAVEN FRANCHISEES
(AS OF JANUARY 31, ~~2018~~2017)**

Arizona

Hasu Patel
Arizona Mills
5000 Arizona Mills Circle
Tempe, AZ 85282
(480) 777-7307

California

Wynter & Ryan Marchi
The Block at Orange
20 City Boulevard West
Orange, CA 92868
(714) 769-3700

Florida

Kevin and Kerri Tichenour
Town Center at Boca
6000 Glades Drive, Ste 1099A
Boca Raton, FL 33431
(561) 368-2221

Pennsylvania

Lupton Partners
Sweets From Heaven
South Hills Village Mall
182 South Hills Village Mall
Pittsburgh, PA 15241
(412) 835-2855

Lupton Partners
Mall at Robinson
1550 Robinson Mall Dr
Pittsburgh, PA 15205
(412) 788-8553

~~Lupton Partners~~

~~Ross Park Mall~~

~~1000 Robinson Park Mall Drive
Pittsburgh PA 15237
(412) 369-4427~~

INTERNATIONAL FRANCHISEES – FUZZIWIG'S CANDY FACTORY
As of January 31, ~~2018~~2017

THE UNITED ARAB EMIRATES

Mazen Omair
The Beach
Opposite JBR
Shop 3610
Dubai, UAE
+971 4 554 1151

Mazen Omair
Riverland
Dubai Parks & Resorts
Shop 9A-7
Dubai, UAE
+971 4 258 5824

INTERNATIONAL FRANCHISEES - SWEETS FROM HEAVEN

As of January 31, ~~2018~~2017

GUAM

C J Sachdev
Candy Headquarters
Micronesian Mall, #149
Dededo, Guam 96912
(671) 637-1247

Franchisees who have left the system

As of January 31, ~~2018~~2017

The following is the name, last known home address and telephone number of franchisees who have had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the past fiscal year, or who has not communicated with us within ten weeks of the date of this Disclosure Document

FUZZIWIG'S CANDY FACTORY

CALIFORNIA

(312) 307-5266

Chino Hills

Victoria Gardens

Rebecca & Charles Huereque

7869 Kew Avenue

Space 5730

Rancho Cucamonga, CA 91739

(909) 989-9225

OHIO

Easton Town Center

ELD Enterprises LLC

Mark and Erin Dandrea

4837 Blue Church Road

Sunbury, OH 43074

(614) 395-7999

FLORIDA

Orlando Prime Outlets

Tasty Treats LLC

Lynda Nickerson

1740 Cheery Ridge Road

Heathrow, FL 32746

(407) 710-3381

ILLINOIS

Clark Street

Karla Baker

1819 S Michigan Ave #307

Chicago IL 60616

Polaris Fashion Mall
ELD Enterprises, LLC
Mark and Erin Dandrea
4837 Blue Church Road
Sunbury, OH 43074
(614) 395-7999

Tuttle Crossings
ELD Enterprises, LLC
Mark and Erin Dandrea
4837 Blue Church Road
Sunbury, OH 43074
(614) 395-7999

PENNSYLVANIA

Ross Park Mall
Lupton Partners
7266 Lupton Circle Drive
Dallas, Texas 75225
(214) 369-7999

SWEETS FROM HEAVEN

NONF

COLORADO

Colorado Mills

Darren Adelgren

~~14500 W Colfax Ave #322~~

~~Lakewood CO 80401~~

~~(303) 590-1800~~

Steve Raad

International Bazaar

~~Freeport Bahamas~~

BAHAMAS

Steve Raad

International Bazaar

~~Freeport Bahamas~~

Steve Raad

Port Lucaya Mall

~~Freeport Bahamas~~

Steve Raad

Marathon Mall

~~Nassau Bahamas~~

~~(242) 394-6938~~

Steve Raad

Kings Court Building

~~Bay Street~~

~~Nassau Bahamas~~

~~(242) 328-5549~~



EXHIBIT D

COMPANY-OWNED STORES

Exhibit D

COMPANY-OWNED STORES

**COMPANY OWNED FUZZIWIG'S CANDY FACTORY
(As of January 31, ~~2018~~2017)**

Broomfield, CO

Fuzziwig's Candy Factory
Manager Grethen O'Hair
FlatIron Crossing
1 W FlatIron Circle Ste 2168
Broomfield, CO 80021
Phone 720-887-9602

Castle Rock, CO

Fuzziwig's Candy Factory
Manager Tabitha Brown
Outlets at Castle Rock, Suite 605
5050 Factory Shops
Castle Rock, CO 80108
Phone 303-663-1081

Wauwatosa, WI

Fuzziwig's Candy Factory
Manager Mary Donahue
Mayfair Mall
2500 N Mayfair Road #6210
Wauwatosa, WI 53226
Phone 414-453-8400

COMPANY OWNED SWEETS FROM HEAVEN
(As of January 31, ~~2018~~2017)

None



EXHIBIT E

FINANCIAL STATEMENTS



EXHIBIT F

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT F



OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT G

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

SWEETS FROM HEAVEN

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

AGREEMENT, dated _____, 200____, by and between Fuzziwig's Candy Factory, Inc ("Franchisor") and _____ a(n) [directors, officer, partner, principal, employee, agent or stockholder,] of _____ ("Franchisee")

The Franchisor has granted to the Franchisee, pursuant to that certain Franchise Agreement dated _____, 200____, ("Franchise Agreement"), the right to operate a SWEETS FROM HEAVEN Store. The undersigned, in consideration of the receipt and/or use of the Operations Manual and other information proprietary to the Franchisor, including but not limited to methods, strategies and techniques developed by the Franchisor relating to operations, marketing, training, advertising, trade secrets and other confidential data (collectively referred to as "Proprietary Information"), agrees with the Franchisor as follows

1 The undersigned acknowledges that the Operations Manual and other Proprietary Information now or hereafter provided to Franchisee by the Franchisor is proprietary to the Franchisor and must be held in the utmost and strictest confidence

2 The undersigned represents and agrees that the undersigned will not, without the prior written consent of the Franchisor

(a) Duplicate or otherwise reproduce the Operations Manual or other Proprietary Information,

(b) To any person other than an authorized representative of the Franchisor,

(c) discuss or otherwise disclose the contents of the Operations Manual or other Proprietary Information to any person other than an authorized representative of the Franchisor, or

(d) Use the Operations Manual or other Proprietary Information to his, her or its commercial advantage other than in connection with the operation of the franchise created and granted by the Franchise Agreement

3 While the Franchise Agreement is in effect, neither the undersigned, nor any member of his or her immediate family, shall, directly or indirectly, engage in, or participate as an owner, officer, partner, manager, director, agent, representative, consultant, employee, shareholder or otherwise in any Competitive Business without having first obtained the Franchisor's written consent. For the purposes of this Agreement, "Competitive Business" shall mean any business deriving more than 5% of

its gross receipts from the sale, processing or manufacturing of candy, candy-related items or other products identical or similar to those offered by SWEETS FROM HEAVEN Stores and which constitute 5% or more of the Gross Retail Sales, as defined in the Franchise Agreement, of any SWEETS FROM HEAVEN Store

4 The undersigned has acquired from the Franchisor confidential information regarding Franchisor's trade secrets and franchised methods which, in the event of a termination of the Franchise Agreement, could be used to injure the Franchisor. As a result, neither the undersigned, nor any member of his or her immediate family, shall, for a period of two years from the date of termination, transfer or expiration of the Franchise Agreement, without having first obtained the Franchisor's written consent, engage in or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise in any Competitive Business which is located or operating, as of the date of such termination, transfer or expiration, within a 10-mile radius of the Franchisee's former Franchised Location as defined in the Franchise Agreement, or within a 10-mile radius of any other SWEETS FROM HEAVEN Store whether franchised or company-owned, unless such right is granted pursuant to a separate agreement with the Franchisor

5 The undersigned agrees that during the term of the Franchise Agreement, and for a period of two years thereafter, it shall in no way divert or attempt to divert the business of customers, or interfere with the business relationship established with customers of the Franchisee's SWEETS FROM HEAVEN Store or of any Competitive Business

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the date set forth above

AGREED TO BY

FUZZIWIG'S CANDY FACTORY, INC

By _____

Title _____



EXHIBIT H

SUBLEASE AND ASSIGNMENT AGREEMENTS

EXHIBIT H

SUBLEASE AGREEMENT

This Sublease Agreement ("Sublease") is made this ____ day of _____, 200__, by and between Grueser Enterprises, Inc., a Colorado corporation ("Sublessor"), and _____ ("Sublessee")

RECITALS

A Sublessor as Lessee entered in a certain lease (the "Lease") dated _____, 20__, whose address is _____, with _____ as Lessor, for the operation of its business under the mark "FUZZIWIG'S® CANDY FACTORY" for certain premises located at _____, (the "Leased Premises")

B Sublessor and Sublessee have entered into a Franchise Agreement to transfer the operation of Sublessor's business to Sublessee

NOW THEREFORE, for good and valid consideration, the parties agree as follows

1 Sublessor subleases the Leased Premises to Sublessee on the same terms and conditions of the Lease, a true and correct copy of which is attached hereto and by this reference made a part hereof. References in the Lease to Lessor shall mean Sublessor and to Lessee shall mean Sublessee for the purposes of this Sublease. The Lease is for a _____ (____) year term commencing _____, 20__, and terminating on _____, 20__ the Term of this Sublease shall commence on _____, 20__ the Sublease shall terminate one day before the termination date of the Term of the Lease or any extension thereto

2 Sublessee agrees that the sole purpose of this Sublease is to accommodate the continued operation of a FUZZIWIG'S® CANDY FACTORY store on the Leased Premises. Therefore the cessation of the operation and/or change in use of the FUZZIWIG'S® CANDY FACTORY store for the display and sale of bulk candies, as well as related novelty and gift items, and/or failure to use the trade name FUZZIWIG'S® CANDY FACTORY continuously during the entire Term of this Sublease shall constitute a material default of the Sublease and shall entitle Sublessor to all of its rights and remedies under the law and in addition to those rights and remedies specifically set forth under the default provisions under the Lease

3 Upon Sublessor's consent to the proposed Sublessee and this Sublease, Sublessor specifically does not approve any subsequent assignment or sublease by such approved Sublessee. Any subsequent assignment or sublease by such approved Sublessee shall be null and void *ab initio*

4 Any default by Sublessee under its Franchise Agreement with Sublessor which would justify a termination of such Franchise Agreement shall also constitute a

default under this sublease and justify termination of such Sublease Sublessor hereby agrees to notify Landlord of any uncured default by Sublessee under its Franchise Agreement (after notice thereof to Sublessee) which would justify a termination of such Franchise Agreement

5 All payments required of Sublessee under this Sublease shall be made in accordance with the provisions of the Lease to Lessor

The addresses for the parties for notices shall be the address set forth for Sublessor

Grueser Enterprises, Inc
First Financial Center
2155 Resort Drive #104
P O Box 882829
Steamboat Springs, Colorado 80488

and for Sublessee at the Leased Premises

6 Sublessee assumes and agrees to perform all obligations of Lessee as set forth in the Master Lease insofar as they relate to the subleased premises as though it were Lessee under that document and as though Grueser Enterprises, Inc , were Lessor Sublessee shall have no right to prepare plans or effect tenant's improvements to the premises except as may otherwise be agreed upon in writing by Sublessor, which agreement shall not be unreasonably denied

7 At the conclusion of the term of this Sublease, Sublessee shall, at its own expense, if requested by Sublessor or Lessor, remove all such changes or alterations and restore premises to the condition which would have existed had not such changes or alterations been made, reasonable wear and tear excepted

8 If applicable, this Sublease is subject to Lessor's written consent as required under the Lease and shall be effective only upon such consent, represented by Lessor's signature hereon

LESSOR

By _____
Title _____

SUBLESSOR

Grueser Enterprises, Inc , a Colorado corporation

By _____
Title _____

SUBLESSEE

By _____
Personally

By _____
Personally



EXHIBIT I

CLOSING ACKNOWLEDGMENT

EXHIBIT I

CLOSING ACKNOWLEDGEMENT

In order to ensure that your decision to purchase a FUZZIWIG'S CANDY FACTORY franchise from Fuzziwig's Candy Factory, Inc ("FCF") is based upon your own independent investigation and judgment, please complete and sign this Acknowledgement

1 Except as set forth in ITEM 19 of FCF's Disclosure Document, I have not received any information, either oral or written, regarding the sales, revenues, earnings, income or profits of FUZZIWIG'S CANDY FACTORY Stores from any officer, employee, agent or sales representative of FCF

2 I have not received any assurances, promises or predictions of how well my FUZZIWIG'S CANDY FACTORY Store will perform financially from any officer, employee, agent or sales representative of FCF

3 I have made my own independent determination that I have adequate working capital to develop, open and operate my FUZZIWIG'S CANDY FACTORY Store

4 I acknowledge that FCF will use reasonable efforts to assist me in locating a site for my FUZZIWIG'S CANDY FACTORY Store, but I also understand that I am responsible for the final decision regarding the selection of a suitable site

5 I am not relying on any promises of FCF which are not contained in the FUZZIWIG'S CANDY FACTORY Franchise Agreement or the Disclosure Document

6 I acknowledge that the terms of the FUZZIWIG'S CANDY FACTORY Franchise Agreement are not negotiable

7 I understand that my investment in a FUZZIWIG'S CANDY FACTORY Store contains substantial business risks and that there is no guarantee that it will be profitable

8 I have been advised by FCF and its representatives to seek professional legal and financial advice in all matters concerning the purchase of my FUZZIWIG'S CANDY FACTORY Store

9 I acknowledge that the success of my FUZZIWIG'S CANDY FACTORY Store depends in large part upon my ability as an independent business person and my active participation in the day to day operation of the Store

DATED _____

FRANCHISEE

AND FRANCHISEE

(Print Name) (if a corporation or partnership)

(Print Name) Individually

By _____
Title _____

By _____
(Print Name) Individually



EXHIBIT J
STATE SPECIFIC ADDENDUM

FUZZIWIG'S CANDY FACTORY, INC

SPECIFIC DISCLOSURES REQUIRED BY VARIOUS STATES

The Fuzziwig's Candy Factory Disclosure Document ("FDD") and Franchise Agreement are modified as follows for franchisees and prospective franchisees in the following states

CALIFORNIA

- 1 The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the FDD
- 2 Neither we, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 78a et seq , suspending or expelling these persons from membership in this association or exchange
- 3 California Business and Professions Code Sections 20000 through 20043 provide rights to you 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
- 4 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
- 5 The Franchise Agreement requires application of the law of Colorado This provision may not be enforceable under California law
- 6 Section 31125 of the California Corporation Code requires us to give you a disclosure document, in the form and containing the information as the Commissioner may by rule or order require, before we ask you to consider a proposed material modification of your franchise agreement
- 7 The Franchise Agreement requires binding arbitration The arbitration will occur at Denver, Colorado with the costs being borne as determined by the arbitrator
- 8 You must sign a general release of claims if you renew or transfer your franchise California corporations code §31512 voids a waiver of your rights under the franchise investment law (California Corporations Code

§§31000 through 31516) Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043)

- 9 The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Sec. 101 et seq.)
- 10 The Disclosure Document and Franchise Agreement are revised to provide that we will defer collection of the initial franchise fee until such time as we have met our initial obligations and your Store is open for business.

ILLINOIS

- 1 Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside the State of Illinois is not enforceable and is amended to the extent required by Illinois law.
- 2 The governing law or choice of law clause described in the Disclosure Document and contained in the Franchise Agreement are not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.
- 3 The last sentence of Section 22.3 is deleted.
- 4 The second sentence of Section 23.2 is revised to read as follows:

No modifications of this Agreement shall be effective except those in writing and signed by both parties.
- 5 Section 23.2 of the Franchise Agreement is amended to state that representations made in the Disclosure Document are not excluded from that on which franchisee may rely, to the extent required by Illinois law.
- 6 Any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with the Illinois franchise law or any other Illinois law is void.

MINNESOTA

- 1 Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights

to any procedure, forum, or remedies provided for by the laws of the jurisdiction

- 2 The Disclosure Document is amended to state that we will comply with Minnesota Statute 80C 14 subdivisions 3, 4, and 5, which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement
- 3 Pursuant to Minnesota Statute 80C 12 subdivisions 1(g), to the extent required by law, the Disclosure Document is amended to state that we will protect your right to use the trademark, service mark, trade name, logo or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our trade name
- 4 Minnesota Rule 2860 4400D prohibits us from requiring you to assent to a general release The Disclosure Document is modified accordingly, to the extent required by Minnesota law
- 5 Minn Stat Sec 80C 21 declares void any condition, stipulation or provision purporting to bind a person to waive compliance with the Minnesota franchise law (Minn Stat Sections 80C 01 to 80C 22 and the rules promulgated thereunder (collectively, the "Minnesota Act") To the extent that any of the contracts that you sign with us contain a general release, or require you to sign a general release at a later date, in favor of us or our affiliates, the general release will not operate to extinguish claims arising under, or relieve any person from liability imposed by the Minnesota Act
- 6 The Minnesota Act protects your right to require that the venue of any dispute not subject to binding arbitration be in Minnesota and that Minnesota law govern all contracts with us It furthermore protects your right to a jury trial To the extent any contract that you sign with us is inconsistent with the Minnesota Act, the contract shall be modified to conform with the Minnesota Act
- 7 If any contract that you sign with us requires you to consent to our obtaining injunctive relief, the contract shall be amended to provide that, pursuant to Minn Rule 2860 4400J, Franchisee cannot give such consent, provided, however, nothing shall prevent us from applying to a forum for injunctive relief
- 8 If any contract that you sign with us contains a limitations period for bringing claims against us which is shorter than the limitations period provided under the Minnesota Act, the contract shall be modified to conform to the Minnesota Act

- 9 The Minnesota Act prohibits us from refusing to renew a franchise for the purpose of converting your business to an operation that will be owned by Company or one of our affiliates

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION

REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271 THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT

- 2 The following is added at the end of Item 3

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

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

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

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

misappropriation of property, or unfair or deceptive practices or comparable allegations

D No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

3 The following is added to the end of Item 4

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

4 The following is added to the end of Item 5

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687 4 and 687 5 be satisfied

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

You may terminate the agreement on any grounds available by law

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

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

8 The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**"

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

NORTH DAKOTA

The following statements are added to Item 17

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void Any mediation or arbitration will be held at a site agreeable to all parties The laws of the State of North Dakota will govern any dispute

Any general release the franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability Fuzziwig's Candy Factory, Inc may have incurred under the North Dakota Franchise Investment Law

Covenants not to compete upon termination or expiration of the franchise agreement are generally not enforceable in the State of North Dakota, except in certain instances as provided by law

The Franchise Agreement includes a waiver of exemplary and punitive damages That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Fuzziwig's Candy Factory, Inc in enforcing the agreement For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement

The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement state that franchisee must consent to the jurisdiction of courts in the state in which franchisor's headquarters are then located (currently California) That requirement will not apply to North Dakota franchisees and is

deemed deleted in each place it appears in the Disclosure Document, Franchise Agreement and Area Development Agreement

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead the statute of limitations under North Dakota law will apply.

Dated this _____ day of _____ 20____

Fuzziwig's Candy Factory

Franchisee

ACKNOWLEDGMENT

It is agreed that the applicable foregoing Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect

DATED this ____ day of _____, 20__

FRANCHISOR

FUZZIWIG'S CANDY FACTORY, INC

By _____

Title _____

FRANCHISEE

By _____

Title _____

By _____

Title _____

**(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY
FRANCHISEE)**



EXHIBIT K

SUMMARY OF INDUSTRY SPECIFIC LAWS

EXHIBIT K
FUZZIWIG'S CANDY FACTORY, INC

SUMMARY OF INDUSTRY SPECIFIC LAWS

The business of operating a **Fuzziwig's Candy FactorySM** franchise is subject to all of the laws, codes and regulations (referred to below generally as "**laws**") normally applicable to retail businesses. These include (1) federal, (2) state, and (3) in most instances, city, county, parish, borough, municipality or other local laws.

1 General Laws Regulating the Food Industry

The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products.

State regulations may govern the storage, handling and serving of food.

Many local or state jurisdictions require food service permits for those preparing, handling and serving food to the public. You and your employees may be required to pass a test or other certification process to obtain such a permit. There may also be local ordinances and regulations governing food storage, preparation and serving.

Your **Fuzziwig's Candy FactorySM** store is subject to local food and health permits and inspection laws. Health laws are intended in part to reduce food borne illnesses and may cover such issues as requiring employees to take a test and obtain a license as a food service worker, having accessible sinks, bathrooms for certain size establishments, inspections for cleanliness and compliance, equipment cleaning, storage and packaging, size of facilities, allowed foods, refrigeration, etc.

2 Federal Examples of other federal laws affecting many small businesses are wage and hour, occupational health and safety, equal employment opportunity, taxes, hazardous materials communication to employees, hazardous waste and environmental, and the Americans With Disabilities Act.

3 State State laws may cover the same topics as federal laws. Examples of other state laws affecting many small businesses include environmental, occupational health and safety, fire, taxes, health, and building and construction laws.

4 Local Local laws may cover the same topics as federal and state laws. Examples of other local laws affecting many small businesses include health and sanitation, building codes, fire codes, permits, and waste disposal.

The foregoing are examples of some, but not all of the laws that may be applicable to the franchised business described in the Disclosure Document. The Franchise Agreement places the responsibility for complying with all applicable laws and regulations upon you, the franchisee. You should research these requirements before you invest.



EXHIBIT L

SAMPLE RELEASE

**SAMPLE
RELEASE OF CLAIMS**

For and in consideration of the Agreements and covenants described below, Fuzziwig's Candy Factory, Inc ("Franchisor") and _____ ("Franchisee") enter into this Release of Claims ("Agreement")

RECITALS

A Franchisor and Franchisee entered into an FUZZIWIG'S CANDY FACTORY (or SWEETS FROM HEAVEN) Franchise Agreement dated _____, _____

B [NOTE Describe the circumstances relating to the release]

C Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement

AGREEMENTS

1 **Consideration** [NOTE Describe the consideration paid]

2-3 [NOTE Detail other terms and conditions of the release]

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

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties' failure to comply with those obligations. Further, the Franchisor Parties do not release the Franchisee Parties from any Claims related to Franchisee's (i) indemnification obligations under Section ____ of the Franchise Agreement, (ii) non-disclosure obligations under Section ____ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Section ____ of the Franchise Agreement.

___ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement

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

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations. Further, the Franchisee Parties and the Franchisor Parties acknowledge that the release set forth in this Section 5 does not release the Franchisor Parties from any liability under the Maryland Franchise Registration and Disclosure Law

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

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

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

9 Voluntary Nature of Agreement The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of

their own choice, that they have read the terms of this Agreement and that they fully understand and voluntarily accept the terms

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

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

Dated _____

FUZZIWIG'S CANDY FACTORY, INC

By _____

Its _____

Dated _____

FRANCHISEE _____

By _____

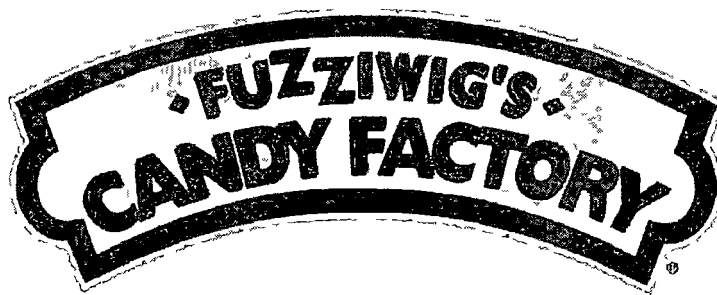


EXHIBIT M

RECEIPTS

EXHIBIT M RECEIPT

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

If Fuzziwig's Candy Factory Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that Fuzziwig's Candy Factory Inc. give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Iowa and Michigan require that Fuzziwig's Candy Factory Inc. give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

The name, principal business address and telephone number of each franchise seller offering the franchise: Kayo Folsom, Fuzziwig's Candy Factory Inc., 656 Main Avenue, Durango, Colorado 81301, telephone (970) 247-2770.

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

Issuance Date: May 16, 2018 ~~25-2017~~

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

I have received a Disclosure Document dated May 16, 2018 ~~25-2017~~ that included the following Exhibits:

Exhibit A	List of State Agencies/Agents for Service of Process
Exhibit B	Franchise Agreement
	Attachment I Addendum to Franchise Agreement - Location Approval
	Attachment I-1 Rider to Addendum - Location Approval
	Attachment II Personal Guaranty
	Attachment III Statement of Ownership
	Attachment IV Authorization Agreement for Prearranged Payments
Exhibit C	List of Franchisees
Exhibit D	List of Company-Owned Stores
Exhibit E	Financial Statements
Exhibit F	Operations Manual Table of Contents
Exhibit G	Nondisclosure and Noncompetition Agreement and Addendum
Exhibit H	Sublease and Assignment Agreements and Addenda
Exhibit I	Closing Acknowledgment
Exhibit J	State Specific Addendum
Exhibit K	Summary of Industry Specific Laws
Exhibit L	Sample Release
Exhibit M	Receipts

PROSPECTIVE FRANCHISEE

Signature _____

Print Name _____

Date _____

Corporation/Partnership _____

Printed Name of Corporation/Partnership _____

FRANCHISEE'S COPY

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PROSPECTIVE FRANCHISEE

Signature _____

Print Name _____

Date _____

Corporation/Partnership _____

Printed Name of Corporation/Partnership _____

FUZZIWIG'S COPY