FRANCHISE DISCLOSURE DOCUMENT
GOLDEN KRUST FRANCHISING, INC
d/b/a Golden Krust Caribbean Bakery & Grill
A New York Corporation
399 Knollwood Road
White Plains, New York 10603
(914) 228-5965
information@goldenkrustbakery com
www goldenkrustbakery com

Received
LA Mailroom
AUG 04 2016
Department of
Business Oversight

As a franchisee, you will operate a Caribbean-style restaurant offering and serving a variety of Caribbean baked goods and featuring Jamaican patties and jerk chicken

The total investment necessary to begin operation of a Golden Krust Caribbean Bakery & Grill traditional restaurant ranges from $173,400 to $564,000 The total investment necessary to begin operation of a Golden Krust express drive-thru restaurant is from $159,200 to $336,000 The total investment necessary to begin operation of a Golden Krust kiosk is from $185,000 to $387,500 This includes $25,000 that must be paid to the Franchisor for a traditional restaurant, $15,000 that must be paid to the Franchisor for a Golden Krust express drive-thru restaurant or kiosk, $8,500 that must be paid to the Franchisor for a Restaurant Development Fee and between $6,000 to $12,000 for opening inventory paid to the Franchisor and/or outside suppliers

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English Read this Disclosure Document and all accompanying agreements carefully You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale **Note, however, that no 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 the Franchise Department at 399 Knollwood Road, White Plains, New York 10603, (914) 228-5965

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

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

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

Issûance Date May 6, 2016

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION AND/OR LITIGATION IN NEW YORK OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NEW YORK THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT STATES THAT NEW YORK 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

3 THE FRANCHISEE'S SPOUSE, MUST SIGN THE FRANCHISE AGREEMENT, AND THE SPOUSE OF EACH FRANCHISE OWNER MUST SIGN A PERSONAL GUARANTY OF THE FRANCHISE OBLIGATIONS SUCH SPOUSES ARE JOINTLY AND SEVERABLY LIABLE FOR ALL DEBTS OF THE FRANCHISE, WHETHER OR NOT INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS THESE REQUIREMENTS PLACE THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNERS AND SPOUSES AT RISK

4 YOU MUST PAY US A MINIMUM WEEKLY ROYALTY OF $250 00 EVEN IF THE FRANCHISE BUSINESS HAS NO REVENUE

5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We 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 Date See Listing of 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, Florida, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

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

California

Florida

Illinois

Maryland

Michigan

New York

Virginia

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is Golden Krust Franchising, Inc The Franchise does business under the name "Golden Krust Caribbean Bakery & Grill" and "Golden Krust" The Franchisor will be referred to in this Disclosure Document as "Golden Krust" or "GK" or "WE " A person who buys a franchise from Golden Krust will be referred to in this Disclosure Document as "you " If you are a corporation, partnership or other entity, certain provisions of Golden Krust's Franchise Agreement also will apply to your owners This Disclosure Document will indicate when your owners are also covered by a particular provision

Golden Krust Franchising, Inc is a New York corporation, incorporated on August 8, 1995, and currently maintains its principal business address at 3958 Park Avenue, Bronx, NY 10457 Golden Krust Franchising, Inc 's affiliate, Golden Krust Caribbean Bakery, Inc maintains its principal business at 3958 Park Avenue, Bronx, NY 10457 and maintains is Franchising Division at 399 Knollwood Road, White Plains, New York 10603 Golden Krust's agent in this state for service of process is, if applicable, disclosed in Exhibit C Golden Krust conducts business under its corporate name and service marks "Golden Krust Caribbean Bakery and Grill", "Golden Krust" and associated logo Golden Krust has no predecessors and there are no parent companies

The Franchise We Offer

Golden Krust grants franchises for the operation of traditional restaurants ("Golden Krust Caribbean Bakery and Grill"), express/"drive-thru" restaurants and kiosks ("Golden Krust")

Golden Krust Caribbean Bakery & Grill traditional restaurants offer and serve a wide variety of Caribbean baked goods and food products featuring Jamaican patties and jerk chicken Most of these products will be offered at the premises of the restaurant, although you may provide catering and delivery services outside the premises of the restaurant itself

"Golden Krust" drive-thru restaurants and kiosks offer take-out service with limited on premises seating available These restaurants have a more limited menu and product offering and feature our Golden Krust Patties and Jerk Chicken

If you buy a franchise from Golden Krust, you will operate your restaurant according to Golden Krust's business formats, methods, procedures, designs, layouts, standards and specifications

You will be competing with other fast food restaurants, full service restaurants, grocery and specialty stores that offer breads, patties and similar ethnic foods and similar types of businesses Your products and services will be offered to the general public The market for Caribbean cuisine is developed in some areas and developing in other areas, depending on the number of this type of restaurants in the particular area

Golden Krust began offering franchises for traditional restaurants initially under the name "Golden Krust Patties" in 1996 We do not operate businesses of the type being franchised but our affiliate, Golden Krust Caribbean Bakery, Inc and certain principals and related family members of Golden Krust have operated similar restaurants under the name "Golden Krust Caribbean Bakery" since 1988 Six (6) of these affiliate restaurants are currently operational Golden Krust Caribbean Bakery, Inc , also makes Jamaican patties and other Caribbean food products for distribution to Golden Krust's franchisees and other non-franchise customers including grocery stores, supermarkets, club stores, gas stations, convenience stores and institutional users such as schools and prisons

Golden Krust began offering its "drive-thru" express restaurants in 2013 Golden Krust began offering its "kioks" in 2014

We have not offered franchises in other lines of business We nor any Golden Krust affiliate has engaged in any business activities other than those described above and have not offered franchises in any line of business

There are no regulations specific to the industry in which restaurants operate, although you will be required to comply with all local, state and federal health and sanitation laws that apply to restaurant operations and food service operations

Item 2

BUSINESS EXPERIENCE

President Lowell Hawthorne

Mr Lowell Hawthorne has been Golden Krust Franchising, Inc 's President and CEO since its incorporation in 1995 He has also served as the President of Golden Krust Caribbean Bakery, Inc since 1988

Vice President Lloyd Hawthorne

Mr Lloyd Hawthorne has served as Vice President of GK since August 8, 1995 He also is Golden Krust Caribbean Bakery, Inc 's Vice President and a Director since its incorporation in 1988

Secretary and Treasurer Lauris Campbell

Lauris Campbell is the Secretary/Treasurer of GK She has also served as the Secretary of Golden Krust Caribbean Bakery, Inc since 1988

Vice President of Real Estate Development Lorraine Morrison

Ms Morrison has been with GK since its inception in 1995 She has served the Company in many capacities including as Auditor, Operations Manager and Director of Franchise Sales Ms Morrison leads the Site Committee which approves restaurant locations selected by franchisees

Vice President of Field Operations Steve Ament

Mr Ament joined GK in June of 2002 as Operations Manager and was promoted to Vice President of Field Operations in June of 2005

Director of Franchise Sales and Development Omar Hawthorne

Mr Hawthorne joined GK in 2004 as the Real Estate Coordinator He has served in various capacities, including Real Estate Development Manager and Franchise Development Coordinator He was appointed as Franchise Development Manager in

2011 and his responsibilities include identifying potential franchisees from sales to development

Director of Marketing & Public Relations Latalya Morrison

Latalya Morrison joined Golden Krust in 2007 serving in various capacities She was promoted to Marketing and Public Relations Manager in 2013

Executive Vice President of Franchising & Corporate Counsel Daren Hawthorne

Since 2006, Daren Hawthorne, Esq has served the company in a myriad of ways He has worked in the capacity as a Concept Development Strategist, the Corporate Counsel, and was recently promoted to Executive Vice President of Franchising & Corporate Counsel

Director of Corporate Affairs & Compliance Herma Hawthorne

Ms Hawthorne joined GK in January, 2002 She has served in various capacities including Director of Franchise Sales & Development, Human Resource Coordinator and Compliance Manager She currently holds the position of Director of Corporate Affairs & Compliance Her job responsibilities also include franchise sales and development with emphasis on compliance Prior to working at Golden Krust, Ms Hawthorne worked as Director of Information Technology in the Jamaica Customs Department, Jamaica, West Indies

Item 3

LITIGATION

Lance Thelwell and Debbie Thelwell v Golden Krust Franchising, Inc

1) On January 26, 2009 Lance and Debbie Thelwell filed a Demand for Arbitration (AAA Case #19114E0001109) seeking a refund of their $25,000 franchise fee based on their inability to find a suitable location for their GK franchise restaurant GK opposed the return of the franchisee's fee as GK presented the franchisees with two suitable locations for the restaurant which franchisees refused to accept A hearing was held on July 13, 2009 On July 24, 2009 the Arbitrator held that under a certain Rider executed by the parties, the franchisees were entitled to a refund of their franchise fees and awarded them the sum of $25,000

Other than this action, 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

Golden Krust currently charges an ınıtıal franchıse fee of $25,000 for a Golden Krust Carıbbean Bakery and Grıll tradıtıonal restaurant and $15,000 for a Golden Krust "drıve-thru" or kıosk restaurant You must pay the franchıse fee ın a lump sum when you sıgn the Franchıse Agreement Inıtıal Franchıse Fees are consıdered to be fully earned when paıd and are not refundable The ınıtıal franchıse fee for a kıosk ıs not refundable unless you have not located a sıte for your kıosk whıch we have approved wıthın one year of sıgnıng your franchıse agreement, ın whıch case we wıll refund $9,000 to you Proceeds from the Inıtıal Franchıse Fee go ınto our general operatıng fund and compensate us for our lost or deferred opportunıty to franchıse others and, ın part, ıs used to defray the costs we may ıncur as a result of screenıng and approvıng you as a franchısee, provıdıng you wıth advıce and assıstance and ıncurrıng legal, accountıng and other costs to comply wıth the federal and state laws regulatıng thıs offerıng together wıth marketıng and general admınıstratıve expenses Golden Krust reserves the rıght to reduce or waıve the ınıtıal franchıse fee for employees of GK or related entıtıes who become franchısees and also for famıly members of GK's prıncıpals You must also purchase adequate openıng ınventory [food products] from our affılıate Golden Krust Carıbbean Bakery, Inc and outsıde supplıers ın the approxımate amount of $6,000 to $12,000 00 Fınally, ıf you decıde to have us oversee the constructıon and development of your restaurant and sıgn our Development Agreement, you wıll pay us a development fee of $8,500 00 The sıgnıng of our Development Agreement ıs optıonal to you Both the openıng ınventory expendıture and development fee are also nonrefundable

Item 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty[1](traditional restaurant) Drive-Thru/Kiosk	3% of Gross Sales or $250 weekly, whichever is greater 5% of Gross Sales	Payable on first day of each week	Gross Sales means all revenues from restaurant operations whether from cash or credit, but excluding sales and other taxes and customer refunds See Section III(c) of Franchise Agreement
Advertising (Traditional Restaurant) Drive-Thru/Kiosk	2% of Gross Sales 3% of Gross Sales	1% payable on first day to Golden Krust of each week	
Development Fee	$8,500	Prior to Opening	Golden Krust has the right to receive a fee if it supervises your Restaurant's development
Transfer	$10,000	Prior to consummation of transfer	Payable when the Franchise Agreement or a controlling interest in you is transferred No charge if Franchise Agreement transferred to an entity which you control
Renewal	$10,000	Upon signing successor franchise agreement	

[1] All fees are uniformly imposed by and payable to Golden Krust All fees are non-refundable

Type of Fee	Amount	Due Date	Remarks
Audit	Cost of inspection or audit	15 days after billing	Payable only if you fail to furnish reports, supporting records or other required information
Interest	Lesser of 1 5% per month or highest contract rate of interest allowed by law	15 days after billing	Payable on all overdue amounts
Operations Manual	$300	15 days after billing	Cost of replacement copy
Management Fee	$250 per day	As agreed	Payable during period that GK's appointed manager manages the Restaurant upon your death or disability or abandonment
Costs and Attorney's Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You have to reimburse GK if it is held liable for claims arising from your Restaurant's operations
Testing	Cost of Testing	15 days after billing	This covers the costs of testing new products or inspecting new suppliers you propose
Relocation Expenses	Costs of Relocation	15 days after billing	This covers the cost GK incurs if you want to relocate the Restaurant

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Golden Krust Caribbean Bakery and Grill (Traditional Restaurant)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee(1)	$25,000	Lump Sum	On signing Franchise Agreement	GK
Restaurant Development Fee(2)	$8,500	Lump Sum	On signing Restaurant Development Agreement	GK Optional
Leasehold Improvements(3)	$55,000-$280,000	As Agreed	As Vendors Required	Outside Contractors
Furniture, Fixtures and Equipment(4)	$40,000-$92,500	As Agreed	As Vendors Required	Outside Vendors
Signage	$4,400-$15,000	As Agreed	As Vendors Required	Outside Vendors
First Month's Rent(5)	$3,000-$15,000	Lump Sum	As specified in lease or sublease	Landlord
Security Deposit(5)	0-$45,000	Lump Sum	On signing lease or sublease	Landlord
Opening Inventory and Supplies(6)	$6,000-$12,000	As Agreed	As Suppliers Required	GK and Outside Suppliers
Grand Opening Advertising(7)	$3,000-$10,000	Lump Sum	As Vendors Required	Advertising & Entertainment Sources
Training Expenses(8)	$2,500-$5,000	As Incurred	As Incurred	Third Parties
Miscellaneous Opening Costs(9)	$6,000-$16,000	As Incurred	As Suppliers/ Vendors Require	Third Parties
Additional Funds 3 -7 months(10)	$20,000-$40,000	As Incurred	As Expenses Occur	Third Parties
TOTAL ESTIMATED INITIAL INVESTMNT	$173,400-$564,000			

Explanatory Notes

1 The current initial franchise fee is $25,000 The initial franchise fee is not refundable

2 This optional fee charged for managing the construction of the store It does not include "soft costs" such as Architectural, Building Department or Expediting Fees This fee is not refundable

3 The size of a restaurant is estimated to be 500 to 3,500 square feet Costs of leasehold improvements, which include architects/engineering fees, municipality fees, floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry, plumbing, HVAC and related work and contractor's fees, will vary significantly depending on the condition, location and size of the premises, and any construction, heating and air conditioning systems or other allowances granted by the landlord after negotiations This fee is not refundable

4 This item includes sinks, refrigerators, ovens, stoves, grill, fryers, cookers, cooking exhaust and fire suppression system, display cases, tables, chairs, booths, utensils, cash registers, a phone system, computer, fax system, broadband service, desk, filing cabinets safes, and related office supplies The low end of the range assumes that you take over an existing restaurant space with some of these items already in place The high end of the range assumes that all new equipment is purchased This fee is not refundable

5 The amount of the first month's rent and security deposit will depend on the size, condition and location of the premises and the demand for the premises among prospective lessees This fee may be refundable depending on the terms of the agreement with the Landlord

6 The difference between the low and high ranges is attributable to the actual size of the restaurant and the amount and variety of the food and restaurant products, materials and supplies necessary for the opening of the Restaurant in compliance with GK's prescribed standards and specifications This fee is not refundable

7 This item estimates how much you will be required to spend on Grand Opening advertising and the actual ceremony The official opening of your store can take several formats and may include print media, radio, TV, DJ, bands, flyers, give-a-ways, etc This fee is not refundable

8 This item estimates how much you could spend for payroll, traveling, accommodations, etc whilst participating in the prescribed training courses This fee is not refundable

9 Miscellaneous Expenses These expenses include miscellaneous opening costs and expenses such as installation of telephones, deposits for gas, electricity and related items, installation of security systems, business licenses, legal and accounting expenses and insurance premiums This fee is not refundable

10 This item estimates your initial start up expenses These expenses include payroll costs These figures are estimates, and GK cannot guarantee that you will not have additional expenses starting the business Your costs will depend on factors such as your management skill, experience and business acumen, local economic conditions, the local market for your products and services, the prevailing wage rate, competition, and the sales level reached during the initial period This fee is not refundable

GK relied on its affiliates' experience in the restaurant business to compile these estimates You should review these figures carefully with a business advisor before making any decision to purchase the franchise GK does not offer financing directly or indirectly for any part of the initial investment The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan

Golden Krust Drive-Thru/Express Restaurant

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee(1)	$15,000	Lump Sum	On signing Franchise Agreement	GK
Restaurant Development Fee(2)	$8,500	Lump Sum	On signing Restaurant Development Agreement	GK Optional
Leasehold Improvements(3)	$45,500-$116,250	As Agreed	As Vendors Required	Outside Contractors
Furniture, Fixtures and Equipment(4)	$44,500-$68,500	As Agreed	As Vendors Required	Outside Vendors
Signage	$8,000-$20,000	As Agreed	As Vendors Required	Outside Vendors
First Month's Rent(5)	$4,000-$12,000	Lump Sum	As specified in lease or sublease	Landlord
Security Deposit(5)	0-$24,000	Lump Sum	On signing lease or sublease	Landlord
Opening Inventory and Supplies(6)	$3,600-$7,200	As Agreed	As Suppliers Required	GK and Outside Suppliers
Grand Opening Advertising(7)	$5,000-$7,000	Lump Sum	As Vendors Required	Advertising & Entertainment Sources
Training Expenses(8)	$2,500-$5,000	As Incurred	As Incurred	Third Parties
Miscellaneous Opening Costs(9)	$8,600-$12,550	As Incurred	As Suppliers/ Vendors Require	Third Parties
Additional Funds 3 -7 months(10)	$14,000-$40,000	As Incurred	As Expenses Occur	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	$159,200-$336,000			

Explanatory Notes

1 The current initial franchise fee is $15,000 The initial franchise fee is not refundable

2 This optional fee charged for managing the construction of the store It does not include "soft costs" such as Architectural, Building Department or Expediting Fees This fee is not refundable

3 The size of a restaurant is estimated to be 500 to 1,500 square feet Costs of leasehold improvements, which include architects/engineering fees, municipality fees, floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry, plumbing, HVAC and related work and contractor's fees, will vary significantly depending on the condition, location and size of the premises, and any construction, heating and air conditioning systems or other allowances granted by the landlord after negotiations This fee is not refundable

4 This item includes sinks, refrigerators, ovens, stoves, grill, fryers, cookers, cooking exhaust and fire suppression system, display cases, tables, chairs, booths, utensils, cash registers, a phone system, computer, fax system, broadband service, desk, filing cabinets safes, and related office supplies The low end of the range assumes that you take over an existing restaurant space with some of these items already in place The high end of the range assumes that all new equipment is purchased This fee is not refundable

5 The amount of the first month's rent and security deposit will depend on the size, condition and location of the premises and the demand for the premises among prospective lessees This fee may be refundable depending on the terms of the agreement with the Landlord

6 The difference between the low and high ranges is attributable to the actual size of the restaurant and the amount and variety of the food and restaurant products, materials and supplies necessary for the opening of the Restaurant in compliance with GK's prescribed standards and specifications This fee is not refundable

7 This item estimates how much you will be required to spend on Grand Opening advertising and the actual ceremony The official opening of your store can take several formats and may include print media, radio, TV, DJ, bands, flyers, give-a-ways, etc This fee is not refundable

8 This item estimates how much you could spend for payroll, traveling, accommodations, etc whilst participating in the prescribed training courses This fee is not refundable

9 Miscellaneous Expenses These expenses include miscellaneous opening costs and expenses such as installation of telephones, deposits for gas, electricity and related items, installation of security systems, business licenses, legal and accounting expenses and insurance premiums This fee is not refundable

10 This item estimates your initial start up expenses These expenses include payroll costs These figures are estimates, and GK cannot guarantee that you will not have additional expenses starting the business Your costs will depend on factors such as your management skill, experience and business acumen, local economic conditions, the local market for your products and services, the prevailing wage rate, competition, and the sales level reached during the initial period This fee is not refundable

GK relied on its affiliates' experience in the restaurant business to compile these estimates You should review these figures carefully with a business advisor before making any decision to purchase the franchise GK does not offer financing directly or indirectly for any part of the initial investment The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan

Your Estimated Initial Investment – (KIOSK)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee(1)	$15,000	Lump Sum	On signing Franchise Agreement	GK
Restaurant Development Fee(2)	$8,500	Lump Sum	On signing Restaurant Development Agreement	GK Optional
Leasehold Improvements(3)	$100,000-$160,000	As Agreed	As Incurred	Outside Contractors
Furniture, Fixtures and Equipment(4)	$20,000-$60,000	As Agreed	As Incurred	Outside Vendors
Signage	$4,000-$8,000	As Agreed	As Incurred	Outside Vendors
First Month's Rent(5)	$3,000-$15,000	Lump Sum	As specified in Lease or Sublease	Landlord
Security Deposit(5)	0-$45,000	Lump Sum	On signing Lease or Sublease	Landlord
Opening Inventory and Supplies(6)	$4,000-$10,000	As Agreed	As Incurred	GK and Outside Suppliers
Grand Opening Advertising(7)	$3,000-$6,000	As Agreed	As Incurred	Advertising & Entertainment Sources
Training Expenses(8)	$2,500-$5,000	As Incurred	As Incurred	Third Parties
Miscellaneous Opening Costs(9)	$5,000-$15,000	As Incurred	As Incurred	Third Parties
Additional Funds 3 -7 months(10)	$20,000-$40,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	$185,000-$387,500			

Explanatory Notes-KIOSKS

1 The current initial franchise fee is $15,000 The initial franchise fee is not refundable unless you have not located a site for your kiosk which we have approved within one year of signing your franchise agreement in which case we will refund $9,000 to you

2 This optional fee charged for managing the construction of the store It does not include "soft costs" such as Architectural, Building Department or Expediting Fees This fee is not refundable

3 The size of a kiosk is estimated to be between 250 to 499 square feet Costs of leasehold improvements, which include architects/engineering fees, municipality fees, kiosk fabrication and installation, floor covering, wall treatment, counters, ceilings, painting, electrical, carpentry, plumbing, related work and contractor's fees, will vary significantly depending on the condition, location and size of the premises, and any construction, heating and air conditioning systems or other allowances granted by the landlord after negotiations

4 This item includes sinks, refrigerators, drink equipment, ovens, cookers, fryers, ventilation systems, heating and air conditioning systems, display cases, utensils, cash registers, a phone system, computer/ fax system, broadband service, safes and related office supplies

5 The amount of the first month's rent and security deposit will depend on the size, condition and location of the premises and the demand for the premises among prospective lessees This fee may be refundable depending on the terms of the agreement with the Landlord

6 The amount and variety of the food and restaurant products, materials and supplies necessary for the opening of the kiosk in compliance with GK's prescribed standards The difference between the low and high ranges is attributable to the actual size of the kiosk and the amount and variety of the food and restaurant products, materials and supplies necessary for the opening

7 This item estimates how much you will be required to spend on Grand Opening advertising and the actual ceremony The official opening of your store can take several formats and could include print media, radio, TV, DJ, bands, flyers, give-a-ways, etc

8 This item estimates how much you could spend for payroll, traveling, accommodation, etc whilst participating in the prescribed training courses

9 Miscellaneous Expenses These expenses include miscellaneous opening costs and expenses such as installation of telephones, deposits for gas, electricity and related items, installation of security systems, business licenses, legal and accounting expenses and insurance premiums

10 This item estimates your initial start up expenses These expenses include payroll costs These figures are estimates and GK can not guarantee that you will not have additional expenses starting the business Your costs will depend on factors such as your management skill, experience and business acumen, local economic conditions, the local market for your products and services, the prevailing wage rate, competition, and the sales level reached during the initial period

GK relied on its affiliates' experience in the restaurant business to compile these estimates You should review these figures carefully with a business advisor before making any decision to purchase the franchise GK does not offer financing directly or indirectly for any part of the initial investment The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are obligated to operate the restaurant according to Golden Krust's System Standards System Standards may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies to be used in operating the restaurant, required or authorized products and product categories and designated or approved suppliers of such items (which may be limited to or include GK or its affiliates) We require you to purchase or lease all of your restaurant's equipment from designated approved suppliers

Prior to opening you are required to purchase AccuPOS Point of Sale Software System consisting of the following (2) AccuPOS POS workstations (LAN/Ethernet), (1) Kitchen printer (LAN/Ethernet), AccuLINK software for integration to an onsite copy of QuickBooks, AccuSHIFT 24 "time clock" software, Platinum Membership support plan including set up/configuration, training and troubleshooting, Integrated credit card processing services using AccuPOS merchant services partners You will also be required to purchase the following, QuickBooks Accounting (Online version), Back office computer (Windows Pro version operating system, LAN/Ethernet), Ethernet local area network (LAN) For the Platinum Membership support plan the monthly subscription fee is $50 for up to two terminals with the option of a third terminal for an additional $25 00 per month The name, address, and phone number for the approved supplier of our POS System is AccuPOS Point off Sale, 1990 West Hollywood Blvd, Suite 265, Los Angeles, CA 90025, phone number (800) 906-5010 There are currently no contractual requirements for you to update or replace this point of sale system We do maintain independent access to the information or data generated by your Point of Sale System

In order to maintain the quality of the goods and services sold by Golden Krust restaurants and the reputation of the Golden Krust franchise network, you are obligated to purchase all Jamaican patties, jerk seasonings, jerk sauce, jerk chicken and substantially all of your breads, cakes and other baked goods from a GK affiliate, Golden Krust Caribbean Bakery, Inc The officers of Golden Krust Franchising, Inc each own an interest in Golden Krust Caribbean Bakery, Inc The price you pay for food products from our affiliate vary depending on quantities purchased The prices charged to Golden Krust Caribbean Bakery, Inc by the manufacturer are equivalent to market prices Golden Krust Caribbean Bakery, Inc does not charge the same prices to individual/entities who are not franchisees Golden Krust expects these purchases and leases to represent approximately 30% of your total costs in establishing your restaurant and approximately 60% of your total purchases in connection with the operation of your restaurant In 2015, the books and records of Golden Krust Caribbean Bakery, Inc showed total sales of food products to franchisees were approximately $13,902,769 49 which amounted to 43 1% of its total revenues of $32,241,573 17 This affiliate's remaining revenues come from sales to schools, correctional facilities, other institutions, grocery stores, wholesale, national distributors, retail distributors, independent drivers, food service

Additionally, you are obligated to purchase all other food or restaurant products from sources designated by Golden Krust Equipment and fixtures for your restaurant must meet Golden Krust's minimum standards and specifications Golden Krust's standards and specifications may impose minimum requirements for delivery, performance, design and appearance Golden Krust will notify you in its Operations Manual or other communications of its standards and specifications and/or names of approved suppliers There may be situations where you can obtain items from any supplier who can satisfy Golden Krust's requirements and, therefore, could be considered an approved supplier, however, Golden Krust must first approve the supplier in writing In such cases, Golden Krust will advise you whether or not the supplier is approved within sixty (60) days of a written request from you Golden Krust does not provide material benefits to its franchisees based on their use of approved sources or their purchase of particular products or services

If you want to use any item that does not comply with System Standards or is to be purchased from a supplier that has not yet been approved, you must first submit sufficient information, specifications and samples for Golden Krust's determination whether the item complies with System Standards or the supplier meets approved supplier criteria Golden Krust has the right to charge you a reasonable fee to cover the costs it incurs in making this determination and will, within sixty (60) days, notify you of its decision Golden Krust will, from time to time, establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers Approval of a supplier may be conditioned on criteria relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending Golden Krust's further evaluation of the supplier

GK is an approved construction supervisor that may be used to help you develop your restaurant It will receive a fee for providing these services (See Item 5) Any contractor you hire to build or renovate your restaurant must be approved by GK

In addition to the purchases or leases described above, you are obligated to obtain and maintain, at your own expense, such insurance coverage that Golden Krust requires from time to time and meet the other insurance related obligations in the Franchise Agreement You currently are required to maintain comprehensive liability insurance coverage ($1,000,000 per occurrence, $2,000,000 aggregate) for property damage, bodily injury and death, and blanket contents (approximately $500,000), business interruption (approximately $500,000), theft (approximately $30,000), employee benefit liability (approximately $1,000,000), automobile liability (owned and non-owned) (approximately $1,000,000) coverage The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history All insurance policies must name Golden Krust as an additional insured party

Golden Krust has an exclusive fountain beverage agreement with Pepsi USA wherein all franchisees are required to install soda fountains featuring Pepsi beverages Under the terms of this agreement, Pepsi advanced Golden Krust the sum of $139,698 as "conversion funds which covers the costs of franchisees converting their fountain beverage equipment and plumbing to Pepsi supplied equipment Additionally, the Company was advanced the sum of $40,000 (market funds) to be used by the Company in joint marketing campaigns with Pepsi These marketing funds accrue to Golden Krust at the rate of $1 15 per gallon of Pepsi purchased by GK franchisees Golden Krust was also advanced the sum of $8,000 by Pepsi towards the design of menu boards incorporating Pepsi's products Finally, the Company is paid by Pepsi a "Growth Incentive" fee calculated by multiplying the number of gallons of Pepsi products in excess of 5% over the gallons purchased by GK franchisees during the previous year's purchases by 50 per gallon

Golden Krust appointed Jersey Paper Plus as a distributor of certain paper products (napkins, bags, etc) to be used by franchisees The Company was advanced the sum of $20,000 as a "prebate" towards franchisee purchases, which was fully earned as of December 31, 2005 The Company earns a 2% royalty on net sales to franchisees These funds are used by the company for general operating purposes

Except as described above, neither Golden Krust nor its affiliates currently derive revenue or other material consideration as a result of required purchases or leases There currently are no purchasing or distribution cooperatives Golden Krust has negotiated rebate programs from certain vendors whereby these vendors agree to contribute a certain percentage of franchisee revenues to the Golden Krust Advertising Fund or to Golden Krust Golden Krust currently has the right at some point in the future to negotiate purchase arrangements with suppliers for the benefit of franchisees, and/or to derive revenue or other material consideration as a result of required purchases or leases, but intends to do so only if there will be a net cost savings to franchisees from the particular arrangement

Item 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
(a) Site Selection and acquisition/lease	II	Items 7 and 11
(b) Pre-opening purchases/leases	II	Item 8
(c) Site development and other pre-opening requirements	II	Items 6, 7 and 11
(d) Initial and ongoing training	IV	Item 11
(e) Opening	II(E)	Item 11
(f) Fees	III, IX	Items 5, 6 and 7
(g) Compliance with standards and policies/Operating Manual	I, II(C)(D), IV(C), VIII	Item 11
(h) Trademarks and proprietary information	V, VI	Items 13 and 14
(i) Restrictions on products/services offered	VIII	Items 11 and 16
(j) Warranty and customer service requirements	VIII(A)(13)	
(k) Territorial development and sales quotas	I(D)	Item 12
(l) On-going product/service purchases	VIII(A)(3)(4)	Item 8
(m) Maintenance, appearance and remodeling requirements	II(C)(D), VIII(A)(1)(2)I(E)	Items 11 and 16
(n) Insurance	II(E)(4), VIII(A)(12)	Items 7 and 8
(o) Advertising	IX	Items 6, 7 and 11
(p) Indemnification	XV(B)	Item 6
(q) Owner's participation/management/staffing	VII, VIII(A)(8)	Items 11 and 15

Obligation	Section in Franchise Agreement	Disclosure Document Item
(r) Records/reports	XI	
(s) Inspections/audits	XII	Item 6
(t) Transfer	XIII	Item 17
(u) Renewal	I(E)	Item 17
(v) Post-termination obligations	XIV	Item 17
(w) Non-competition	VII, XIV(D), XV	Item 17
(x) Dispute resolution	XVII(E)(F)	Item 17
(y) Other obligations-Members/Shareholders/Spousal Guarantees	I(C)(4), Guaranty	Item 15

Item 10

FINANCING

GK does not offer direct or indirect financing GK does not guarantee your note, lease or obligation

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, GK is not required to provide the Franchisee with any assistance.

Before you open the Restaurant, GK will

1 Provide you with its site selection criteria for the Restaurant This site must meet GK's criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed site GK will approve or disapprove a location you propose for the Restaurant within thirty (30) days after it receives the complete site report and other materials it requests If we and you can not agree upon a site within one (1) year of your signing our Franchise Agreement, your initial franchise fee will be forfeited

2 Furnish you with mandatory and suggested specifications and layouts for your restaurant, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme (Franchise Agreement – Sections II(C)(D))

3 Assist you, at your request, in developing the Restaurant by recommending contractors (which may include GK and/or its affiliates) and architects and otherwise furnishing information to assist you in developing the Restaurant in accordance with GK's specifications If GK or an affiliate serves as the contractor to build-out your Restaurant, it will, at your cost, obtain permits, licenses and architectural plans for the Restaurant, construct improvements and decorate the Restaurant according to GK's standards and specifications, equip the Restaurant and purchase an opening inventory of products and supplies (Franchise Agreement – Section II(C))

4 As discussed in Item 8, identify the fixtures, furnishings, equipment (including cash registers, facsimile machines and computer hardware and software) signs, food, products, materials and supplies necessary for the

Restaurant to begin operations, the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including GK and/or its affiliates (Franchise Agreement – Section II(D))

5 Loan you one copy of the Operations Manual The Operations Manual contains mandatory and suggested specifications, standard operating procedures and rules that GK prescribes from time to time A copy of the Table of Contents of the Operations Manual is attached to this Disclosure Document as Exhibit F The current edition of the Operation's Manual consists of approximately 500 pages (Franchise Agreement – Section IV(C))

6 Assist you in implementing the grand opening advertising and promotional program for the Restaurant (Franchise Agreement – Section IV(B))

7 Train you (or your managing owner), and one managerial employee (Franchise Agreement – Section 11(A))

During your operation of the Restaurant, GK will

1 Advise you from time to time regarding the operation of the Restaurant based on reports you submit or inspections GK makes In addition, GK will provide guidance to you on standards, specifications and operating procedures and methods used by Golden Krust Caribbean Bakery & Grill, purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies, advertising and marketing programs, employee training, and administrative, bookkeeping and accounting procedures This guidance will, at GK's discretion, be furnished in its Operations Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at GK's office or the Restaurant GK may offer ongoing training programs which you may attend, but are not required to attend (Franchise Agreement – Sections IV(B), IV(C))

2 Loan you one copy of the Operations Manual, consisting of such materials that GK generally furnishes to franchisees for use in operating your restaurant The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules ("System Standards") that GK prescribes from

time to time The Operations Manual may be modified periodically to reflect changes in System Standards (Franchise Agreement – Section IV(C))

3 Issue, modify and supplement System Standards for Golden Krust Restaurants GK may periodically modify Systems Standards, which may accommodate regional or local variations as GK determines, and these modifications may obligate you to invest additional capital in the Restaurant and/or incur higher operating costs However, these modifications will not alter your fundamental status and rights under the Agreement (Franchise Agreement – Section IV(C))

4 Inspect and observe the operations of the Restaurant from time to time to assist you in complying with the Franchise Agreement and all System Standards (Franchise Agreement – Section IV(B))

5 Maintain and administer an advertising fund (the "Advertising Fund)) You are obligated to contribute to the Advertising Fund such amounts that GK prescribes from time to time (see Item 6) GK and its affiliates are not obligated to contribute to the Advertising Fund

Time to Open

GK estimates that there will be an interval of three (3) to nine (9) months between the execution of the Franchise Agreement and the opening of the Restaurant, but the interval may vary based upon such factors as the location and condition of the site, the size of your restaurant, construction schedule for the Restaurant, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations You may not open the Restaurant for business until (1) GK approves the Restaurant as developed according to its specifications and standards, (2) pre-opening training has been completed to GK's satisfaction, (3) the initial franchise fee and all other amounts then due to GK have been paid, and (4) GK has been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as GK requests You must open the Restaurant for business within 180 days after we have approved your site and five (5) days after GK notifies you that the Restaurant is ready to open (Franchise Agreement – Section II(E))

Computer System

Prior to opening you are required to purchase AccuPOS Point of Sale Software System consisting of the following (2) AccuPOS POS workstations (LAN/Ethernet), (1) Kitchen printer (LAN/Ethernet), AccuLINK software for integration to an onsite copy of QuickBooks, AccuSHIFT 24 "time clock" software, Platinum Membership support plan including set up/configuration, training and troubleshooting, Integrated credit card processing services using AccuPOS merchant services partners You will also be required to purchase the following, QuickBooks Accounting (Online version), Back office computer (Windows Pro version operating system, LAN/Ethernet), Ethernet local area network (LAN) For the Platinum Membership support plan the monthly subscription fee is $50 for up to two terminals with the option of a third terminal for an additional $25 00 per month The name, address, and phone number for the approved supplier of our POS System is AccuPOS Point off Sale, 1990 West Hollywood Blvd, Suite 265, Los Angeles, CA 90025, phone number (800) 906-5010 There are currently no contractual requirements for you to update or replace this point of sale system We do maintain independent access to the information or data generated by your Point of Sale System This information includes total sales, sales taxes collected and refunds together with the date of each transaction The cost of the Point of Sale System for GK is $4,718 00

Training

Before the Restaurant's opening, GK will provide initial training on the operation of the Restaurant to you (or your managing owner) and one managerial employee The two of you must complete the initial training to GK's satisfaction You also must participate in all other activities required to open the Restaurant Although there are no additional fees for this training, you are responsible for all travel and living expenses which you and your employees incur in connection with training If you (or your managing owner) are unable to complete initial training to GK's satisfaction, GK can terminate the Franchise Agreement

Initial training in the GK system, including selection of equipment and suppliers, cooking processes, merchandising, marketing, accounting, and basic management shall be provided by us for each person whose signature is on the franchise agreement and one (1) person designated as an employee/manager at times and places we shall designate

GK expects that training will be conducted for you and your personnel after the Franchise Agreement has been signed and while the Restaurant is being developed This training will be conducted at our training facility in Bronx, New York as well as in your restaurant after opening GK will provide one week classroom training, one week in store training at another functioning restaurant, and one week in store training at the Franchisee's location during its opening GK plans to be flexible in scheduling training to accommodate its personnel, you and your personnel There currently are no fixed (i e , monthly or bi-monthly) training schedules GK will provide the following training

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Personnel	3	1 hr	GK training facility in Bronx, NY or on site
Pre-Opening & Administration	5	1 hr	GK training facility in Bronx, NY or on site
Operations	16	24 hrs	GK training facility in Bronx, NY or on site
Customer Service	4	5 hrs	GK training facility in Bronx, NY or on site
Food Preparation	2	12 hrs	GK training facility in Bronx, NY or on site
Inventory Control	1	3 hrs	GK training facility in Bronx, NY or on site
Sanitation and Safety	2	1 hr	GK training facility in Bronx, NY or on site
Total Hours	33	47 hrs	

It is the nature of the Restaurant business that all aspects of training are integrated, that is, there are no definitive starting and stopping times

All of the instructors have been working for GK and have concentrated in the areas they will be teaching The following is a listing of areas taught and the experience of the instructor(s)

Restaurant Operations 10 years GK Service 22 years Industry Service

Personnel	5 years GK Service	6 years Industry Service
Customer Service/Operations	5 years GK Service	11 years Industry Service
Sanitation & Safety/ Inventory Control	5 years GK Service	23 years Industry Service
Inventory Control	5 years GK Service	10 years Industry Service
Food Preparation	22 years GK Service	22 years Industry Service
Pre-Opening/Administration	15 years GK Service	15 years Industry Service

Some states and municipalities also may require separate training in sanitation and safety laws before permitting the Restaurant to open You should check your state and local laws

The GK instructional material is contained in our operation manual package, issued to every Franchisee at the signing of the Franchise Agreement It covers a standardized curriculum aimed at satisfying the everyday operational needs of Franchisees and their teams The manual package consists of Pre-opening Manual, Personal Manual, Employee Handbook, Operations Manual, Marketing Manual, Recipe Manual, Franchisee/Manager Training Guide, Food Safety Workshop Manual, Basic Accounting, and Design and Construction Manual

The training is delivered through a standardized curriculum of 7 progressive modules Modules 1 and 2 are generic and are relevant to all levels of staff and include Franchising-fundamentals of compliance and consistency system-wide, GK Employee Standards, Rules & Regulations, Basic Food Safety

Modules 3 – 7 are job specific and include cash handling and computer systems, products, restaurant operations, accounts, compliance, marketing, food preparation and food service

A Franchisee who signs and whose restaurant is not opened within the 6-9 month period after signing the Franchise Agreement will need to be taken back through the Pre-opening, and store operations training

Excellent support systems are offered to our Franchisees including training Ongoing support is provided before and after you open your restaurant Refresher training is ongoing as staff changes and as new systems, products and procedures are added The Operations Manual package will continue to be updated and will be used as a guide for training

Advertising and Development Fund

GK does not have an advertising council GK will direct all programs financed by, the Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs The Advertising Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials, administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies to provide assistance, and supporting public relations, market research and other advertising, promotion and marketing activities The Advertising Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost Multiple copies of such materials will be furnished to you at GK's direct cost of producing them, plus any related shipping, handling and storage charges

The Advertising Fund will be accounted for separately from GK's other funds and will not be used to defray any of GK's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as GK's may incur in activities related to the administration of the Advertising Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion, and marketing materials and collecting and accounting for contributions to the Advertising Fund GK may spend, on behalf of the Advertising Fund, in any fiscal year an amount greater or less than the aggregate contribution of franchisees to the Advertising Fund in that year, and the Advertising Fund may borrow from GK or others to cover deficits or invest any surplus for future use All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended GK will prepare an annual statement of monies collected and costs incurred by the Advertising Fund and furnish it to you upon written request GK has the right to cause the Advertising Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and the successor entity will have all of the rights and duties described here In 2015, 75 74% of the Advertising Fund was used for advertising and promotion, 23 87% of the Advertising Fund was used for design and production, and 39% of the Advertising Fund was used for administration The Advertising Fund is audited and the annual audit was conducted in March, 2015 of this fund

The Advertising Fund is intended to maximize recognition of the Marks and patronage of all of our Golden Krust Restaurants Although GK will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all franchisees, GK undertakes no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by our franchisees operating in that geographic area or that any of our franchisees will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising 100% of the Advertising Fund expenditures will be used for the promotion of Franchisee sales and none of the funds are used to solicit new franchise sales GK assumes no other direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Advertising Fund

GK does not require advertising cooperatives to be formed, changed, dissolved or merged

GK reserves the right to defer or reduce contributions of a franchisee and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the Advertising Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Advertising Fund If the Advertising Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the Advertising Fund during the preceding twelve (12) month period

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which GK prescribes from time to time You may prepare your own advertising materials, however, samples of all advertising, promotional and marketing materials that GK has not prepared or previously approved must be submitted for approval before you use them If you do not receive written disapproval within fifteen (15) days after GK receives the materials, GK will be deemed to have given the required approval You may not use any advertising, promotional materials or web based advertising that GK has disapproved (Franchise Agreement – Section IX) (See Items 6, 8 and 9)

Except as disclosed above, there are no other Advertising Funds that you must participate in

Item 12

TERRITORY

You will not receive an exclusive territory You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control The franchise is granted to you for a specific location only that first must be approved by GK Except for that location (the "premises") GK does not grant exclusive territories You are not granted options, rights of first refusal or similar rights to acquire additional franchises within the territory or contiguous territories Once you locate and GK has approved a site, GK will not establish or grant to a franchisee the right to establish another Golden Krust Caribbean Bakery & Grill, Golden Krust Drive-Thru or kiosk at that site so long as your Franchise Agreement is in effect You may not operate the Restaurant at any other site without GK's prior written consent If GK consents to the Restaurant's relocation, GK may charge you for the expenses it incurs in connection with the relocation There are no restrictions as to where you solicit or accept orders

GK (and its affiliates) have the right

(a) to establish and grant to other franchisees the right to establish, Golden Krust Caribbean Bakery & Grill traditional restaurants and Golden Krust Drive-Thru restaurants or kiosks anywhere other than your site on such terms and conditions it deems appropriate,

(b) to sell products identified by the Marks through distribution channels other than Golden Krust Caribbean Bakery & Grill traditional restaurants and Golden Krust Drive-Thru restaurants or kiosks (including, but not limited to, institutional customers of GK such as schools, prisons, club stores, gas stations, convenience stores and/or grocery stores)

GK has not established and does not intend to establish other franchises or company-owned bakeries selling similar products or services under a different trademark However, neither GK nor its affiliates are restricted from establishing other franchises or company owned outlets or other channels of distribution selling or leasing similar products or services under a different trademark

GK and/or its affiliates will not compensate the franchisee if either sells similar products/services through other channels of distribution under the same and/or different trademark within the franchise territory

Item 13

TRADEMARKS

The following is a listing of trademarks registered in the United States (Section A), United Kingdom (Section B), Barbados (Section C), Cayman Island (Section D), Jamaica (Section E), Trinidad & Tobago (Section F), Virgin Island – British (Section G), and the allowed trademark application in Canada (Section H) The marks that are the subject of the applications and registrations shall be referred to herein as the "Golden Krust Marks" Golden Krust grants its Franchisees the right to use in their respective jurisdictions appropriate Golden Krust Marks in operating Golden Krust Caribbean restaurants To the extent required, Golden Krust has filed the necessary affidavits to keep these registrations in effect

A UNITED STATES – Registered Marks

(Word Mark) GOLDEN KRUST PATTIES	IC 030 Goods and services- Meat chicken, seafood and vegetable turnovers FIRST USE August, 1993 REGISTERED NO 2651784 REGISTERED-PRINCIPAL-2(F)
(Word and Design Mark) GOLDEN KRUST PATTIES, INC "HOME OF THE WORLD'S BEST PATTIES!"	IC 029 Meats and Processed Foods – Food patties, namely beef, chicken, vegetable, shrimp, calalloo, soya and meatloaf FIRST USE August, 1993 REGISTERED NO 2007993 REGISTERED-PRINCIPAL
(Design Mark)	IC 030 Staple foods - meat, vegetable, soy and seafood filled pies and/or pastries FIRST USE August, 1993 REGISTERED NO 2108240

	REGISTERED-PRINCIPAL
(Word Mark) "HOME OF THE WORLD'S BEST PATTIES!"	IC 030 Staple Foods - meat, chicken, seafood and vegetable filled pies FIRST USE August, 1993 REGISTERED NO 2094259 REGISTERED-PRINCIPAL-2-(F)
(Word and Design Mark) GOLDEN KRUST CARIBBEAN BAKERY & GRILL	IC 043 Temporary Lodging, food and Drink Services, restaurant services featuring Caribbean style foods FIRST USE January, 1990 REGISTRATION NO 2994753
(Word Mark) "GOLDEN KRUST"	IC 035 Advertising and Business - -Restaurant franchising, franchising, namely consultation and assistance in business management, organization and promotion, franchising, namely, offering technical assistance in the establishment and/or operation of restaurants FIRST USE January, 1995 REGISTERED NO 2966992

REGISTERED-PRINCIPAL-2-(F)

B UNITED KINGDOM – Registered Marks

(Word and Design Mark)
GOLDEN KRUST CARIBBEAN BAKERY & GRILL

Status Registered
UK002364926
Filed June 4, 2004
Goods and Services include meat, fish, poultry and game, meat, fish, poultry and vegetable patties, meat extracts, preserved, dried and cooked fruits and vegetables, milk and milk products, prepared meals and pies, coffee, tea, rice, tapioca, sago, flour and preparations made from cereals, bread, cakes, pastry and confectionary, ice cream, sauces (condiments), marinades, spices, prepared meals, all for sale in England, Scotland and Wales, franchise services, business assistance relating to the establishment of franchises, provision of the assistance (Business) in the operation of franchises, the bringing together, for the benefit of others, a variety of goods, enabling customers to conveniently view and purchase those goods in a food store, all for the services provided in England, Scotland and Wales, restaurants and restaurant services, services for the providing of food and drink, food and beverage take away services, catering services

C. BARBADOS – Registered Marks

(Word and Design Mark) GOLDEN KRUST CARIBBEAN BAKERY & GRILL	IC 043 Restaurants and restaurant services, services for the providing of food and drink, food and beverage take away services, catering services REGISTRATION NO 2364926

D CAYMAN ISLANDS – Registered Marks

(Word and Design Mark) GOLDEN KRUST CARIBBEAN BAKERY & GRILL	IC 043 Restaurants and restaurant services, services for the providing of food and drink, food and beverage take away services, catering services REGISTRATION NO 2364926

E. JAMAICA - Registered Marks

(Word and Design Mark) GOLDEN KRUST CARIBBEAN BAKERY & GRILL	IC 29, 30, 35, and 43 goods and services food patties, namely beef, chicken, vegetable, shrimp, calalloo, soya and meatloaf Meat, chicken, soy, seafood and vegetable turnovers, filled pies and/or

pastries restaurant franchising, franchising, namely consultation and assistance in business management, organization and promotion, franchising, namely, offering technical assistance in the establishment and/or operation of restaurants Restaurant Services Restaurants and restaurant services, services for the providing of food and drink, food and beverage take away services, catering services

Date of Filing 11/18/05
REGISTRATION NO 47,656

F TRINIDAD AND TOBAGO – Registered Marks

(Word and Design Mark)
GOLDEN KRUST

IC 042 Restaurant services

Date of filing 12/7/05
REGISTRATION NO 36682

G VIRGIN ISLANDS (British) – Registered Marks

(Word and Design Mark) GOLDEN KRUST CARIBBEAN BAKERY & GRILL	IC 043 Restaurants and restaurant services, services for the providing of food and drink, food and beverage take away services, catering services REGISTRATION NO 2245

H. CANADA – Pending Application

(Word and Design Mark) GOLDEN KRUST CARIBBEAN BAKERY & GRILL	Status Allowed CA122238200 Filed June 28, 2004 Goods Takeout food namely pies, pastries, breads, beef, chicken, seafood, vegetables, vegetable pies, vegetable patties, shrimp, calalloo, soy pies, soy patties, meatloaf pies, and meatloaf patties Clothing namely t-shirts, sweatshirts, hats and aprons Services include Restaurant services, bakery and grill services, take-out restaurants, and delivery of food by restaurants Restaurant Franchising, Franchising, namely, offering technical assistance in the establishment and operation of restaurants, and business assistance relating

	to the establishment of franchises

I INFRINGEMENT

(a) We will take whatever administrative or legal action we deem necessary to protect our trademarks and other intellectual property and your rights to use them under the terms of your Franchise Agreement

(b) As per the Franchise Agreement, you must immediately notify us of any potential infringement of our trademarks, including claims of rights to any confusingly similar trademarks

(c) Upon notification of any such infringement, use or claim of rights to one of our trademarks, we will undertake an investigation of the claim or use While we will protect and defend our marks and your right to use them, we have the sole right to determine what action, if any, is to be taken to protect these rights

(d) Any legal action we take to defend your rights to use our trademarks in accordance with the terms of your Franchise Agreement will be at our sole expense and we will retain the sole right to control any such legal actions or proceedings we undertake

(e) While not required to participate in your defense or to indemnify you if you become a party to an administrative or judicial proceeding involving a trademark which you are licensed to use under the terms of the Franchise Agreement, we will take whatever action we deem necessary on your behalf and at our sole expense to protect our trademarks and your rights to use them in accordance with the terms of your Franchise Agreement

(f) Your rights against Golden Krust in the event that we require you to modify or discontinue use of any of our trademarks as a result of an administrative proceeding, legal proceeding or settlement are limited to our reimbursing you for the costs you incur, if any, to change signage, menu boards or any paper products that bear the affected trademark

J POSSIBLE EXISTING SENIOR USERS

(i) There was a trademark registration for "Golden Krust" for bread, buns, and rolls on the Federal Register Re No 1892282 owned by W E Long of Chicago, Illinois from May 2, 1995 until January 10, 2005 The registration was canceled on January 10, 2005 for failure to file a statement of continuing use

(ii) There was a trademark registration for "Golden Krust" for restaurant services on the Federal Register No 1178672, owned by Golden Krust Bakery, Inc of Cohoes, NY from November 17, 1981 to June 21, 1988 The registration was canceled on June 21, 1988 for failure to file a statement of continuing use Golden Krust Bakery Inc of Cohoes, NY was made aware of use of "Golden Krust", by Golden Krust Patties, Inc and its licensees and has acquiesced in such use of "Golden Krust"

(iii) Other than those previously listed above, Franchisor knows of no other superior prior rights or infringing uses that could materially affect the Franchisee's use of the principal trademarks in the state where the franchised business will be located

K. LICENSES

Golden Krust has been granted permission by Golden Krust Patties, Inc the owner the Golden Krust marks, to use and sub-license the Golden Krust Marks in the United States, Canada and in the UK The license is worldwide and exclusive to Golden Krust and related entities and is for a perpetual term

a MISCELLANEOUS

(i) There are currently no effective material determinations of the U S Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administration or court, nor any pending infringement, opposition or cancellation proceedings

(ii) There is no pending federal or state court litigation regarding Golden Krust's use or ownership rights in any trademark

(iii) There are currently no effective agreements that limit Golden Krust's right to use or license the use of trademarks listed in this section

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents associated with this Franchise

Golden Krust claims copyrights in the Operations Manual, advertising materials, and related items used in operating the franchise These copyrights have not been registered with the United States Register of Copyrights

The Operations Manual, which is described in Item 11, and other materials Golden Krust possesses contain Golden Krust's confidential information This information includes site selection criteria, recipes, methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge of experience in developing and operating Golden Krust Restaurants

All ideas, concepts, techniques, materials, or methods relating to Golden Krust Restaurants, whether or not constituting protectable intellectual property and whether created by or on behalf of you or your owners, must be promptly disclosed to Golden Krust

Any intellectual property derived from these concepts, techniques, materials, or methods will be considered to be works made for hire for Golden Krust You must assign to Golden Krust all rights in any intellectual property derived from concepts, techniques, materials or methods developed within the scope of operating under this franchise agreement

You may not use Golden Krust's confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others

There currently are no effective determinations by the Copyright Office or by any court regarding the copyright in franchise materials Furthermore, there are no agreements in place that limit Golden Krust's rights to use or authorize you to use the copy righted materials Furthermore, there are no infringing uses actually known to Golden Krust which could materially affect your use of the copyrighted materials in any state

Golden Krust is not required by an agreement to protect or defend its copyrights or confidential information, although it intends to do so when this action is in the best interests of the Golden Krust Restaurant system

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement, continuously exert your best efforts to promote and enhance the Restaurant and not engage in any other business or activity that conflicts with your obligations to operate the Restaurant in compliance with the Franchise Agreement System Standards may regulate staffing levels for the Restaurant, other matters relating to managing the Restaurant, communication to GK of the identities of the Restaurant's personnel and qualifications, training, dress and appearance of employees You (or your managing owner) are obligated to participate personally in the direct operation of the Restaurant, although you may employ a manager to assist you in the Restaurant's day-to-day operations Your manager must have completed GK's initial training satisfactorily This manager need not have an equity interest in the Restaurant, but must agree in writing to preserve the confidentiality of any confidential information to which he or she has access

If you are a corporation, limited liability company or limited partnership, your owners and their spouses must not only personally guarantee your obligations under the Franchise Agreement but also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities This "Guaranty and Assumption of Obligations" is attached to the Franchise Agreement

If you are an individual and if you have a spouse, your spouse will be required to sign the Franchise Agreement

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all products and perform all services that GK requires from time to time for Golden Krust Restaurants You may not offer for sale any products or perform any services that GK has not authorized (See Items 8 and 9) GK's System Standards may regulate required or authorized products, product categories and supplies GK has the right to change the types of required and/or authorized goods and services from time to time There are no limits on GK's right to do so, except that GK will not require you to invest additional capital in the Restaurant if the investment cannot, in GK's reasonable judgment, be amortized during the remaining term of the Franchise Agreement, unless GK agrees to extend its term so that the investment can be amortized or unless the investment is necessary to comply with applicable laws

GK will give you 30 days to comply with capital modifications it requires, but, if the capital modification requires an expenditure of more than $10,000, GK will give you 60 days to comply You are obligated to comply with all modifications to System Standards, other than capital modifications, within the time period GK specifies In no event will GK require you to spend more than $100,000 during the term of the Franchise Agreement in connection with System Standard modifications

There are no franchisor-imposed restrictions or conditions that limit access to customers

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
(a) Length of the Franchise Term	Section I D	10 years or term of lease
(b) Renewal or Extension of the term	Section I	If you are in good standing, you may renew your franchise on GK then current terms
(c) Requirements for Franchisee to renew or extend	Section I E	Not in default of current franchise agreement Maintain premises or secure substitute premises, remodel, By executing GK's then current franchise agreement which may contain materially different terms and conditions from your original franchise agreement
(d) Termination by Franchisee	Section XIII A	If GK breaches agreement and does not cure default after notice from you You may also terminate the agreement on any grounds available by law
(e) Termination by franchisor without cause	None	
(f) Termination by Franchisor with cause	Section XIII B	GK can terminate only if you commit one of several violations
(g) "Cause" defined-curable defaults	Section XIII B	You have 3 days to cure health, safety or sanitation law violations, 10 days to cure monetary defaults, 30 days to cure other defaults not listed in Section XIII B

Provision	Section in Franchise Agreement	Summary
(h) "Cause" defined-non-curable defaults	Section XIII B	Non-curable defaults include failure to complete training, failure to open the Restaurant within 180 days, abandonment, unapproved transfers, material misrepresentations, conviction of a felony, dishonest or unethical conduct, loss of the premises, unauthorized use or disclosure of the Operations Manual or confidential information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors and an appointment of a trustee or receiver
(i) Franchisor's obligations on termination/non-renewal	Section XIV	Obligations include payment of outstanding amounts, complete deidentification and return of confidential information (also see (r) below)
(j) Assignment of contract by Franchisor	Section XII A	No restriction on GK's right to assign However, no assignment will be made except to an assignee who, in the good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor's obligations under the Franchise Agreement
(k) "Transfer" by Franchisee-defined	Section XIII B	Includes transfer of Franchise Agreement or assets or ownership change
(l) Franchisor approval of transfer by Franchisee	Section XIII C	GK has the right to approve all transfers

Provision	Section in Franchise Agreement	Summary
(m) Conditions for Franchisor approval of transfer	Section XIII C	New franchise qualifies, you pay GK all amounts due, training completed, transferee assumes your agreement, transfer fee paid, GK approves material terms, you subordinate amounts due to you, you de-identify yourself and you sign other documents GK requires (also see (r) below)
(n) Franchisor's right of first refusal to acquire Franchisee's business	Section XIII G	GK can match any offer for your business or an ownership interest in you
(o) Franchisor's option to purchase Franchisee's business	Section XII E	GK has option to buy the Restaurant at fair market value after termination (but not expiration) of the agreement
(p) Death or disability of Franchisee	Section XIII E	Franchise or an ownership interest in you must be assigned to an approved buyer within months
(q) Non-competition covenants during the term of the franchise	Section VII	No controlling ownership interest in, or performance of services for, competitive business anywhere
(r) Non-competition covenants after the franchise is terminated or expires	Section XV D	No interest in competing business for 2 years at, or within 25 miles of premises of Restaurant or within 5 miles of any other Golden Krust Restaurant (same restrictions apply after assignment)

Provision	Section in Franchise Agreement	Summary
(s) Modification of the agreement	Section XVI G	No modifications generally but Operations Manual and System Standards are subject to change Revisions to the Manual will no unreasonably affect the Franchisee's obligations, including economic requirements, under the Franchise Agreement
(t) Integration/Merger clause	Section XVII H	Only the terms of the Franchise Agreement (including the Operations Manual) are binding (subject to state law) Any other promises may not be enforceable Nothing in the Franchise Agreement or in any related agreement is intended to disclaim GK's representations made in the Franchise Disclosure Document
(u) Dispute resolution by arbitration or mediation	Section XVII E	Except for certain claims, all disputes must be arbitrated in White Plains, New York (subject to state law)
(v) Choice of forum	Section XVII F	Arbitration may be in New York See Amendment to Franchise Agreement and Franchise Disclosure Document for the State of Illinois attached to the Franchise Disclosure Document
(w) Choice of law	Section XVII F	New York law applies (subject to state law)

Item 18

PUBLIC FIGURES

GK does not use any public figure to promote its franchise

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The Financial Performance Representation in the Table below is an historic financial performance representation based on existing (traditional) Golden Krust Caribbean Bakery and Grill Restaurants As of the date of this Disclosure Document, there have been no sale of the Golden Krust Drive-Thru Restaurants and hence we make no representations whatsoever concerning this new concept's potential or actual performance

The information included in the Table below is based on reports submitted to us by 65 fully-reporting franchised (traditional) Golden Krust Caribbean Bakery and Grill Restaurants located in the United States that were operated for the entire 2015 Fiscal Year There were 45 stores that either were not opened or fully operating for the entire fiscal year that were not included in the Financial Performance Representation Table The Table does not include any company-owned or affiliate-owned stores There are no franchised Golden Krust Caribbean Bakery and Grill Restaurants that either opened or closed during the 2015 Fiscal Year, or restaurants that failed to submit all 52 weeks of reporting during the 2015 Fiscal Year that are included in the information contained in this Table The information was collected by us, but has not been independently audited or verified

TABLE

Gross Revenues[1] of Golden Krust Caribbean Bakery and Grill Franchised Restaurants (Traditional)
By Quartile for 2015 Fiscal Year

QUARTILE[2]	GROSS REVENUE RANGE[3]	# FRANCHISED RESTAURANTS REPRESENTED
1st	$1,080,665 - $2,401,494	17
2nd	$754,130 - $1,075,433	16
3rd	$538,441 - $718,014	16
4th	$125,553 - $537,993	16

Material Bases and Assumptions

The Franchised Restaurants represented in the Table above are substantially similar to the Golden Krust Caribbean Bakery and Grill traditional Restaurants being offered to you The Restaurants represented in the Table above are significantly different than the Golden Krust Drive-Thru and kiosk restaurants

The Golden Krust Caribbean Bakery and Grill Franchised Restaurants are primarily in-line locations in the Metropolitan areas

The Gross Revenues are NOT net of costs of goods sold or other operating expenses We have not provided information regarding costs and expenses because we do not regularly collect that data from franchisees and do not operate enough company-owned Restaurants from which we could present reliable figures

The financial performance representations in Item 19 do not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from

[1] "Gross Revenue" is defined in the Franchise Agreement as the entire amount of all gross sales and business receipts, including direct or indirect barter transactions, catering accounts, proceeds of business interruption insurance policies, wholesale accounts (both on and off premises) arising out of the operation of the Restaurant, or through or by means of the business conducted in connection therewith, whether for cash or credit, but excluding (1) sales, use, or services taxes collected from customers and paid to the appropriate taxing authority, and (2) all bona fide customer refunds and approved rebates, discounts and allowances

[2] Quartile As used herein, "Quartile" refers to the relative performance of the Franchised Restaurants Therefore, the "1" Quartile" refers to the top 25% performing Franchised Restaurants, based on Gross Revenues, the "2nd Quartile" refers to the next highest 25% performing Franchised Restaurants, and so on

[3] Gross Revenue Range The Table combines the Gross Revenues of all of the Franchised Restaurants for the 2015 Fiscal Year, and lists the high and low end of the Gross Revenues Range for each Quartile There are 17 Franchised Restaurants in the 1st Quartile, 16 in the 2nd Quartile, 16 in the 3rd Quartile and 16 in the 4th Quartile

the gross revenues figures to obtain your net income or profit You will incur at least the following expenses, and possibly more inventory, labor, rent, pre-opening expenses, depreciation and amortization, taxes, insurance, operating expenses, royalty fees to us, advertising fees to us, other fees to us as set forth in the Franchise Agreement, professional fees, bank charges, telephone, repairs All of your expenses will affect the operating profit, net income and/or cash flow of a traditional Golden Krust Caribbean Bakery and Grill Restaurant and should be carefully considered and evaluated

These financial performance representations do not necessarily reflect the actual Gross Revenues that you may experience In addition, your results will vary depending on a number of factors which you should consider carefully in evaluating this information and in making any decision to purchase a franchise These factors include business skills, motivation, quality, effort, and effectiveness of the individual franchisee and of the franchisee's staff and management, the quality of your customer service, location of your Restaurant, market conditions, weather and climate conditions, the effectiveness of your marketing efforts, the quality and effectiveness of your staff, income and demographic characteristics in your particular market area, the degree and quality of competition in your particular market area, labor and product costs, etc

A new franchisee's financial results are likely to differ from the results stated in the financial performance representation Written substantiation for the financial performance representations will be made available to the prospective franchisee upon reasonable request

Other than the preceding financial performance representation, we do not make any representations about a Franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor's management by contacting Omar Hawthorne, Director of Franchise Development and Community Affairs, Golden Krust Caribbean Bakery and Grill, 399 Knollwood Road, White Plains, New York 10603, (914) 228-5965

Item 20

OUTLETS AND FRANCHISEE INFORMATION
Table No 1
Golden Krust Caribbean Bakery and Grill (Franchised Traditional Restaurant)
Systemwide Outlet Summary
For Years Ending 12/31/2015, 12/31/2014 and 12/31/2013

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2013	105	106	+1
	2014	106	108	+2
	2015	108	110	+2
Company-Owned	2013	4	3	-1
	2014	3	4	+1
	2015	4	6	+2
Total Outlets	2013	109	109	0
	2014	109	112	+3
	2015	112	116	+4

Table No 2
Transfers of Golden Krust Caribbean Bakery and Grill (Franchised Traditional Restaurant)
From Franchisees to New Owners
(Other than the Franchisor)
For Years Ending 12/31/2015, 12/31/2014 and 12/31/2013

State	Year	Number of Transfers
NY	2013	2
	2014	0
	2015	0
FL	2013	0
	2014	0
	2015	1
Total	2013	2
	2014	0
	2015	1

Table No 3
Status of Golden Krust Caribbean Bakery and Grill (Franchised Traditional Restaurant)
For Years Ending 12/31/2015, 12/31/2014 and 12/31/2013*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
NY	2013	68	1	0	0	0	2	67
	2014	67	3	0	0	0	2	68
	2015	68	0	0	0	0	4	64
CT	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
NJ	2013	8	0	0	0	0	0	8
	2014	8	0	0	0	0	0	8
	2015	8	0	0	0	0	1	7
GA	2013	4	1	0	0	0	0	5
	2014	5	0	0	0	0	0	5
	2015	5	4	0	0	0	0	9
FL	2013	18	2	0	0	0	0	20
	2014	20	1	0	0	0	0	21
	2015	21	4	0	0	1	0	24
PA	2013	1	0	0	0	0	1	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
NC	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
MD	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
MA	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Total	2013	105	4	0	0	0	3	106
	2014	106	4	0	0	0	2	108
	2015	108	8	0	0	1	5	110

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time

Table No 4
Status of Company-Owned Outlets
For Years Ending 12/31/2015, 12/31/2014 and 12/31/2013

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
NY	2013	2	0	0	0	0	2
	2014	2	1	0	0	0	3
	2015	3	0	0	1	0	2
FL	2013	2	0	0	0	1	1
	2014	1	0	0	0	0	1
	2015	1	2	1	0	0	4
Total	2013	4	0	0	0	1	3
	2014	3	1	0	0	0	4
	2015	4	2	1	1	0	6

Table No 5
Projected Openings for Upcoming Fiscal Year 2015
Golden Krust Caribbean Bakery and Grill Traditional Restaurants

State	Franchised Agreements Signed But Not Opened	Projected New Franchised Outlets in The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
NY	0	2	0
CT	0	0	0
NJ	0	0	0
FL	2	4	0
GA	1	4	1
PA	0	1	0
CA	0	0	0
MD	0	0	0
NC	0	0	0
MA	0	0	4
DC	0	0	0
WA	0	0	0
VA	0	0	0
DE	0	0	0
IL	0	0	0

State	Franchised Agreements Signed But Not Opened	Projected New Franchised Outlets in The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
AZ	0	0	0
TX	0	0	0
US SUB-TOTAL	3	11	5
UK	0	0	0
CANADA	0	0	0
TOTAL	3	11	5

Golden Krust Drive-thru Restaurants

State	Franchised Agreements Signed But Not Opened	Projected New Franchised Outlets in The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
NY	0	0	0
CT	0	0	0
NJ	0	0	0
FL	0	0	0
GA	0	0	2
PA	0	0	0
CA	0	0	0
MD	0	0	0
NC	0	0	0
MA	0	0	0
DC	0	0	0
WA	0	0	0
VA	0	0	0
DE	0	0	0
IL	0	0	0
AZ	0	0	0
TX	0	0	0
US SUB-TOTAL	0	0	2
UK	0	0	0
CANADA	0	0	0
TOTAL	0	0	2

Golden Krust Kiosks

State	Franchised Agreements Signed But Not Opened	Projected New Franchised Outlets in The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
NY	0	0	0
CT	0	0	0
NJ	0	0	0
FL	0	0	0
GA	0	0	0
PA	0	0	0
CA	0	0	0
MD	0	0	0
NC	0	0	0
MA	0	0	0
DC	0	0	0
WA	0	0	0
VA	0	0	0
DE	0	0	0
IL	0	0	0
AZ	0	0	0
TX	0	0	0
US SUB-TOTAL	0	0	0
UK	0	0	0
CANADA	0	0	0
TOTAL	0	0	0

Listing of franchisees that have been transferred, terminated, repurchased, closed or ceased doing business either voluntarily or involuntarily during the past fiscal year *		
FRANCHISEE	ADDRESS/PHONE NUMBER	STATUS
Lorna Brissett Romans	Newark Liberty Intl Airport Terminal A Food Court Newark, NJ 07114 973-848-0207	Closed
Donald Burris	2846 Church Avenue Brooklyn, NY 11226 718-483-8990	Closed
Stanley Dennis	998 Flatbush Avenue Brooklyn, NY 11226 347-295-2232	Closed
Raymond Henry Yvette Henry	363 Utica Avenue Brooklyn, NY 11213 718-493-4633	Closed
Miriam Richardson	271-19A Union Turnpike New Hyde Park, NY 11040 718-347-3065	Closed

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

Annexed hereto as Exhibit G is a listing of all the names and addresses of all Franchisees

During the last three (3) fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us

There are currently no trademark-specific franchisee organization association associated with GK's franchise system

Item 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit "A" are Golden Krust Franchising, Inc 's financial statements for fiscal years ending December 31, 2015, December 31, 2014 and December 31, 2013 and the unaudited financial statements for period ending March 31, 2016

Item 22

CONTRACTS

The following agreements or documents are attached as exhibits to this Disclosure Document

1 Audited Financial Statements – Exhibit A

2 Franchise Agreement with Exhibits – Exhibit B

Exhibit A to Franchise Agreement – You and Your Owners and the GUARANTY AND ASSUMPTION OF OBLIGATIONS
Exhibit B to Franchise Agreement – Franchise Disclosure Questionnaire
Exhibit C to Franchise Agreement – Store Location

3 List of State Agencies/Agents for Service of Process – Exhibit C

4 Restaurant Development Agreement – Exhibit D

5 Agreement with Landlord – Exhibit E

6 Table of Contents of Operation Manual – Exhibit F

7 Names and Addresses of Franchisees – Exhibit G

8 Release – Exhibit H

9 Sublease – Exhibit I

10 Store Opening/Transfer Approval Form – Exhibit J

11 Receipt for Confidential Operations Manual Package – Exhibit K

12 RECEIPT Pages – Exhibit L

APPENDIX A

STATE SPECIFIC CAVEATS

CAVEAT FOR GK/FRANCHISEE RELATIONSHIP STATUTES
(INCLUDING RENEWAL AND TERMINATION RIGHTS)

These states have statutes which may supersede the Franchise Agreement in your relationship with GK including the areas of termination and renewal of your franchise ARKANSAS [Stat Section 70-807], CALIFORNIA [Bus & Prof Code Sections 20000-20043], CONNECTICUT [Gen Stat Section 42-133e et seq], DELAWARE [Code, tit], HAWAII [Rev Stat Section 482E-1], ILLINOIS [Rev Stat Chapter 121-1/2, Sections 1719-1720], INDIANA [Stat Section 23-2-2 7], MARYLAND [Maryland Franchise Registration and Disclosure Law, MD BUS REG CODE ANN Section 14-201 et seq (2010 Repl Vol and Supp 2014], MICHIGAN [Stat Section 19 854(27)], MINNESOTA [Stat Section 80C 14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat Section 407 400], NEBRASKA [Rev Stat Section 87-401], NEW JERSEY [Stat Section 56 10-1], SOUTH DAKOTA [Codified Laws Section 37-5B], VIRGINIA [Code 13 1-557-574-13 1-564], WASHINGTON [Code Section 19 100 180], WISCONSIN [Stat Section 135 03] These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with GK including the areas of termination and renewal of your franchise With respect to the franchises governed by Minnesota law, GK will comply with Minnesota Statute 80C 14 subdivisions 3, 4 and 5 which require, except in certain specific cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement

CAVEAT FOR POST-TERM COVENANTS NOT TO COMPETE

These states have statutes which limit GK's ability to restrict your activity after the Franchise Agreement has ended California Business and Professions Code Section 16,600, Florida Statutes Section 542 33, Michigan Compile Laws Section 445 771 et seq , Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19 86 030 Other states have court decisions limiting GK's ability to restrict your activity after the Franchise Agreement has ended

CAVEAT FOR TERMINATION UPON BANKRUPTCY

A provision in the Franchise Agreement which terminates the franchises upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101

Item 23

RECEIPTS

The last pages of this Franchise Disclosure Document is EXHIBIT L which is a detachable document in duplicate Please detach, sign, date and return one (1) signed copy of the RECEIPT to us acknowledging you received this Franchise Disclosure Document Please keep the second copy for your records

"GOLDEN KRUST FRANCHISING, INC REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT "

ESCROW AGREEMENT

This Escrow Agreement, made this 9th day of March, 2007, by Golden Krust Franchising, Inc., organized under the laws of the State of New York (hereinafter referred to as the "Franchisor"), and Manufacturers and Traders Trust Company, a New York state bank, with offices in the State of Maryland, (hereinafter referred to as the "Bank")

WHEREAS, the Franchisor desires to offer and sell franchises in the State of Maryland, and

WHEREAS, it is the discretion to the Securities Commissioner of the State of Maryland as Administrator of the Maryland Franchise Registration and Disclosure Law, to require an escrow of franchise fees, and

WHEREAS, in order to conform to the procedures for arranging an escrow account, the Franchisor desires to enter into an Escrow Agreement with the Bank, pursuant to which franchise fees are to be held in escrow for the purpose of complying with the Maryland Franchise Registration and Disclosure Law

NOW, THEREFORE, with the foregoing recitals hereinafter incorporated by reference and made a part hereof, it is agreed as follows

1 The Franchisor shall, until release of escrowed funds as hereinafter provided, deposit with the Bank, all monies obtained from each franchisee who either is a resident of the State of Maryland or contracts to operate the franchised business within the State of Maryland.

2 All funds delivered by the Franchisor to the Bank will be placed in a separate account designated substantially as follows

"M&T Bank as Escrowee for Franchisees of Golden Krust Franchising, Inc"

3 The Bank shall pay out such funds, with interest if any, from the Escrow Account only upon the occurrence of one of the following conditions

a. A letter from the President or Secretary of the Franchisor directing the Bank to pay out such funds to the Franchisor accompanied with a written notice from the Securities Commissioner stating that he takes no exception to the release of such funds to the Franchisor

b. Upon written notice from the Securities Commissioner, the Bank shall return the deposited franchise fee to a specific franchisee.

c. The Bank shall pay funds into court or disburse or deliver them in accordance with any order of any court of competent jurisdiction.

4 The Franchisor will supply the Bank with the name and address of each franchisee, together with the amount of the deposit that represents each franchisee's franchise fee, and the Bank will retain records containing the same information.

5 Any funds deposited in the Escrow Account pursuant to this Escrow Agreement shall be invested and kept invested by the Bank in obligations of the United States, or a savings account or savings accounts of the Bank, or money market funds of or available to the Bank and to which the Bank or an affiliate is investment advisor or provides other services and receives reasonable compensation for such services, provided such money market funds are rated AAAm by Standard and Poor's and Aaa by Moody's Investor Services, or U S Treasury Bills, Notes or Bonds until such funds are to be disbursed as provided in Paragraph 3 hereof All interest received and any increment thereon shall be added to the funds so deposited in the Escrow Account and shall be distributed as provided in Paragraph 3 hereof

6 The Securities Commissioner may inspect the records of the Bank, insofar as they relate to this Escrow Agreement, for the purpose of determining compliance with and conformance to the provisions of this Escrow Agreement. At the Securities Commissioner's discretion, statements indicating status of escrow shall be furnished by the Bank to the Securities Commissioner

7 The Franchisor shall pay to the Bank reasonable compensation for expenses incurred and services rendered by the Bank under this Escrow Agreement.

8 The Bank shall have no duty to determine the propriety of any deposit or disbursement of funds. Additionally, the Bank shall have no duty to the Franchisor, the Securities Commissioner, any franchisee or any other party except as expressly stated in this Escrow Agreement The Franchisor does hereby indemnify the Bank from any and all costs, claims, and expenses, including attorney's fees, which may be incurred by or which may accrue to the Bank relating to the opening or maintenance of any account established under this Escrow Agreement.

9 All Proceeds deposited pursuant to this Escrow Agreement shall not be subject to any liens or charges by the Bank, or judgments or creditor's claims against the Franchisor

10 The Franchisor shall give each franchisee a copy of this Escrow Agreement prior to collecting any funds from that franchisee

11. The Bank's duties under this Escrow Agreement shall terminate upon final distribution of all monies deposited as provided hereunder

12 This Escrow Agreement is governed by the Laws of the State of Maryland

LEFT BLANK INTENTIONALY

IN WITNESS WHEREOF, each party has caused this Escrow Agreement to be signed and executed, and its corporate seal hereto affixed, in its name by its proper and fully authorized officer or officers on the day and year first above written.

ATTEST

MARGUERITE FEBUS

Golden Krust Franchising, Inc.

BY

Lowell Hawthorne
President/CEO
3958 Park Avenue
Bronx, NY 10457
718-583-0360

ATTEST:

Manufacturers and Traders Trust Company

BY

Ronald J Kruppa
Vice President
Corporate Trust Department
25 S Charles Street, 16th Floor
Baltimore, Maryland 21201
410-244-4594

AMENDMENT TO GOLDEN KRUST FRANCHISING, INC
FRANCHISING AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

The Golden Krust Franchising, Inc, Franchise Agreement between ________________________________ ("Franchisee") and (Franchisor") dated __________________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement

CALIFORNIA MODIFICATION

1 The Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL BUS & PROF CODE Section 3100 et seq and the California Franchise Relations Act, CAL BUS & PROF CODE Section 20000 et seq To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a If the Agreement contains a provision regarding Termination and non-renewal that is inconsistent with California Business and Professions Code Sections 20000 through 20043 and the Federal Bankruptcy Code, these laws will control

b If the Agreement requires Franchisee to execute a release of claims, such release of claims, such release shall exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act

c If the Agreement requires Franchisee to pay liquidated damages that are inconsistent with California Civil Code Section 1671, such law shall prevail

d If the Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement, the covenant may be unenforceable under the California Law

e The franchise agreement requires binding arbitration The arbitration will occur at White Plains, New York with the costs being borne by each party as incurred Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California f If the Agreement requires that it be governed by a state's law, other than the State of California, such requirement may be unenforceable

g Our website has not been reviewed or approved by the Department of Business Oversight Any complaints concerning the content of our website may be directed to the Department of Business Oversight at www dbo ca gov

2 Item 5 of the Franchise Disclosure Document, Article III of the Franchise Agreement and Paragraph "4" of the Restaurant Development Agreement are hereby amended to include the following language The Department of Business Oversight of the State of California has determined that all fees paid to us by you prior to the opening of your franchise for business shall be impounded pending satisfaction of all of our pre-opening obligations to you Pursuant to the terms of the impound agreement, the bank holding the impounded funds shall not release them to us until such time as we have advised it that we have satisfied all of our pre-opening obligations to you and the bank has received written notice from the Department of Business Oversight that he/she takes no exception to the release of the funds to us A copy of the impound agreement with ______________________________________ is annexed to Appendix A in the Franchise Disclosure Document

IN WITNESS WHEREOF, the parties hereto set their hands and seals, in duplicate, on this _____ day of __________, 20____

GOLDEN KRUST FRANCHISING, INC

BY ______________________________
Its

____
Franchisee

____
Franchisee

____
Franchisee

AMENDMENT TO GOLDEN KRUST FRANCHISING, INC
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE
DOCUMENTFOR THE STATE OF ILLINOIS

The Golden Krust Franchising, Inc , Franchise Agreement between ________________________________ ("Franchisee") and (Franchisor") dated _________________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement

ILLINOIS MODIFICATIONS

1 Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of the State is void, provided that a franchise agreement may provide for arbitration in a forum outside of this State

2 If the Franchise Agreement provides that it be governed by the laws of any state other than Illinois, that requirement is amended to provide that Illinois law shall govern franchises located in Illinois and franchisees domiciled in Illinois

3 If the Restaurant Development Agreement contained in the Franchise Disclosure Document as Exhibit D (paragraph 9) provides that it be governed by the laws of any state other than Illinois, that requirement is amended to provide that Illinois law shall govern franchises located in Illinois and franchisees domiciled in Illinois

4 Illinois law requires the Franchisor to provide you with a copy of its Franchise Disclosure Document fourteen (14) calendar days prior to the signing of any binding agreement or any payment to the Franchisor

5 Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Illinois law, with respect to each such provision, are met independent of this Amendment This Amendment shall have no force or effect if such jurisdictional requirements are not met

6 Illinois law requires the Franchisor to provide you with a complete listing of all Franchisees within 120 days from the date of application Please reference Exhibit G for this listing

IN WITNESS WHEREOF, the parties hereto set their hands and seals, in duplicate, on this _____ day of __________, 20_____

GOLDEN KRUST FRANCHISING, INC

BY ____________________________
Its

____
Franchisee

____
Franchisee

AMENDMENT TO GOLDEN KRUST FRANCHISING, INC. FRANCHISE AGREEMENT, RESTAURANT DEVELOPMENT AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND

The Golden Krust Franchising, Inc Franchise Agreement and Restaurant Development Agreement between ______________________________ ("Franchisee") and (Franchisor") dated ________________ (the "Agreements") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreements

MARYLAND MODICIFATIONS

1 The Maryland Office of the Attorney General, Division of Securities requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law To the extent that the Franchise Agreement and/or Restaurant Development Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended

a Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise To the extent that Sections 1B and XVIII of the Franchise Agreement require you to disclaim and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Agreement in order to purchase the franchise, the Franchise Agreement is hereby amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

b Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise Any limitation on the period of time litigation claims must be brought shall not act to reduce the three (3) year statute of limitations afforded a franchisee for bring a claim arising under the Maryland Franchise Registration and Disclosure Law

c Pursuant to COMAR 02 02 08 16L, the general release required as a condition of renewal, sale and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law Article XIII of the Franchise Agreement is hereby amended accordingly

d Item 5 of the Franchise Disclosure Document, Article III of the Franchise Agreement and Paragraph "4" of the Restaurant Development Agreement are hereby amended to include the following language The Securities Commissioner of the State of Maryland has determined that all fees paid to us by you prior to the opening of your franchise for business shall be held in escrow pending satisfaction of all of our pre-opening obligations to you Pursuant to the terms of the escrow agreement, the bank holding the escrowed funds shall not release them to us until such time as we have advised it that we have satisfied all of our pre-opening obligations to you and the bank has received written notice from the Maryland Securities Commissioner that he/she takes no exception to the release of the funds to us A copy of the escrow agreement with ***Manufacturers and Traders Trust Company*** is annexed to Appendix A in the Franchise Disclosure Document

2 Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law with respect to each such provision, are met independent of this Amendment This Amendment shall have no force or effect if such jurisdictional requirements are not met

IN WITNESS WHEREOF, the parties hereto set their hands and seals, in duplicate, on this _____ day of __________, 20____

GOLDEN KRUST FRANCHISING, INC

BY ______________________________
Its

____
Franchisee

____
Franchisee

AMENDMENT TO GOLDEN KRUST FRANCHISING, INC D/B/A GOLDEN KRUST CARIBBEAN BAKERY & GRILL FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK

The Golden Krust Franchising, Inc, Franchise Agreement between ______________________________ ("Franchisee") and Golden Krust Franchising, Inc d/b/a Golden Krust Caribbean Bakery & Grill (Franchisor") dated ________________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement

NEW YORK MODIFICATIONS

1 The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989) To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a If the Agreement requires Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, or any regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void It is the intent of this provision that non-waiver provisions of Sections 687 4 and 687 5 of the General Business Law be satisfied

b If the Agreement requires that it be governed by a state's law, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Licensee under the New York General Business Law, Article 33, Sections 680 through 695

2 Item 3 of the Franchise Disclosure Document is amended to read

LITIGATION Except as set forth below, neither the franchisor, its predecessor, a person identified in item 2, or an affiliate offering franchises under the franchisor's principal trademark

A 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, or 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

B Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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

C Is subject to a currently effective injunction 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 any action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

Lance Thelwell and Debbie Thelwell v Golden Krust Franchising, Inc

1) On January 26, 2009 Lance and Debbie Thelwell filed a Demand for Arbitration (AAA Case #19114E0001109) seeking a refund of their $25,000 franchise fee based on their inability to find a suitable location for their GK franchise restaurant GK opposed the return of the franchisee's fee as GK presented the franchisees with two suitable locations for the restaurant which franchisees refused to accept A hearing was held on July 13, 2009 On July 24, 2009 the Arbitrator held that under a certain Rider executed by the parties, the franchisees were entitled to a refund of their franchise fees and awarded them the sum of $25,000

Other than this action, no litigation is required to be disclosed in this Franchise Disclosure Document

3 Item 4 of the Franchise Disclosure Document is amended to read

BANKRUPTCY Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the Franchise Disclosure Document (a) filed as debtor (or had filed against it) a petition to start an action under 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 officer or general partner of the franchisor held this position in the company or partnership

4 Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of New York General Business Law, with respect to each such provision, are met independent of this Amendment This Amendment shall have no force or effect if such jurisdictional requirements are not met

IN WITNESS WHEREOF, the parties hereto set their hands and seals, in duplicate, on this _____ day of __________, 20____

GOLDEN KRUST FRANCHISING, INC

BY ____________________________
Its

____
Franchisee

____
Franchisee

____
Franchisee

ADDENDUM TO GOLDEN KRUST FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR THE STATE OF VIRGINIA

The Golden Krust Franchise Agreement between ______________________ ("Franchisee") and Golden Krust Franchising, Inc d/b/a Golden Krust Caribbean Bakery & Grill ("Franchisor") dated ____________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement

VIRGINIA MODIFICATIONS

1 The Virginia State Corporation Commission requires that certain provisions contained in franchise documents be amended to be consistent with the Virginia Retail Franchising Act To the extent that the Franchise Agreement or Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended

a The second paragraph of the FTC Cover Page shall read as follows

The total investment necessary to begin operation of a Golden Krust Caribbean Bakery & Grill franchised business is between $173,400 to $564,000 for a traditional restaurant and between $185,000 to $387,500 for a kiosk This includes the initial franchise fee of $25,000 that must be paid to the franchisor or its affiliate(s) for a traditional restaurant and $15,000 for an express drive-thru restaurant or kiosk

b The third paragraph of the FTC Cover Page shall read as follows

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

c Item 4 shall add the following disclosure to read as follows

The Franchisor, its affiliate, officers, general partners of the Franchisor, and the individuals who will have management responsibility relating to the sale or operation of the franchise all have not filed a petition, or have not had filed against it or them, a petition under a foreign bankruptcy or have obtained a discharge of their/its debts under a foreign bankruptcy code d Item 20 shall add the following disclosure at the end of the listing of terminated, canceled and non-renewing franchisees

Exhibit G lists the names of all of our operating franchisees and the addresses and telephone numbers of their stores as of December 31, 2012 If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with your about their experience with us

There are no trademark specific franchisee associations

2 Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of Virginia with respect to each such provision, are met independent of this Addendum This Addendum shall have no force or effect if such jurisdictional requirements are not met

IN WITNESS WHEREOF, the parties hereto set their hands and seals, in duplicate, on this day of , 20___

GOLDEN KRUST FRANCHSING, INC
D/B/A GOLDEN KRUST CARIBBEAN
BAKERY & GRILL

By_______________________________
Its

____
Franchisee

____
Franchisee

EXHIBIT B

FRANCHISE AGREEMENT WITH EXHIBITS

FRANCHISE AGREEMENT

This agreement is between the Franchisor, Golden Krust Franchising, Inc., a New York corporation (hereinafter referred to by the words Golden Krust, we, us, and ours), and ______________________________ (hereinafter referred to by the words Franchisee, you, your and yours).

I. PREAMBLES, ACKNOWLEDGMENTS AND GRANT OF FRANCHISE

A. PREAMBLES

Golden Krust has established a reputation for good, wholesome Caribbean bakery products, Jamaican Patties and West Indian cuisine and is engaged in franchising restaurants that produce and sell these and other products commercially with no compromises in quality under the names Golden Krust Caribbean Bakery & Grill and Taste The Rhythm of The Islands ("Golden Krust Restaurants")

Golden Krust Franchising, Inc has developed, in connection with the operation of Golden Krust Restaurants, a system of Caribbean cuisine recipes, baking process, store operation procedures and indemnification schemes that may be changed, improved and further developed from time to time (hereinafter called "Golden Krust System" or "System")

Golden Krust Franchising, Inc uses and displays to the public the names and marks "Golden Krust Caribbean Bakery & Grill" and Taste The rhythm of The Islands along with such other trademarks, signs, symbols and slogans as have been adopted for the use with the Golden Krust System and may be developed and adopted for use with the System in the future (hereinafter collectively called "Golden Krust Marks" or "Marks")

Franchisee desires to make and sell Golden Krust food products and West Indian cuisine and use the Golden Krust System and Marks at a location identified herein

Both parties agree that the success of all Golden Krust Restaurants is dependent on the continued good reputation of each restaurant, therefore adherence to the terms of this Agreement, prescribed for the purpose of maintaining a uniformly high standard of product and business quality, is of mutual importance

B. ACKNOWLEDGMENTS

You acknowledge that you have read this Agreement and our Franchise Disclosure Document and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Golden Krust Restaurant and thereby to protect and preserve the goodwill of the Marks. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Golden Krust Franchisee involves business risks and that your business abilities and efforts are vital to the success of the venture. Any information you acquire from other Golden Krust Franchisees relating to their sales, profits or cash flows does not constitute information obtain from us, nor do we make any representation as to the accuracy of any such information. You acknowledge that, in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us. You further acknowledge that we have advised you to have this Agreement reviewed and explained to you by an attorney and or business consultant of your choice.

____
Franchisee's Initials

You represent to us, as an inducement to our entry to this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your purchasing a franchise in reliance upon all of your representations.

____
Franchisee's Initials

C. CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

If you are at any time a corporation, limited liability company or partnership, you agree and represent that

(1) You will have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation,

(2) Your organizational documents or partnership agreement will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement,

(3) Exhibit A to this Agreement will completely and accurately describe all of your owners and their interests in you, and

(4) Each of your owners at any time during the term of this Agreement will execute an agreement in the form that we prescribe undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us that bind you You and your owners agree to execute and deliver to us such revised Exhibits A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or formation as we may request

D. GRANT OF FRANCHISE

Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a franchise (the "Franchise") to operate a
(___) Golden Krust Caribbean Bakery & Grill traditional restaurant
(___) Golden Krust Caribbean Bakery and Grill kiosk
(___) Taste The Rhythm of The Islands

(the "Restaurant") at the location identified on Exhibit C herein (the "Premises"), and to use the System in the operation thereof, for a term commencing on the date of this Agreement and expiring ten (10) years from such date, unless sooner terminated in accordance with Section XIII hereof or unless your lease for the Premises is terminated sooner

You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder, continuously exert your best efforts to promote and enhance the Restaurant and not engage in any other business or activity that conflicts with your obligations to operate the Restaurant in compliance with this Agreement You may not operate the Restaurant from any site other than the Premises without our prior written consent If we consent to the Restaurant's relocation, we have the right to charge you for the expenses we incur in connection with the relocation

E. RENEWAL

You may renew the franchise for one (1) additional ten (10) year term on the terms and conditions contained in this agreement provided that the following conditions are first satisfied

(1) You have the right to remain in possession of the Premises for the renewal term,

(2) You give us written notice of your intention to renew at least six (6) months but not more than twelve (12) months prior to the end of the term of this agreement or any renewal period,

(3) You complete to our satisfaction such maintenance, refurbishing, renovating and remodeling of the Premises and its contents as we may reasonably require, no later than thirty (30) days before the end of the term of this agreement or any renewal period,

(4) As of the end of the term of this agreement or any renewal period you are not in default under this or any other agreement with us or our affiliates and you have met all monetary obligations owing under such agreement

throughout their terms and have otherwise substantially complied with your obligations under all such agreements,

(5) You execute a new franchise agreement currently in effect for new franchises at the time of your renewal, and agree to the royalty and other terms therein

F. RIGHTS WE RESERVE

We (and our affiliates) retain the right in our sole discretion

(1) to establish, and grant to other franchisees the right to establish, Golden Krust Restaurants anywhere other than at the Premises on such terms and conditions as we deem appropriate,

(2) to sell products identified by the Marks through distribution channels other than Golden Krust Restaurants (including but not limited to, grocery stores, club stores, convenience stores, gas stations and other restaurants)

II. SITE SELECTION, LEASE OF PREMISES AND DEVELOPMENT OF RESTAURANT

A. SITE SELECTION

You acknowledge that you are responsible for locating a site for the Premises Sites are subject to our approval You acknowledge and agree that our recommendation or approval of the Premises, and any information regarding the Premises communicated to you, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Premises for a Golden Krust Restaurant or for any other purpose Our recommendation or approval of the Premises indicates only that we believe that the Premises fall within the acceptable criteria for sites and premises Application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our approval of a site, demographic and/or other factors include in or exclude from our criteria could change, thereby altering the potential of a site and premises The uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a site and premises we have recommended or approved to meet expectations as to potential revenue or operational criteria You acknowledge and agree that your acceptance of the Franchise is based on your own independent investigation of the suitability of the Premises

B. LEASE OF PREMISES

You are obligated to deliver a copy of the signed lease to us within fifteen (15) days after its execution At your request, you agree that you will collaterally assign the lease for the Premises to us as a security for your timely performance of all obligations under this Agreement and secure the lessor's consent to the collateral assignment We and our affiliates reserve the right to lease any site that you have located and we have approved and to sublet the premises to you under the same terms and conditions contained in our lease with the landlord You acknowledge that our approval of the lease for the Premises does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a Golden Krust Restaurant operated at the Premises Such approval indicates only that we believe that the Premises and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval You further acknowledge that we have advised you to have an attorney review and evaluate the lease and sublease Any material violation of the lease or sublease that is not cured after notice is given and within the applicable grace periods, as required by the terms of the lease or sublease for the Premises, is a violation of this Franchise Agreement

C. DEVELOPMENT OF RESTAURANT

You are responsible for developing the Restaurant For purposes of this Franchise Agreement, a "traditional" restaurant shall be defined as a "full service" restaurant operating from a storefront or other permanent building A "non-traditional" restaurant shall include a kiosk We will furnish you with mandatory drawings and specifications for your Golden Krust Restaurant, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings and color scheme at no cost to you You are obligated to build or renovate your Restaurant with plans and specifications that have been pre-approved by us You are obligated to submit construction plans and specifications to us for approval before construction of the Restaurant is commenced and, at our request, to submit all revised or as built plans and specifications during the course of such construction Additionally, any contractor you hire to build or renovate your restaurant must be pre-approved by us

At your request, we will assist you in developing the Restaurant by recommending and supervising contractors and architects and otherwise furnishing information to assist you in developing the Restaurant in accordance with our specifications and at your sole cost and expense If we or our affiliates supervise the build-out and development of the Restaurant, you shall pay us a $8,500 development fee in connection with such services

You agree, at your own expense, to do the following with respect to developing the Restaurant at the Premises

(1) secure all financing required to develop and operate the Restaurant,

(2) obtain all building, utility, sign, health, sanitation, business and other permits and Licenses required to construct and operate the Restaurant,

(3) construct all required improvements to the Premises and decorate the Restaurant in compliance with plans and specifications we have approved,

(4) purchase or lease and install all required fixtures, furniture, equipment, furnishings and signs required for the Restaurant, and

(5) purchase an opening inventory of authorized and approved food products, materials and supplies

D FIXTURES, FURNISHINGS, EQUIPMENT AND SIGNS

You agree to use in developing and operating the Restaurant only those fixtures, furnishings, equipment (including cash registers and computer hardware and software) and signs that we have approved for Golden Krust Restaurants meeting our specifications and standards for quality, design, appearance, function and performance You agree to place or display at the Premises (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve from time to time You agree to purchase or lease approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers we have designated or approved (which may include us and/or our affiliates)

E. RESTAURANT OPENING

You agree not to open the Restaurant for business until

(1) we approve the Restaurant as developed in accordance with our specifications and standards,

(2) pre-opening training has been completed to our satisfaction,

(3) the initial franchise fee and all other amounts then due to us having been paid, and

(4) we have been furnished with copies of all insurance policies required by this Agreement or in the Operations Manual, or such other evidence of insurance coverage and payment of premiums as we request or accept

You agree to open the Restaurant for business within one hundred eighty (180) days after we approve your site and five (5) days after we notify you that the conditions set forth in this Paragraph have been satisfied

III. FEES

A. INITIAL FRANCHISE FEE

You agree to pay us a nonrecurring initial franchise fee in the amount of Twenty Five Thousand Dollars ($25,000 00) for a Golden Krust Caribbean Bakery and Grill Restaurant (Traditional), Fifteen Thousand Dollars ($15,000 00) for a Golden Krust Caribbean Bakery and Grill kiosk and Fifteen Thousand Dollars

($15,000 00) for a Taste The Rhythm Of the Islands Restaurant, all of which will be fully earned by us upon the execution of this Agreement If you do not locate a site for the premises which has been approved by us within one (1) year of the execution of this Agreement, we will refund you $15,000 00 of your initial franchise fee for a Golden Krust Caribbean Bakery and Grill Restaurant (Traditional) and $9,000 00 for a kiosk or Taste The Rhythm of the Islands Restaurant Otherwise, the initial franchise fee is non-refundable We reserve the right to reduce or waive the initial franchise fee in certain instances and for certain franchisees, including family members and former employees

B ROYALTY

You agree to pay us a weekly royalty ("Royalty") equal to 3% of the gross sales at the Premises or $250 00, whichever sum is greater Royalties are payable to us by our sweep via authorized electronic funds transfer (EFT) from your operating account not less than 24 hours after the weekly period ends

C. DEFINITION OF "GROSS SALES"

As used in this Agreement, the term "Gross Sales" means all revenue you derive from operating the Restaurant, including but not limited to, all amounts you receive at or away from the Premises, and whether from cash, check, credit card or credit transactions, but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and (2) customer refunds, adjustments, credits and allowances actually made by the Restaurant

D INTEREST ON LATE PAYMENTS

All amounts which owe us will bear interest after their due date at the rate of one and one-half percent (1 5%) per month or the highest contract rate of interest permitted by law, whichever is less You acknowledge that this Paragraph does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Restaurant Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section XIII hereof, notwithstanding the provisions of this Paragraph

IV. A. TRAINING

Initial training in the Golden Krust System, including selection of equipment and suppliers, cooking processes, merchandising, marketing, accounting and basic management shall be provided by us for each person whose signature is on this Agreement and one (1) person designated as an employee/manager at times and places we shall designate We will provide approximately one (1) week classroom training, one (1) week on site at another functioning restaurant and one (1) week on premises at your Restaurant during opening

B. GENERAL GUIDANCE

We will advise you from time to time regarding the operation of the Restaurant based on reports you submit to us or inspections we make In addition, we will furnish guidance to you with respect to

(1) standards, specifications and operating procedures and methods utilized by Golden Krust Restaurants,

(2) purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies,

(3) advertising and marketing programs including your Grand Opening,

(4) employee training, and

(5) administrative, bookkeeping and accounting procedures

Such guidance will, at our discretion, be furnished in our operating manual ("Operations Manual"), bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Restaurant

C. OPERATIONS MANUAL

We will loan to you during the term of this Agreement one (1) copy of our Operations Manual, consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees from time to time for use in operating a Golden Krust Restaurant The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules ("System Standards") that we prescribe from time to time for the operation of a Golden Krust Restaurant and information relating to your other obligations under this Agreement and related agreements The Operations Manual may be modified from time to time to reflect changes in System Standards You agree to keep your copy of the Operations Manual current In the event of a dispute relating to its contents, the master copy of the Operations Manual we maintain at our principal office will be controlling You may not at any time, copy, duplicate, record or otherwise reproduce any part of the Operations Manual If your copy of the Operations Manual is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge

V. MARKS

A OWNERSHIP AND GOODWILL OF MARKS

Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Restaurant pursuant to and in compliance with this Agreement and all System Standards we prescribe from time to time during its term Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Restaurant in compliance with this Agreement) All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use

B. LIMITATIONS ON YOUR USE OF MARKS

You agree to use the Marks as the sole identification of the Restaurant, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Restaurant or an ownership interest in you You agree to display the Marks prominently in the manner we prescribe at the Restaurant, on supplies or materials we designate and in connection with the forms and advertising and marketing materials You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law

C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim We have sole discretion to take such action as we deem appropriate, at our sole expense, and the right to control exclusively any litigation, U S Patent and Trademark Office proceeding or any other administrative proceeding to which you are made a party arising out of any such infringement, challenge or claim or otherwise relating to any Mark You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks

D DISCONTINUANCE OF USE OF MARKS

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice thereof We will reimburse you for your reasonable direct expenses of changing the Restaurant's signs However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark

VI. CONFIDENTIAL INFORMATION

We possess (and will continue to develop and acquire) certain confidential information (the "Confidential Information") relating to the development and operation of a Golden Krust Restaurant, which includes (without limitation)

(1) recipes,

(2) site selection criteria,

(3) methods, formats, specifications, standards, systems, procedures used, and knowledge of and experience in developing and operating Golden Krust Restaurants,

(4) marketing and advertising programs for Golden Krust Restaurants,

(5) knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Restaurant during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute unfair method of competition You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree that you

(1) will not use Confidential Information in any other business or capacity,

(2) will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement,

(3) will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form, and

(4) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to Restaurant personnel and others

All ideas, concepts, techniques or materials relating to a Golden Krust Restaurant, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made-for-hire for us You and your owners agree to sign wherever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials

VII. EXCLUSIVE RELATIONSHIP

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Golden Krust Restaurants if franchised owners of Golden Krust Restaurants were permitted to hold interest in or perform services for a Competitive Business (defined below) You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us You therefore agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will

(1) have any direct or indirect interest as disclosed or beneficial owner in a Competitive Business operating within ten (10) miles of the Premises,

(2) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business operating within five (5) miles of any Golden Krust Restaurant other than the Premises,

(3) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located, or

The term "Competitive Business" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, any restaurant or food service business (other than a Golden Krust Restaurant operated under a franchise agreement with us)

VIII. SYSTEM STANDARDS

A. COMPLIANCE WITH SYSTEM STANDARDS

You acknowledge and agree that your operation and maintenance of the Restaurant in accordance with System Standards are essential to preserve the good will of the Marks and all Golden Krust Restaurants Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Restaurant in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement System Standards may regulate any one or more of the following with respect to the Restaurant

(1) design, layout, décor, appearance and lighting, periodic maintenance, cleaning and sanitation, periodic remodeling, replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs, periodic painting, and use of interior and exterior signs, emblems,

lettering and logos and the illumination thereof,

(2) types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies,

(3) required or authorized products, ingredients and product categories,

(4) designated or approved suppliers (which may be limited to or include us) of fixtures, furnishings, equipment, signs, products, ingredients, materials and supplies,

(5) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others,

(6) sales, marketing, advertising and promotional programs and materials and media used in such programs,

(7) use and display of the Marks,

(8) staffing levels for the Restaurant and matters relating to managing the Restaurant, communication to us of the identities of the Restaurant's personnel, and qualifications, training, dress and appearance of employees,

(9) days and hours of operation of the Restaurant, you are required to have your restaurant or kiosk open for business Monday through Sunday, 9 a m to 11 p m ,

(10) participation in market research and testing and product and service development programs,

(11) bookkeeping, accounting, data processing and record keeping systems and forms, methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition, and furnishing tax returns and other operating and financial information to us,

(12) types, amounts, terms and conditions of insurance coverage required to be carried for the Restaurant and standards for underwriters of policies providing required insurance coverage, our protection and rights under such policies as an additional named insured, required or impermissible insurance contract provisions, assignment of policy rights to us, periodic verification of insurance coverage that must be furnished to us, our right to obtain insurance coverage for the Restaurant at your expense if you fail to obtain required coverage, our right to defend claims, and similar matters relating to insured and uninsured claims,

(13) complying with applicable laws, obtaining required licenses and permits, adhering to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us, and notifying us if any action, suit or proceeding is commenced against you or the Restaurant, and

(14) regulation of such other aspects of the operation and maintenance of the Restaurant that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Golden Krust Restaurants

You agree that System Standards prescribed from time to time in the Operations Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein All references to this Agreement include all System Standards as periodically modified

IX. ADVERTISING FUND

You agree to pay to us a weekly advertising fee equal to one percent (1%) of the gross sales of the Restaurant payable on the first day of each week This advertising fee shall accompany each weekly royalty payment, but will be segregated by us in a special account maintained solely for the advertising fund

The advertising fund will be spent only for the preparation, purchase and placement of advertising, except that up to 25% of the fund may be spent by us for the direct costs of administering the fund The fund is intended to further recognition and acceptance of the Golden Krust name, marks and products, and we reserve the sole discretion in administering the fund as well as for the creation, design, development, selection and placement of advertising

X. LOCAL ADVERTISING

You acknowledge that extensive local marketing and advertising efforts are absolutely necessary to the success of your restaurant You agree to expend 1% of the annual gross revenues from the operation of your restaurant on local marketing, including but not limited to, local newspaper and other local media You agree to advertise and promote your restaurant only in a manner that will reflect favorably on Golden Krust and its good name and reputation You further agree to submit to Golden Krust for its prior approval all proposed advertising to be utilized by you

XI. RECORDS, REPORTS AND FINANCIAL STATEMENTS

You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribed form time to time You agree to furnish to us on such forms that we prescribe from time to time

(1) within fifteen (15) days after the end of each calendar month, a report on the Restaurant's Gross Sales during the immediately preceding calendar month,

(2) within fifteen (15) days after the end of each calendar month, a profit and loss statement for the Restaurant for the immediately preceding calendar month and year-to-date and a balance sheet as of the end of such month,

(3) within ninety (90) days after the end of the Restaurant's fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Restaurant as of the end of such fiscal year, and

(4) within ten (10) days after our request, exact copies of federal and

state income and other tax returns and such other forms, records, books and other information we may periodically require

We also maintain the right to poll sales data through your cash register or other computerized polling system

XII INSPECTIONS AND AUDITS

A. OUR RIGHT TO INSPECT THE RESTAURANT

To determine whether you and the Restaurant are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to

(1) inspect the Restaurant,

(2) remove samples of any products, materials or supplies for testing and analysis,

(3) inspect and copy any books, records and documents relating to your operation of the Restaurant

B. OUR RIGHT TO AUDIT

We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a corporation, limited liability company or partnership) and the Restaurant's business, bookkeeping and accounting records, sales and income tax records and returns and other records You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit In the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, or in the further event that the audit reveals that you have understated gross sales by two percent (2%) or more, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law

XIII. TRANSFER

A. BY US

This Agreement is fully transferable by us and will benefit any transferee or other legal successor to our interests herein

B. BY YOU

You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation, limited liability company or partnership, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity Accordingly, neither this Agreement (or any interest therein) nor any ownership or other interest in you or the Restaurant may be transferred without our prior written approval Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect As used in this Agreement, the term "transfer" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in

(1) this Agreement,

(2) you, or

(3) the Restaurant

An assignment, sale, gift or other disposition includes the following events

(a) transfer of ownership of capital stock or a partnership interest,

(b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you,

(c) any issuance or sale of your stock or any security convertible to your stock,

(d) transfer of interest in you, this Agreement or the Restaurant in a divorce, insolvency or corporation or partnership dissolution proceeding or otherwise by operation of law,

(e) transfer of an interest in you, this Agreement or the Restaurant, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession, or

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Restaurant or your transfer, surrender or loss of possession, control or management of the Restaurant

C. CONDITIONS FOR APPROVAL OF TRANSFER

Our approval for a transfer shall be conditioned upon the following

(1) you be then in full compliance with the terms of this and any other agreement between us including but not limited to complying with all current system standards and you or the transferee paying to us a transfer fee of $10,000 00 to cover our costs in reviewing and administering the proposed transfer

(2) the transferee and its owners meeting our criteria for franchisees, having adequate financial resources, aptitude, experience and otherwise being capable of operating a Golden Krust Restaurant

(3) you submitting all proposed advertisements for the sale or other disposition of the franchise to us for written approval, our approval shall not be unreasonably withheld,

(4) the transferee executing our then current franchise agreement for a full term and other documents then used by us in granting franchises

(5) you paying all amounts owed to us and our affiliates and all other creditors of your Golden Krust Restaurant,

(6) you executing a general release of us, our affiliates and officers, directors and employees, and

(7) the transferee purchasing all of your assets used in the Golden Krust Restaurant, assuming all of your existing business liabilities including liabilities owed to us and assuming your lease

(8) you or your proposed transferee agreeing to update, remodel and refurbish your Restaurant to reflect the then current design, layout and trade dress of Golden Krust Restaurants

(9) we have approved the material terms and conditions of such transfer and determine that in our business judgment the price and terms will not adversely effect the transferee's operation of the franchise

D. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY

Notwithstanding Paragraph C of this Section, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Restaurant and, if applicable, other Golden Krust Restaurants, in which you maintain management control and of which you own and control one hundred (100%) of the equity and voting power of all issued and outstanding capital stock or other ownership interests, and further provided that all assets of the Restaurant are owned, and the entire business of the Restaurant is conducted, by a single corporation or limited liability company Transfer of ownership interests in such corporation or limited liability company will be subject to the provisions of Paragraph C of this Section Notwithstanding anything to the contrary herein, you agree to remain personally liable under this Agreement as if the transfer of such corporation or limited liability company had not occurred

E. YOUR DEATH OR DISABILITY

(1) Transfer Upon Death Disability Upon your death or disability or, if you are a corporation, limited liability company or partnership, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third-party Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement For purposes hereof, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Restaurant

(2) Operation Upon Death or Disability If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Restaurant is not being managed by a trained manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not exceed fifteen (15) days from the date of death or disability, appoint a manager to operate the Restaurant Such manager will be required to complete training at your expense Pending the appointment of a manager as provided above or if, in our judgment, the Restaurant is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest if you, we have the right, but not the obligation, to appoint a manager for the Restaurant All funds from the operation of the Restaurant during the management by our appointed manager will be kept in a separate account, and all expenses of the Restaurant, including compensation, other costs and travel and living expenses of our manger, will be charged to this account We also have the right to charge a reasonable

management fee (in addition to the Royalty and Advertising Fund contributions payable under this Agreement) during the period that our appointed manager manages the Restaurant Operation of the Restaurant during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for debts, losses or obligations incurred by the Restaurant or to any of your creditors for any products, materials, supplies or services the Restaurant purchases during any period it is managed by our appointed manager

F. EFFECT OF CONSENT TO TRANSFER

Our consent to a transfer of this Agreement and the Restaurant or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Restaurant or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement

G. OUR RIGHT OF FIRST REFUSAL

If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Restaurant or an ownership interest in you, you (or such owner) agree to obtain a good faith, executed written oral offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror

We have the right, exercised by written notice delivered to you or your selling owner(s) within thirty (30) days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that

(1) we may substitute cash for any form of payment proposed in such offer,

(2) our credit will be deemed equal to the credit of any proposed purchaser,

(3) we will have not less than sixty (60) days after giving notice to our election to purchase to prepare for closing, and

(4) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of three (3) years commencing on the date of the closing, you and they will be bound by the noncompetition covenant contained in Section XIV D hereof You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 12 C (10) of this Agreement

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Paragraphs B and C of this Section, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option

XIV. TERMINATION OF AGREEMENT

A. BY YOU

If you and your owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct such failure within thirty (30) days after written notice of such material failure is delivered to us, you may terminate this Agreement effective thirty (30) days after delivery to us of written notice of termination Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause

B. BY US

We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if

(1) you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise,

(2) you (or your Managing Owner) fail to successfully complete initial training to our satisfaction,

(3) you fail to begin operating the Restaurant within one hundred eighty (180) calendar days after the execution of the Lease Agreement,

(4) you abandon or fail actively to operate the Restaurant for two (2) or more consecutive business days, unless the Restaurant has been closed for a purpose we have approved or because of casualty or government order,

(5) you surrender or transfer control of the operation of the Restaurant without our prior written consent,

(6) you (or any of your owners) are or have been convicted of, or plead or have pleaded no contest to, a felony,

(7) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Restaurant or other Golden Krust Restaurants or the good will associated with the Marks,

(8) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Restaurant,

(9) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's

interest in you is not assigned as herein required,

(10) you lose the right to possession of the Premises,

(11) you (or any of your owners) make an unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operations Manual in violation of this Agreement,

(12) you violate any health, safety or sanitation law, ordinance or regulation and do not begin to cure the noncompliance or violation immediately, and correct such noncompliance or violation within seventy-two (72) hours, after written notice thereof is delivered to you,

(13) you fail to make payments of any amounts due to us and do not correct such failure within ten (10) days after written notice of such failure is delivered to you,

(14) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Restaurant, unless you are in good faith contesting your liability of such taxes,

(15) you (or any of your owners) fail to comply with any provision of this Agreement or any other franchise or other agreement you have with us or or any System Standard and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you,

(16) you (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether nor not such failures to comply were corrected after written notice of such failure was delivered to you, or

(17) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due, you consent to the appointment of a receiver, trustee or liquidator of all or

the substantial part of your property, the Restaurant is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days, or any order appointing a receiver, trustee or liquidator of you or the Restaurant is not vacated within thirty (30) days following the entry of such order

XV. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

A. PAYMENT OF AMOUNTS OWED TO US

You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalties, Advertising Fund contributions, amounts owed for purchases from us, interest due on any of the foregoing and all other amounts owed to us which are then unpaid

B. MARKS

Upon the termination or expiration of this Agreement

(1) you may not directly or indirectly at any time or in any manner (except with respect to other Golden Krust Restaurants you own and operate) identify yourself or any business as a current or former Golden Krust Franchisee, or as one of our licensees or franchisees, use any Mark, any colorable imitation thereof in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us,

(2) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark,

(3) if we do not have or do not exercise an option to purchase the Restaurant pursuant to Paragraph E of this Section, you agree to deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this

Agreement or the Notification Date (as defined in Paragraph E(1) of this Section) all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a Golden Krust Restaurant and allow us, without liability to you or third parties, to remove all such items from the Restaurant

(4) if we do not have or do not exercise an option to purchase the Restaurant pursuant to Paragraph E of this Section, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will promptly and at your own expense make such alterations we specify to distinguish the Restaurant clearly from its former appearance and from other Golden Krust Restaurants so as to prevent confusion therewith by the public,

(5) if we do not have or do not exercise an option to purchase the Restaurant pursuant to Paragraph E of this Section, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone numbers or other telephone directory listings associated with any Mark

C. CONFIDENTIAL INFORMATION

You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials that we have loaned to you

D. COVENANT NOT TO COMPETE

Upon

(1) our termination of this Agreement in accordance with its terms and conditions,

(2) your termination of this Agreement without cause, or

(3) expiration of this Agreement (if we offer, but you elect not to acquire, a successor franchise),

(4) your sale or transfer of the Restaurant pursuant to the provisions of Section XII B hereof, you and your owners agree that, for a period of two (2) years commencing on the effective date of termination or expiration or the date on which a person restricted by this Paragraph begins to comply with this Paragraph, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e g , through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business (as defined in Section VII above) operating

(a) at the Premises,

(b) within ten (10) miles of the Premises, or

(c) within five (5) miles of any other Golden Krust Restaurant in operation or under construction on the later of the effective date of the termination or expiration or the date on which a person restricted by this Paragraph complies with this Paragraph

If any person restricted by this Paragraph refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or Court if necessary, enforcing this provision You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills Consequently, enforcement of the covenants made in this Paragraph will not deprive you of your personal goodwill or ability to earn a living

If we find it necessary to enforce the provisions of Section XV, you acknowledge that the Court has the power to enjoin you, your officers, agents, servants, employees and all others in active concert or participation with you

E. OUR RIGHT TO PURCHASE RESTAURANT

(1) Exercise of Option

Upon the termination or expiration of this Agreement in accordance with its terms and conditions, we have the option, exercisable by giving written notice thereof to you within sixty (60) days from the date of such termination or expiration, to purchase the Restaurant from you, including the leasehold rights to the Premises (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date") We have the unrestricted right to assign this option to purchase the Restaurant We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise

(2) Leasehold Rights

You agree at our election

(a) to assign your leasehold interest in the Premises to us, or

(b) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease

(3) Purchase Price

The purchase price for the Restaurant will be its fair market value, determined in a manner consistent with reasonable depreciation of the Restaurant's equipment, signs, inventory, materials and supplies, provided that the Restaurant will be valued as an independent business and its value will not include any value for

(a) the franchise or any rights granted by this Agreement,

(b) the Marks, or

(c) participation in the network of Golden Krust Restaurants

The Restaurant's fair market value will include the goodwill you developed in the market of the Restaurant that exists independent of the goodwill of the Marks and the System The length of the remaining term of the lease for the Premises will also be considered in determining the Restaurant's fair market value

We may exclude from the assets purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonable necessary (in function or quality) to the Restaurant's operation or that we have not approved as meeting standards for Golden Krust Restaurants, and the purchase price will reflect such exclusions

(4) Appraisal

If we and you are unable to agree on the Restaurant's fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal We will appoint one appraiser, you will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we are exercising our option to purchase the Restaurant, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party-appointed appraisers The appraisers are obligated to complete their appraisal within thirty (30) days after the third appraiser's appointment

The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or our owners owe to us At the closing you agree to deliver instruments transferring to us

(a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with sales and other transfer taxes paid by you, and

(b) all licenses and permits of the Restaurant which may be assigned or transferred, and

(c) the leasehold interest in the Premises and improvements thereon

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns

F. CONTINUING OBLIGATION

All of our and your (and your owner's and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire

XVI. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A INDEPENDENT CONTRACTORS

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Restaurant personnel and others as the owner of the Restaurant under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time

B. INDEMNIFICATION

You agree to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Paragraph, any and all taxes and any and all claims and liabilities directly or indirectly arising out of the Restaurant's operation of your breach of this Agreement For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses We have the right to defend any such claim against us This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses in order to maintain and recover fully a claim against you You agree that a failure to pursue such remedy or mitigate a loss will in no way reduce or alter the amount we may recover from you by way of indemnity

XVII. ENFORCEMENT

A. WAIVER OF OBLIGATIONS

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other of such other effective date stated in the notice of waiver Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice

We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term)-by virtue of any custom or practice at variance with the terms hereof, our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations hereunder, including, without limitation, any System Standard, our waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Golden Krust Restaurants, the existence of other franchise agreements for Golden Krust Restaurants which contain different provisions from those contained herein, or our acceptance of any payments due from you after any breach of this Agreement No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or account and satisfaction We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect

Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from

(1) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing to the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof,

(2) acts of God,

(3) fires, strikes, embargoes, war or riot, or

(4) any other similar event or cause

Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, expect that said cause will not excuse payments of amounts owed at the time of such occurrence or payment of Royalties due on any sales thereafter

B. COSTS AND ATTORNEYS' FEES

If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees

C. YOU MAY NOT WITHHOLD PAYMENTS DUE TO US

You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided in Paragraph F of this Section

D. RIGHTS OF PARTIES ARE CUMULATIVE

Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise of enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce

E. ARBITRATION

Except for controversies, disputes or claims related to our based on your use of the Marks after the expiration or termination of this Agreement, all controversies, disputes or claims between us and our shareholders, officers, directors, agents and employees and you (your owners, guarantors, affiliates and employees, if applicable) arising out of or related to

(1) This Agreement or any other agreement between you and us or any other provision of any such agreement,

(2) Our relationship with you,

(3) The validity of this agreement or any other agreement between you and us or any provision of any such agreement, or

(4) Any system standard relating to the establishment or operation of the Restaurant will be submitted for arbitration to the White Plains, New York office of the American Arbitration Association on demand of either party Such arbitration proceedings will be conducted at White Plains, New York and, except as otherwise provided in this Agreement, will be heard by one arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U S C § § 1 se seq) and not by any state arbitration law

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any mark generic or otherwise invalid or, except as otherwise provided in Paragraph I of this Section, to award exemplary or punitive damages The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction

Notwithstanding anything to the contrary contained in this paragraph, we and you each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided herein

F. GOVERNING LAW

Except to the extent governed by the Federal Arbitration Act as required hereby, the United States Trademark Act of 1946 (Lanham Act, 15 U S C Sections 1051 et seq) or other federal law, this Agreement, the franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of New York, without regard to its conflict of laws principles, except that any New York law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph

G. BINDING EFECT

This Agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by you and us

H. CONSTRUCTION

The preambles and exhibits are a part of this Agreement which, together with the Operations Manual and our other written policies, constitutes our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement Nothing in this Agreement or in any related agreement is intended to disclaim the franchisor's representations made in the Franchise Disclosure Document

XVIII NOTICES AND PAYMENTS

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered

(1) at the time delivered by hand,

(2) one (1) business day after transmission by telecopy, facsimile or

other electronic system,

(3) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery, or

(4) three (3) business days after the placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, posted prepaid, and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified

XIX. PROJECTED FRANCHISE SALES, PROFITS OR EARNINGS

A. NO WARRANTY REGARDING PROFITABILITY

The parties hereto recognize and acknowledge that due to the competitive nature of the business involved, successful operation of the Restaurant will primarily depend upon your efforts, capabilities and management abilities and on your efficient operation of the Restaurant as well as local market conditions We have not made and you acknowledge that you have not received any claims, warranty, representations or guarantee, express or implied regarding potential sales, profits, earnings or success of the Restaurant or achievable by you

B. NO WARRANTY REGARDING PROJECTED COSTS

We hereby disclaim making or utilizing, and you acknowledge that you have not received from us any projections of sales, earnings or profits of the franchised Restaurant It is understood that you are starting a new business (or acquiring an existing business) and are assuming the financial risks attendant thereto Where we provide information required by you relating to costs of operating Golden Krust Restaurant, such as rents, labor costs, or equipment lease costs, such information shall not be construed as a representation or warranty relative to any future sales, profits, or earnings or success achievable by you

C. NO INDUCEMENT

You acknowledge that no claims, representations, promises, guarantees, or warranties of any kind are or were made by us to induce you to execute this Agreement, except as specifically set forth in writing this Agreement

D. FRANCHISE DISCLOSURE QUESTIONNAIRE

You acknowledge that you have reviewed and truthfully responded to the Franchise Disclosure Questionnaire annexed hereto as Exhibit "B" before we executed this Agreement

[THIS SPACE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the _____ day of ______________________, 20___

DATED ________________________________

GOLDEN KRUST FRANCHSING, INC

By ________________________________
(Title)

FRANCHISEE,

____
(Name)

By ________________________________
(Title)

DATED ________________________________

INDIVIDUALS

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

DATED ________________________________

EXHIBIT A
TO THE FRANCHISE AGREEMENT
BETWEEN GOLDEN KRUST FRANCHISING, INC
AND ________________________________
DATED 20___

Effective Date This Exhibit A is current and complete as of
20___

You and Your Owners

1 Form of Owner

(a) Proprietorship Your owner(s) (is) (are) as follows

____

____

____

(b) Corporation, Limited Liability Company or Partnership You were incorporated or formed on __________________, 20__, under the laws of the State of ________________ You have not conducted business under any name other than your corporate, limited liability company or partnership name and ____ The following is a list of your directors, if applicable, and officers as of the effective date shown above

Name of Each Director/Officer	Position(s) Held
____________________________	______________________________
____________________________	______________________________
____________________________	______________________________
____________________________	______________________________

2 Owners The following list includes the full name and mailing address of each person who is one of your owners (as defined in the Franchise Agreement) and fully describes the nature of each owner's interest

Owner's Name and Address	Description of Interest
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

GOLDEN KRUST
FRANCHING, INC

By ______________________________

OWNER

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

____
(Name)

INDIVIDUALS

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this ____day of

_______________________,20___,by_______________________________________

____

____

____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Golden Krust Franchising, Inc ("us", "we" or "our"), each of the undersigned hereby personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _________________________________ ("Owner") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities

Each of the undersigned consents and agrees that (1) his direct and immediate liability under this guaranty will be joint and several, (2) he will render any payment or performance required under the Agreement upon demand if Owner fails or refuses punctually to do so, (3) such liability will not be contingent or conditioned upon our pursuit of any remedies against Owner or any other person, and (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Owner or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Owner arising as a result of the undersigned's execution of and performance under this guaranty

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed

GUARANTOR(S)

EXHIBIT B

FRANCHISE DISCLOSURE QUESTIONNAIRE

You are preparing to enter into a GOLDEN KRUST Franchise Agreement The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that my be untrue or misleading

Please review each of the following carefully and circle the appropriate response to each and initial where indicated. PLEASE BE MINDFUL THAT WE ARE RELYING ON YOUR RESPONSES.

1 Have you received and carefully reviewed the FDD provided to you?

Yes __ No __

2 Did you sign a receipt for the FDD indicating the date you received it?

Yes __ No __

3 Have you received and carefully reviewed the Franchise Agreement and each exhibit and schedule to the Franchise Agreement?

Yes __ No __

4 Have you been given the opportunity to discuss the risks of operating a GOLDEN KRUST Franchise with an attorney, accountant or other professional advisor?

Yes __ No __

5 Do you understand that the purchase of a GOLDEN KRUST Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your GOLDEN KRUST Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the System and methods of doing business, competition from other

businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

Yes __ No __

6 Do you understand and acknowledge that we cannot guarantee the success or your GOLDEN KRUST Franchise or that it will ever achieve profitability?

Yes __ No __

IF YOU ANSWERED "NO" TO ANY OF QUESTIONS 1 THROUGH 6, PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED BELOW ATTACH ADDITIONAL SHEETS IF NECESSARY IF YOU ANSWERED "YES" TO ALL OF QUESTIONS 1 THROUGH 6, PLEASE LEAVE THE LINES BLANK

Question No Explanation

____

____

____

____

____

____

Please review each of the following questions carefully and provide responses **When answering these questions, please remember that a GOLDEN KRUST Franchisee is NOT our representative for the purposes of answering these questions.**

7 Please supply the names of every GOLDEN KRUST employee or

representative [including Franchise Brokers] with whom you have had discussions or negotiations regarding the purchase of a GOLDEN KRUST Franchise

____

____

____

8 Except for the person(s) you have listed in response to Question number 7, is it true that no other GOLDEN KRUST employee or representative has discussed the purchase of a GOLDEN KRUST Franchise with you?

Yes __ No __

9 Have any of our employees or representatives made any statement or promise concerning the revenues and/or profits of a GOLDEN KRUST Franchise?

Yes __ No __

10 Have any of our employees or representatives made any statement or promise about the amount of money you may earn as a franchisee?

Yes __ No __

11 Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a GOLDEN KRUST Franchise?

Yes __ No __

12 Do you acknowledge that no employee or representative of GOLDEN KRUST has made any representation nor are you relying on any representation, promise, estimate or forecast or any other statement regarding profits, sales or costs to operate a GOLDEN KRUST restaurant

generally or any specific GOLDEN KRUST restaurant?

Yes __ No __

13 Do you understand that by entering into this Franchise Agreement with you, we are relying on your acknowledgments and responses in this questionnaire?

Yes __ No __

IF YOU ANSWERED "NO" TO QUESTION "8" OR "YES" TO ANY OF QUESTIONS "9" THROUGH "11", PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED ATTACH ADDITIONAL SHEETS IF NECESSARY

Question No Explanation

____

____

____

____

____

____

The acknowledgments or representations of the Franchisee made in the Franchise Disclosure Document Questionnaire which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

You understand that your answers are important and that we will rely on them when making our decision to award you a Franchise By signing below, you are representing that you have responded truthfully to the above questions and that you FULLY UNDERSTAND AND ACCEPT ALL OF THE BUSINESS RISKS described above

Date	Franchisee
	Franchisee

EXHIBIT "C"

TO THE FRANCHISE AGREEMENT
BETWEEN GOLDEN KRUST FRANCHISING, INC
d/b/a GOLDEN KRUST CARIBBEAN BAKERY & GRILL

Dated ____________________

A new Golden Krust Caribbean Bakery & Grill retail store located at

____

____

____

EXHIBIT C

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

EXHIBIT C

LIST OF STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws (Please note The listed agencies, addresses and telephone numbers should be verified as they are subject to change periodically)

California

California Commissioner of
the Department of Business Oversight
320 West 4th St , Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
Toll Free 866-275-2677

Sacramento

California Commissioner of
the Department of Business Oversight
1515 K Street
Suite 200
Sacramento, CA 95814-4052
(916) 445-7205
Toll Free 866-275-2677

San Diego

California Commissioner of
the Department of Business Oversight
1350 Front Street
Room 2034
San Diego, CA 92101-3697
(619) 525-4233
Toll Free 866-275-2677

Hawaii

Commissioner of Securities of
the State of Hawaii
335 Merchants Street, Room 203
P O Box 40
Honolulu, HI 96810
(808) 586-2722

Illinois

Franchise Division
Office of Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

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

San Francisco

California Commissioner of
the Department of Business Oversight
One Sansome Street, #600
San Francisco, CA 94104
(415) 972-8559
Toll Free 866-275-2677

Maryland

Maryland Securities Commissioner [Registered Agent For Service of Process]
200 St Paul Place,
Baltimore, Maryland 21202-2020
410) 576-6360

Office of the Attorney General Securities Division [Maryland State Franchising Authority]
200 St Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Williams Building
525 West Ottawa Street
Lansing, MI 48913
(517) 373-7117

Rhode Island

Department of Business Regulation
Securities Division
John O Pastore Complex
Building 69-1
1511 Pontiac Avenue
Cranston, RI 02910
(401) 462-9588

South Dakota

Department of Labor and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, SD 57501-3185
(605) 773-4823

Virginia

State Corporation Commission
Division of Securities and Retail Franchising [Virginia State Administrator]
1300 East Main Street
9th Floor
Richmond, VA 23219
(804) 371-9051

Minnesota

Minnesota Department of Commerce
85 7th Place East, Ste 500
St Paul, MN 55101-3165
(651) 296-4026

New York

Administrator
Office of the New York State
Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8236 Phone
(212) 416-6042 Fax

North Dakota

Office of Securities Commissioner
Fifth Floor
600 East Boulevard Ave
Dept # 414
Bismarck, North Dakota 58505
(701) 328-2910
(800) 297-5124

Oregon

Division of Finance and
Corporate Securities
Labor and Industries Building
350 Winter Street Northeast
Room 410
Salem, OR 97301-3881
(503) 378-4387

Virginia cont

Clerk of the State Corporation
Commission [Registered Agent
for Service of Process]
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371-9733

Agent for Service
Attention New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

Washington

Department of Financial
Institutions
Securities Division
150 Israel Rd SW
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Securities and Franchise
Registration
Wisconsin Securities Commission
345 W Washington Avenue
Madison, WI 53701-1768
(608) 266-8557

EXHIBIT D

RESTAURANT DEVELOPMENT AGREEMENT

GOLDEN KRUST FRANCHISING, INC

RESTAURANT DEVELOPMENT AGREEMENT

THIS RESTAURANT DEVELOPMENT AGREEMENT (the "Agreement") is made this_______ day of_____, 20__

BETWEEN

GOLDEN KRUST FRANCHISING, INC

(hereafter called "Franchisor")

- and -

____

(hereafter called "Franchisee")

RECITALS

WHEREAS, Franchisor and Franchisee entered into a Franchise Agreement on the ___ day of ______, 20___ (the "Franchise Agreement") for the operation of a Restaurant (the "Restaurant") at the following address ________________________________ (the "Premises"), and

WHEREAS, Franchisor has agreed to develop the Restaurant at the Premises on Franchisee's behalf upon the terms and subject to the conditions contained herein.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee hereby agree as follows

1 FRANCHISOR'S RESPONSIBILITIES. Franchisor shall, at Franchisee's sole cost and expense (a) obtain all required building, utility, sign and other permits and licenses and all architectural, mechanical or engineering plans required for construction of the Premises; (b) oversee construction of all required improvements to the Premises and decoration of the Restaurant in compliance with plans and specification's approved by Franchisor; (c) purchase and install or arrange, for the purchase and installation of fixtures, furniture, equipment and signs required for the Restaurant; (d) supply Franchisee with, or arrange for the supply of, an opening inventory of authorized and approved products and supplies

Franchisee agrees promptly to approve and execute all contracts presented to Franchisor by outside vendors unless such contract varies materially in scope of work or cost (adversely to Franchisee) from estimated costs of developing the Restaurant Franchisor shall furnish Franchisee with a pre-construction estimate of the costs of developing the Restaurant. Franchisor shall diligently apply its best skill and judgment to developing the Restaurant Franchisor shall not be responsible for the performance or failure of performance by any professional consultant, contractor, material, equipment, fixture or sign vendor or the lessor or sublessor of the Premises, for the construction means, methods, techniques, sequences or procedures employed by a contractor or vendor in performing its contract or for delays beyond Franchisor's reasonable control.

2 COMPLETION OF CONSTRUCTION Franchisor shall use reasonable efforts to cause the Restaurant's development to be completed within __________ (__) days after Franchisee obtains possession of the Premises and all required construction permits, approvals and licenses

3 DEVELOPMENT COSTS Franchisee agrees to pay for all costs and expenses incurred in developing the Restaurant ("Development Costs") as such Development Costs are incurred. Development Costs shall include fees and charges for

(a) plans and specifications for the Premises,

(b) building, utility, "signs", health, business and other required permits and licenses, including reasonable lawyers' fees incurred in obtaining any such permits and licenses;

(c) insurance considered by Franchisor to be advisable,

(d) construction and decoration, materials and services;

(e) equipment, fixtures, furniture, inventory and signs, including freight, insurance and installation charges, and

(f) all other costs and expenses incurred in developing the Restaurant, including, without limitation, travel and living expenses of the Franchisor's representatives

4 DEVELOPMENT FEE In consideration for the services provided under this Agreement, Franchisee agrees to pay Franchisor a development fee (the "Fee") of $8,500 00 The Development Fee shall be due and payable upon completion of the Restaurant's development but, in any event, no later than the date upon which the Restaurant opens for business

5 FRANCHISEE DEPOSIT Franchisee shall deposit with Franchisor a sum equal to the estimated Development Costs and Fee on the earlier of (i) the date of Franchisee's execution of a lease or sublease for the Premises or (ii) the date on which Franchisor commences any of the activities specified in Section 1 of this Agreement.

6 FRANCHISEE'S RESPONSIBILITIES. Franchisee and Franchisor agree that Franchisee shall be solely responsible for Development Costs regardless of the fact that the Development Costs exceed

(a) any written estimate by Franchisor of the Development Costs, or

(b) any estimated amounts deposited with Franchisor pursuant to Paragraph 5 above

In the event the Development Costs exceed the amount deposited, Franchisee shall promptly pay any invoices for such overage upon presentation Franchisee shall be responsible for any fees and expenses incurred by Franchisor in securing performance by contractors and vendors, contesting claims or otherwise relating to the development of the Restaurant.

7 MISCELLANEOUS Franchisor is an independent contractor of Franchisee and no agency is created by this Agreement. Similarly, no fiduciary relationship shall be deemed to exist between the parties Franchisor shall not be obligated by any agreements, representations or warranties made by Franchisee, nor shall Franchisor be obligated for any damages to any person or property directly or indirectly arising out of the performance of this Agreement Franchisee agrees to indemnify Franchisor against and to reimburse Franchisor for all such obligations and damages for which Franchisor is held liable and for all costs Franchisor incurs in defending any claim brought against it or any action in which it is named as a party, including, without limitation, reasonable lawyers' fees, costs of investigation and proof of acts, court costs, other litigation expenses and travel and living expenses.

8 NOTICES All notices, requests, demands or other communications to be delivered to the parties hereto may be delivered in the same manner as described in the Franchise Agreement with the Franchisee's address for service as shown on page one hereof

9 GOVERNING LAW This Agreement and the relationship between Franchisor and Franchisee shall be governed by and construed in accordance with the laws of the State of New York.

10. BINDING EFFECT This Agreement shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon Franchisee and its successor, assigns and legal representatives

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day stated on page one hereof.

GOLDEN KRUST FRANCHISING, INC.

By ______________________________

Its

FRANCHISEE

By ______________________________

Its

EXHIBIT E

AGREEMENT WITH LANDLORD

AGREEMENT WITH LANDLORD

THIS AGREEMENT dated this _____ day of ______________, 20___ by and among GOLDEN KRUST FRANCHISING, INC (the "Franchisor") and ____________________ ("Landlord") and ______________________ d/b/a Golden Krust Caribbean Bakery & Grill ("Tenant/Franchisee"),

WHEREAS, the Landlord and the Tenant/Franchisee are parties to that certain Lease Agreement dated the _____ day of ________________, 20___ hereinafter called the "Lease" relating to the premises described in Exhibit "A" attached hereto (the "Premises"),

WHEREAS, the Tenant/Franchisee is a franchisee of the Franchisor under the Golden Krust Franchise Agreement between the Franchisor and the Tenant/Franchisee dated the _____ day of _____________, 20 ____ relating to the operation of a Golden Krust Caribbean Bakery & Grill Restaurant Franchise at the Premises, and

WHEREAS, to assure that a Golden Krust Caribbean Bakery & Grill Franchise continues to operate at the Premises, the Landlord hereby grants certain rights to the Franchisor under the Lease to protect the Franchisor's interest under the Franchise Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth the parties agree as follows

1 Notice of Default The Landlord shall mail by first class mail, postage prepaid, to the Franchisor at the address below, copies of all written notices of default sent to the Tenant/Franchisee, simultaneously with the mailing of said notice to the Tenant/Franchisee

Golden Krust Franchising, Inc
3958 Park Avenue
Bronx, New York 10457
Attn Mr Lowell Hawthorne, President

2 Right to Cure In the event the Tenant/Franchisee shall be in default under the Lease, the Franchisor may (but shall be under no obligation to), within the cure period set forth in the Lease, cure such default and take immediate occupancy of the Premises without the Landlord's consent, except Franchisor shall cure any default before occupancy The Franchisor may at any time after taking occupancy, relet the Premises to another Golden Krust Caribbean Bakery & Grill Franchisee with the Landlord's written approval of the new Tenant/Franchisee, which consent shall not be unreasonably withheld or delayed

3 Right to Assign. The Tenant/Franchisee shall be permitted to assign its interest under the Lease and all rights and obligations thereunder at any time to the Franchisor without the Landlord's consent provided all defaults are cured The Franchisor shall be permitted to assign the Lease and all rights and obligations thereunder to another Golden Krust Caribbean Bakery & Grill Tenant/Franchisee upon the Landlord's written approval of the new Tenant/Franchisee, which approval shall not be unreasonably withheld or delayed

4 Acknowledgment of Rights The Landlord acknowledges the Franchisor's rights under the Franchise Agreement, upon reasonable notice the Landlord, to enter the Premises to take such steps as may be necessary to protect its interest under the Franchise Agreement including the removal of any signs and other Proprietary Marks of the Franchisor (without damage to the Premises) at is own risk, cost and expense

5 Modification of Lease The Landlord and the Tenant/Franchisee will not make any material modifications to the Lease without the Franchisor's prior written consent, which consent shall not be unreasonably withheld or delayed.

6 Conflict In case of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement shall supersede and control

7 Binding Effect This Agreement shall be binding upon the personal representatives, heirs, successors and assigns of the parties hereto

8 The Franchisor or principle of a new Franchisee shall execute a Guaranty same as the one executed by a principle of the Franchisee herein before any change in occupancy or tenancy.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written

FRANCHISOR:
GOLDEN KRUST FRANCHISING, INC.

By_______________________________
Lowell Hawthorne, As President

LANDLORD

By_______________________________

TENANT/FRANCHISEE

By_______________________________

EXHIBIT F

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Operations Manual Package

Recipe Manual

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Operations Manual Package

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GK-OPS_MP

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Golden Krust Caribbean Bakery & Grill

Operations Manual Package

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Golden Krust

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NEW EXPRESS CONCEPT

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MANUAL

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EXHIBIT G

NAMES AND ADDRESSES OF FRANCHISEES

EXHIBIT G

LIST OF FRANCHISES AS OF DECEMBER 31, 2015

CONNECTICUT

Garnett Morrison
Burnett Morrison
1170 Albany Avenue
Hartford, CT 06112
860-724-7983

FLORIDA

Lloyd Hawthorne
183-16 N W 7th Avenue
Miami, FL 33169
305-249-9609

Ravi Manoo
Zorita Pritipal
5510 W Colonial Drive
Orlando, FL 32808
407-298-0543

Shammeer Hassan
1009 West Vine Street
Kissimee, FL 34741
407-994-8879

Keith Claybourne
5967 Oakland Park Blvd
Lauderhill, FL 33319
954-335-0915

Christine Tyrell
Seville Square Shopping Center
3010 54th Avenue South
St Petersburg, FL 33712
727-866-0602

Michelle McFarlane
Donald McNeil
1825 Tamiami Trail
Port Charlotte, FL 33949
941-234-5579

Faith McDonald
Wayne Lyttleton
2525 East Hillsborough Avenue
Tampa, FL 33610
813-231-3000

Zorida Pritipal
Clermont Regional Shopping Center
1020 E Highway 50
Clermont, FL 34711
352-242-0011

Keith Clayborne
1353 State Road 7
Ft Lauderdale, FL 33068
954-984-0026

Gary Gouldbourne
Lisa Gouldbourne
14913 Florida Avenue
Tampa, FL 33613
813-963-3800

Keith Clayborne
6288 West Sample Road
Coral Springs, FL 33067
954-340-5301

Keith Clayborne
9534 SW 160th Street
Miami, FL 33157
305-256-6088

Keith Clayborne
12316 Miramar Parkway
Miramar, FL 33025
954-381-2335

Ravi Manoo
Zorida Pritipal
2753 N Hiawasee Road
Orlando, FL 32818
407-730-3777

Kishon Clayborne
Coconut Creek Plaza
4861 Coconut Creek Parkway
Coconut Creek, FL 33063
954-977-3332

Kendall Claybourne
River Run Plaza
9921 Miramar Parkway
Miramar, FL 33025
954-432-1211

Kendall Claybourne
Kishon Clayborne
620 North University Drive
Pembroke Pines, FL 33024
954-442-0270

Kevin Lee
Cassandra Lee
19664 NW 27^{th} Avenue
Miami Gardens, FL 33056
305-625-1060

Ravi Manoo
Zorida Pritiptal
318 N Alafaya Trail
Orlando, FL 32828
407-745-4744

Earl Chin
12518 W Sunrise Blvd
Sunrise, FL 33323
954-533-1041

Maurice Mayhew
10101 W Oakland Park Blvd
Sunrise, FL 33351
954-530-9519

Monique Hawthorne
Omar Hawthorne
Daren Hawthorne
Haywood Hawthorne
7372W Atlantic Blvd
Margate, FL 33063
754-307-5065

Velma Hawthorne
Troy Hawthorne
Tracey Hawthorne
Shelly Hawthorne
1905 N Pine Island Park Blvd
Plantation, FL 33322
954-368-8167

Keith Clayborne
801 E Commercial Blvd
Oakland Park, FL 33334
954-530-5971

GEORGIA

Jacqueline Robinson
1267 S Hairston Road
Stone Mountain, GA 30088
770-323-4848

Jacqueline Robinson
1521 Highway 138 SE
Conyers Crossing
Conyers, GA 30013
678-413-0690

Horrace Murray
501 Roberts Court
Kennesaw, GA 30144
678-921-2493

Patrick Stewart
Jennifer Stewart
2189 Scenic Hwy
Snellville, GA 30078
770-736-6336

Michael Arnold
Denton Perkiss
Alvin Duncan
6025 Old National Highway
College Park, GA 30349
678-489-8913

Jacqueline Robinson
2960 Stonecrest Pass
Lithonia, GA 30038
770-674-9010

Stephen Needham
Paulette Needham
2047 Mt Zion Road
Morrow, GA 30260
678-961-7310

Tameka Walker Blake
315 Jonesboro Road
Mcdonough, GA 30253
678-834-5092

Horace Murray
6920 Douglas Blvd
Douglasville, GA 30135
678-631-6920

MASSACHUSETTES

Cornel Forbes
320 Wilbraham Road
Springfield, MA 01109
413-731-7220

MARYLAND

Sheryl Gordon
Garfield Gordon
838 North Rolling Road
Catonsville, MD 21228
410-719-0066

Sheryl Gordon
Garfield Gordon
The Mall at Prince Georges
3500 East-West Highway
Hyattsville, MD 20782
301-559-7962

NEW JERSEY

Joseph Cleary
197 Market Street
Newark, NJ 07102
973-643-0701

Loiett Gore
303 Main Street
Orange, NJ 07050
973-672-7080

Lorna Brisett-Romans
467 Lyons Avenue
Newark, NJ 07112
973-926-6705

Joseph Cleary
232 S Orange Avenue
Newark, NJ 07103
973-792-9000

Joseph Cleary
Uralin Reid
432 10th Avenue
Paterson, NJ 07514
973-684-4504

Keith Young
Elaine Young
8 Union Avenue
Irvington, NJ 71111
973-375-5544

Richard Gore
2860 John F Kennedy Blvd
Jersey City, NJ 07306
201-610-9119

NEW YORK

Roger Bullock
Marilyn Bullock
90-58 Sutphin Blvd
Jamaica, NY 11435
718-262-9293

Andrew Thompson
918B Fulton Avenue
Brooklyn, NY 11238
718-789-1833

Dawn Bennett
1930 Mott Avenue
Far Rockaway, NY 11412
718-327-1261

Sandra Bryan
67 South 4th Avenue
Mt Vernon, NY 10550
914-667-1301

Marcia Hawthorne
3538 White Plains Road
Bronx, NY 10466
718-515-5789

Kenneth Moxey
200-08 Linden Blvd
St Albans, NY 11412
718-481-8585

Donald Burris
267 Utica Avenue
Brooklyn, NY 11213
347-350-8000

Ronald Waltin
121 West 125th Street
New York, NY 10087
212-663-7451

Winsome Cunningham
1862 Nostrand Avenue
Brooklyn, NY 11226
347-295-2799

Christopher Colquhoun
Marcia Colquhoun
10 Anderson Avenue
New Rochelle, NY 10801
914-654-8960

Hilary Hurbs
Grand Central
42nd Street, Lower Level
New York, NY 10017
646-487-2003

Samantha Bailey
Karen Dawkins
Claudine St Roc
92-21 Parsons Boulevard
Queens, NY 11432
718-658-0266

Dwight Reynolds
700 Main Street
Poughkeepsie, NY 12601
845-485-5262

Oneal Marshall
823 Franklin Avenue
Brooklyn, NY 11225
718-493-3865

Jeffrey Reid
3818 Dyre Avenue
Bronx, NY 10466
718-325-0060

Steve Murray
Donald McNish
1293 Fulton Street
Brooklyn, NY 11216
718-622-0555

Jeffrey Reid
4708 White Plains Road
Bronx, NY 10470
718-325-0900

Garnet Morrison
Burnett Morrison
568 Flatbush Avenue
Brooklyn, NY 11225
718-282-1437

Rosemarie Ladson
9529 Church Avenue
Brooklyn, NY 11212
718-566-1557

Mervin Harding
1936 Ralph Avenue
Brooklyn, NY 11234
718-531-2828

Jeffrey Reid
691 Co-op City Blvd #J
Bronx, NY 10475
718-671-8841

Raymond Henry
1511 Fulton Street
Brooklyn, NY 11216
718-604-0041

Stanley Dennis
1887 Rockaway Parkway
Brooklyn, NY 11236
718-209-4242

Sarfraz Ahmed
234-16 Linden Blvd
Cambria Heights, NY 11411
718-723-2344

Winsome Cunningham
2124 Nostrand Avenue
Brooklyn, NY 11210
718-421-4914

Marcia Hawthorne
2718 White Plains Road
Bronx, NY 10467
718-944-2700

Rohan Fenton
Michael McDonald
135 E Gunhill Road
Bronx, NY 10467
347-602-8111

Andrew Thompson
1014A Nostrand Avenue
Brooklyn, NY 11225
718-604-2211

Safraz Ahmed
223-24 South Conduit
Springfield Garden, NY 11413
718-341-1600

Marie Maxwell
456 Lenox Avenue
New York, NY 10037
212-283-5933

Maurice Mayhew
Sabrina Narine
47 West 14th Street
New York, NY 10011
212-627-0851

David O'Brien
133-38 Springfield Blvd
Queens, NY 11413
718-341-1044

Raymond & Sophia Sutton
2521 Webster Avenue
Bronx, NY 10458
718-295-3672

Ronald Waltin
2085 Lexington Avenue
New York, NY 10035
212-722-5253

Jennifer Sobanjo
1438 Metropolitan Avenue
Bronx, NY 10457
718-792-9322

Jeffrey Reid
4182 White Plains Road
Bronx, NY 10462
718-658-7670

Annette Runcie
218-73 Hempstead Avenue
Queens Village, NY 11429
718-217-1541

Al Alston
230-02-04 Merrick Blvd
Laurelton, NY 11413
718-341-5611

Christine Tyrell
1364 Pennsylvania Avenue
Brooklyn, NY 11239
718-277-1003

Chris Colquhoun
Marcia Colquhoun
1299 Boston Road
Bronx, NY 10456
718-378-1133

Al Alston
135-58 Brookville Blvd
Jamaica, NY 11422
718-341-2011

Louis Grant
1655 Pitkin Avenue
Brooklyn, NY 11207
718-342-7576

Roylett Tulloch
Cynthia Rookwood
296 Greenwich Street
Hempstead, NY 11550
516-483-3663

Suzzette Foote
147-10 Rockaway Blvd
Jamaica, NY 11436
718-845-3114

Charmaine Golding
178 Fulton Street
White Plains, NY 10606
914-682-7400

John Carl Smith
1617 Church Avenue
Brooklyn, NY 11212
718-462-4044

Angella Cross
Sandra Minter
139 Lawrence Street
Brooklyn, NY 11201
718-643-1054

Steve Murray
Donald McNeish
1430 Rockaway Parkway
Brooklyn, NY 11236
718-272-5334

Maurice Mayhew
777 North Broadway
Amityville, NY 11701
631-789-8777

Donald Burris
Sonia Burris
1848 East New York Avenue
Brooklyn, NY 11207
718-922-7520

Marcia Hawthorne
3812 White Plains Road
Bronx, NY 10467
718-798-1900

Winsome Cunningham
872 Utica Avenue
Brooklyn, NY 11203
718-282-5027

Leonie Jenkins
601 8th Avenue
New York, NY 10018
212-967-7666

Raymond Henry
1706 Atlantic Avenue
Brooklyn, NY 11213
718-773-8200

Marjorie Devonish
31-31 Thomson Blvd
Long Island City, NY 11101
718-729-1626

Christina Tyrell
621 Livonia Avenue
Brooklyn, NY 11207
347-787-2380

Jennifer Sobonjo
31 Victory Blvd
Staten Island, NY 10301
347-286-0178

Stanley Dennis
4102 Farragut Road
Brooklyn, NY 11210
718-576-6021

Raymond Henry
86 E 98th Street
Brooklyn, NY 11212
347-425-1149

Oneal Marshall
1 Municipal Plaza
Spring Valley, NY 10877
845-426-1000

Donald Burris
8719 Avenue D
Brooklyn, NY 11212
718-451-0390

Dawn Bennett
1516 Mermaid Avenue
Brooklyn, New York 11224
718-265-3669

Stanley Dennis
2223 Church Avenue
Brooklyn, New York 11226
718-483-8983

Artur Radzivilovskiy
630 Rockaway Turnpike
Lawrence, New York 11559
516-837-0695

NORTH CAROLINA

Lystra Williams
440 E McCullough Drive, Ste 126
Charlotte, NC 28262
704-549-0555

Paul Parker
Tenekia Parker
N Duke Crossing ShoppingCenter
3600 N Duke Street, Ste 35
Durham, NC 27703
919-283-4639

FRANCHISEES WHO SIGNED A FRANCHISE AGREEMENT AS OF DECEMBER 31, 2015, BUT OUTLETS NOT YET OPENED

Kendrick Clayborne
2121 W Oakland Park Blvd
Oakland Park, FL 33311

Patrick Stewart
2358 Main Street East
Snellville, GA 30078

Seabright Ventures
Keith Clayborne
Theophilus Burnett
165-04 Jamaica Avenue
Queens, NY 11432

Jamaica Sensation, Inc
1905 N Pine Island Park Blvd
Plantation, FL 33322

Tameka Walker Blake
315 Jonesboro Road
Mcdonough, GA 30253

Keith Clayborne
801 E Commercial Blvd
Oakland Park, FL 33334

FRANCHISEES WHO HAVE LEFT THE FRANCHISE SYSTEM AS OF DECEMBER 31, 2015

Lorna Brissett Romans
Newark Liberty Intl Airport
Terminal A Food Court
Newark, NJ 07114

Donald Burris
2846 Church Avenue
Brooklyn, NY 11226

Stanley Dennis
998 Flatbush Avenue
Brooklyn, NY 11226

Raymond Henry
Yvette Henry
363 Utica Avenue
Brooklyn, NY 11213

Miriam Richardson
271-19A Union Turnpike
New Hyde Park, NY 11040

EXHIBIT H

RELEASE

RELEASE

This mutual release executed on the ____ day of _____________, 20__ between GOLDEN KRUST FRANCHISING, INC dba GOLDEN KRUST CARIBBEAN BAKERY AND GRILL, (FRANCHISEE) and ______________________________ (FRANCHISOR)

WHEREAS, FRANCHISEE entered into a Franchise Agreement with FRANCHISOR on or about the ____ day of ________________, 20 __, and

WHEREAS, FRANCHISEE and FRANCHISOR are desirous of mutually terminating their relationship as Franchisor and Franchisee under the terms of said Franchise Agreement,

NOW, THEREFORE, for good and valuable consideration, FRANCHISEE releases FRANCHISOR, its affiliates, principals, employees, successors and assigns from any and all liabilities, claims, suits, damages or costs arising out of or relating to the above described Franchise Agreement

FURTHERMORE, FRANCHISOR releases FRANCHISEE, its principals and employees from any and all liabilities, claims, suites, damages or costs arising out of or relating to the above described Franchise Agreement **EXCEPT** that FRANCHISEE, its principals and employees shall continue to be bound by the

Confidentiality and Covenant Not to Compete Provisions of said Franchise Agreement

IN WITNESS WHEREOF, the parties have executed this mutual release on the day and year first written above

FRANCHISOR

By ______________________________

FRANCHISEE

By ______________________________

By ______________________________

EXHIBIT I

SUBLEASE

SUBLEASE

This Sublease is made by and between Patty Express, Inc , ("Sublessor") and ______________ ("Sublessee"), this ___ day of _________, 20 _

(1) The Sublessor is the tenant under a certain Master Lease made between it and ____________________, as Landlord, dated the ________________ and covers premises known as ______________________ A copy of the Master Lease is annexed hereto and made a part hereof.

(2) The Sublessee has inspected the premises and accepts same as is

(3) The Sublessor hereby subleases the premises to the Sublessee for the full term of the Master Lease (including renewal options, if any), minus one (1) day, commencing ___________ at the rental called for in the Master Lease, and all charges such as common areas charges, maintenance, insurance, tax and rental escalations In the event the Master Lease contains renewal options, Sublessee agrees to notify Sublessor, by certified mail, return receipt requested, of its desire to exercise its option at least one hundred eighty (180) days before the date on which Sublessor must notify the Landlord of its intention to exercise its option to extend the lease

(4) The Sublessee agrees to do and observe all the obligations of the Sublessor under the Master Lease and make all rental payments directly to the Landlord in the manner set forth in the Master Lease

(5) The Sublessor acknowledges receipt from the Sublessee of the sum of $________ which has or shall be paid to the Landlord as the security deposit referred to in the Master Lease In accordance with the terms of the Lease, the Sublessee shall be entitled to the rights of the Sublessor to the security deposit. In addition, the Sublessor acknowledges receipt from the Sublessee the sum of $_________ which has or shall be paid to the Landlord as initial advance rent as required by the Master Lease

(6) The purpose of the Sublease is so that Sublessee can operate a Golden Krust Caribbean Bakery and Grill under the terms of its Franchise Agreement with Golden Krust Franchising, Inc. dated ______________ If at any time during the term of this Sublease, Sublessee shall default in the performance of any of the terms of the Master Lease or the Franchise Agreement, Sublessor may terminate this Sublease on ten (10) days written notice to Sublessee, and upon such termination, Sublessee shall quit and surrender the leased premises to Sublessor, but Sublessee shall remain liable under the Master Lease for, among other things, the balance of the rent or additional rent due as provided in this Sublease The parties agree that in case of litigation the non-prevailing party will pay the prevailing party's reasonable legal fees and that trial by jury shall be waived.

(7) The Sublessee may sublease the premises only to a Franchisee of Golden Krust Franchising, Inc for use as a Golden Krust Caribbean Bakery and Grill, provided that the prior written consent to the subletting is obtained from the Sublessor, which consent shall not be unreasonably withheld If Sublessor consents to the subletting of the premises, this consent shall not

operate to release the undersigned Sublessee from its obligations under this Sublease

(8) The Sublessor is hereby conveying to the Sublessee, subject to the terms and conditions of this Sublease, only those rights to the premises which it acquired by virtue of the Master Lease The Master Lease describes the Landlord's duties, which the Sublessor is not obligated to perform If the Landlord fails to perform its duties under the Master Lease, the Sublessee must send Sublessor a notice by certified mail describing the Landlord's default in detail Upon receipt of this notice, the Sublessor shall then promptly notify the Landlord and demand performance of the agreement contained in the Master Lease In the event Sublessee wishes to engage the services of an attorney to settle any disputes arising out of the Master Lease agreement, all the fees and costs shall be borne by the Sublessee, it being understood that the Sublessor is under no obligation to bring or defend any action brought by or against the Sublessee, the Sublessor or the Landlord.

(9) If the Sublessee does not commence construction of the premises within fifteen (15) days after obtaining occupancy by ordering its equipment, applying for required permits and licenses required for its store, the Sublessor may terminate this Sublease on ten (10) days written notice

Dated , 20 __

SUBLESSOR, PATTY EXPRESS, INC

By ______________________________

SUBLESSEE, ____________________

By ______________________________

EXHIBIT J

STORE OPENING/TRANSFER APPROVAL FORM

Golden Krust

CARIBBEAN BAKERY & GRILL

Bakers of Superior Quality * Hardo Bread * Buns * Patties * Etc

3958 PARK AVENUE, BRONX, N Y 10457 * 718-655-7878 * FAX 718-583-1883

STORE OPENING/TRANSFER APPROVAL FORM

FRANCHISEES ____

CORPORATE NAME____________________ RESTAURANT ADDRESS______________________________

AGRMT DATE __________________CONTACT # __________TRANSFER/OPENING DATE ______________

Please note that no store will be allowed to open/transfer under the "Golden Krust" name without all the required signatures below It is the Franchisee's responsibility to complete each of the pre-opening requirements in a timely manner so as not to delay the scheduled opening/transfer of the store Franchisee will be asked to attend a second Orientation/Training session if one year elapses and store is not opened/transferred

DEELOPMENT

	Y	N
• **Signed/Executed Franchise Agreement and other associated Agreements**	☐	☐

Director of Franchise Development ______________________ **Date**______________

	Y	N
• **Signed/ Lease, Sub-Lease/Landlord Agreement and any other required agreement**	☐	☐

VP Real Estate & Legal ______________**Date**______________

Comments____

TRAINING

Pre-Opening

Operations

Food Preparation Workshop

Practical

	Y	*N*	*COMMENT*
• **Company History/Overview /Mission/Vision**	☐	☐	
• **Franchising Fundamentals of compliance & Consistency**	☐	☐	
• **Golden Krust's Operating principles and practices**	☐	☐	
• **Food Safety**	☐	☐	
• **Product handling & Display**	☐	☐	
• **Restaurant Operations Management**	☐	☐	
• **Pre-Construction, Legal & Real Estate**	☐	☐	
• **Operations & Accounts**	☐	☐	
• **Completed Owner/ Manager & Staff Training Satisfactorily**			
○ **1 week in-house (classroom training)**	☐	☐	
○ **1 week in-store supervised training**	☐	☐	
○ **1 Week (in owner's store scheduled for opening week)**			

Comment

____

Training Dept ______________________**Date**______________________

DESIGN & CONSTRUCTION

	Y	N
• Layout Confirms to Approved Plan	☐	☐
• All required permits in place	☐	☐
• Proper finishes applied	☐	☐
• Approved equipment installed	☐	☐
• Final authoritative construction approvals obtained	☐	☐
• Proper signage installed (Interior Exterior)	☐	☐
• Copies of required documents submitted to VP Real Estate	☐	☐

Comment

____

____

Regional Operations Manager or Design & Const Manager ____________________ Date ______________

MARKETING/PUBLIC RELATIONS

	Y	N
• Posters and current POP in place	☐	☐
• Now Opened signage	☐	☐
• Business Cards, Letter Heads etc. in place	☐	☐
• Menus/Flyers on hand	☐	
• Market segment of training completed satisfactorily	☐	☐
• Other related marketing PR requirements met	☐	☐

Comments

____

____

Director of Marketing ________________________ Date ______________

OPERATIONS

	Y	N
• Opening/Transfer Date confirmed	☐	☐
• Full complement of staff in readiness for opening/transfer, 1st week's schedule in place	☐	☐
• Proper pricing for menu items in place	☐	☐
• Adequate Small Wares available	☐	☐
• Equipment tested/working	☐	☐
• Sufficient products levels delivered	☐	☐
• Business System in place (accounting and other)	☐	☐
• Health Inspection passed	☐	☐
• Health Permits/Proper Licenses and required Insurance secured	☐	☐
• Operations staff available for opening	☐	☐
• Product distribution organized & Approved Vendor relations established	☐	☐
• Transfer of Utilities (Electric, Gas, Telephone)	☐	☐
• Operations Manual received including Recipes, Employee handbooks and Personnel Manuals and are ready for issue/use	☐	

Comment

____

Regional Operations Manager ____________________ Date ______________

COMPLIANCE

- All Documentary requirements met and are on file
- All requirements from Legal, Development, Sales, Purchasing, Distribution, Accounts met
- Adequate Insurance coverage in place (adequate coverage in place & Certificate naming Golden Krust Franchising Inc , received)

Director Franchise Development ______________Date___________

Compliance ______________ Date _________

I am satisfied that all of the above have been satisfactorily met

___________________________ ____________________________

___________________________ ____________________________

Franchisee Signature Franchisee Signature Date

The Franchisee understands that the above checklist is not a complete assessment of the franchisee to open and conduct business as a Golden Krust Caribbean Bakery & Grill The above represents the major components of an approved store opening/transfer

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FINAL APPROVAL

PRESIDENT/CEO (or designate) ___________________Date ______________________________

Additional Information/Comments

____

____

____

EXHIBIT K

RECEIPT FOR CONFIDENTIAL OPERATIONS MANUAL PACKAGE

GOLDEN KRUST FRANCHISING INC
RECEIPT FOR CONFIDENTIAL OPERATIONS MANUAL PACKAGE

Issued to Franchisee ______________________________ Store #F__________________

Store Address ____

Store Telephone __________________ (Fax) _______________ Email _______________

I acknowledge and understand that this confidential Operations Manual Package, which consists of a Pre-opening Manual, Personnel Guide, Operations Manual and Marketing Manual (referred to in the Franchise Agreement as the "Operations Manual" is to be used only for the operation of a Golden Krust Franchised restaurant and is not to be removed from the premises I also acknowledge and understand that Golden Krust Franchising, Inc (The "Franchisor") reserves the right to make changes, additions, or deletions to the Operations Manual Package, which in its judgment will add to the quality of the service provided

I agree to be responsible for this Operations Manual Package, and I acknowledge and understand that it is a violation of my Franchisee Agreement to allow the contents of these manuals to be reproduced in any manner without the express, written consent of the Franchisor I agree to be responsible for properly entering all revisions and additions to the Operations Manual Package

I acknowledge and understand that this Package is the property of Golden Krust Franchising Inc and that I will return it promptly upon the expiration or termination, for any reason, stated in my Franchise Agreement

Acknowledged understood and agreed to this________________day of ______________

____at________________________________

Franchisee

Franchisor

Golden Krust Franchising Inc

____

____

____

1 Operations Manual Including ________
Daily Operational Guide ________
Personnel Manual, Employee ________
Welcome Package, Recipe Manual ________
Basic Inventory Control ________
2 Pre-opening Guide ________
3 Design & Construction ________
4 Food Safety ________
5 Local Store Marketing ________

EXHIBIT L

RECEIPT PAGES

RECEIPT
(Your Copy)

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 GK offers you a franchise, GK must provide this document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale New York requires you receive this Franchise 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 Under Illinois, Iowa, Maine, Nebraska, Oklahoma, Rhode Island or South Dakota law, if applicable, we must provide this disclosure document to you at your 1st personal meeting to discuss the franchise You must also receive a Franchise Agreement containing all material items at least 5 business days before you sign any Franchise Agreement

If GK does not deliver this 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 C

The Disclosure Document has an issuance date of May 6, 2016
The name, principal address and telephone number of each franchise seller offering the franchise and the Disclosure Document are □ Herma Hawthorne, □ Omar Hawthorne and □ Steve Ament, all employees of Golden Krust Franchising, Inc d/b/a Golden Krust Caribbean Bakery & Grill, 399 Knollwood Road, White Plains, New York 10603, (914) 228-5965

I have received a Disclosure Document dated May 6, 2016 that included the following Exhibits

Appendix A State Specific Caveats

A Audited Financial Statements
B Franchise Agreement with Exhibits
C List of State Agencies/Agents for Service of Process
D Restaurant Development Agreement
E Agreement with Landlord
F Table of Contents of Operations Manual
G Names and Addresses of Franchisees
H Release
I Sublease
J Store Opening/Transfer Approval Form
K Receipt for Confidential Operations Manual Package
L RECEIPT Pages

____________________	____________________
Date of Receipt	Franchisee's Signature
____________________	____________________
Issuance Date	[Print Name]

RECEIPT
(Our Copy)

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 GK offers you a franchise, GK must provide this document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale New York requires you receive this Franchise 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 Under Illinois, Iowa, Maine, Nebraska, Oklahoma, Rhode Island or South Dakota law, if applicable, we must provide this disclosure document to you at your 1st personal meeting to discuss the franchise You must also receive a Franchise Agreement containing all material items at least 5 business days before you sign any Franchise Agreement

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I	Sublease
J	Store Opening/Transfer Approval Form
K	Receipt for Confidential Operations Manual Package
L	RECEIPT Pages

______________________ ______________________

Date of Receipt Franchisee's Signature

______________________ ______________________

Issuance Date [Print Name]

CARIBBEAN BAKERY & GRILL

GOLDEN KRUST FRANCHISING, INC

COMBINED FINANCIAL STATEMENTS (UNAUDITED)

THREE MONTHS ENDED MARCH 31, 2016

GOLDEN KRUST FRANCHISING, INC

COMBINED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2016

CONTENTS

CONTROLLER'S REPORT

To the Board of Directors and
Stockholders of Golden Krust Franchising, Inc
Bronx, New York

Enclosed are the unaudited balance sheet of Golden Krust Franchising, Inc as of March 31, 2016 and the related statements of operations and comprehensive income and changes in stockholders' equity for the three months then ended All information included in these combined financial statements is the representation of the management of Golden Krust Franchising, Inc

The work done on these unaudited financials consists principally of inquiries of Company personnel and analytical procedures applied to financial data It is substantially less in scope than an audit or review, the objective of which is the expression of an opinion regarding the combined financial statements taken as a whole Accordingly, I do not express such an opinion

Kareen Murray

Controller
April 29, 2016

Schedule I

GOLDEN KRUST FRANCHISING, INC

Balance Sheet

As At March 31, 2016

	Note	2,015
ASSETS		
Current Assets		
Cash and Cash Equivalents		4,054
Marketable Securities	1	132,327
Accounts & Notes Receivables, Net	2	598,598
Inventory		11,064
Prepaid Expenses		294
Total Current Assets		**746,336**
Property, Plant and Equipment, Net	3	**387,839**
Other Assets		
Due From Affiliates	4	992,919
Other	5	50,160
Total Other Assets		**1,043,079**
TOTAL ASSETS		**2,177,254**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Bank Overdraft		2,449
Accounts Payable and Accrued Expenses		399,160
Long-Term Debt, Current Portion	6	34,224
Due to Affiliates		263,966
Taxes Payable		68,100
Relief Fund/Donation Payable		6,167
Deferred Income	7	46,250
Total Current Liabilities		**820,317**
Long-Term Liabilities		
Long-Term Debt, Less Current Portion	6	101,194
Total Long-Term Liabilities		**101,194**
Stockholders' Equity		
Common Stock		170,100
Retained earnings		1 077,662
Net Income/(Loss)		7,981
Total Stockholders' Equity		**1,255,743**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**2,177,254**

GOLDEN KRUST FRANCHISING, INC

Schedule II

Statement of Operations Income

For Three Months Ended March 31, 2016

	Note	$
Revenue		
Royalties		439,755
Franchise Fees		47 500
Advertising Fees		78,619
Store Sales		284 770
Total Revenue		**850,645**
Less Cost of Sales		**137,688**
Gross Profit		**712,957**
Selling, General and Administrative Expenses		
Advertising Promotion and Marketing		117 600
Payroll and Related Costs		465 979
Commission Bonus Etc		6,500
Officer s Life Insurance		3 900
Insurance		9,226
Professional Fees		4 500
Telephone		6 875
Repairs and Maintenance		10,141
Utilities		2 075
Office Expenses		1,612
Bank Charges		4 461
Investment fees/charges		138
Fees Permits, Penalties & Finance Charges		3 515
Travel		23,352
Support to Franchisees		18 514
Interest Expense		3 877
Depreciation & Amortization		8,038
Contribution		2,000
Allocated Corporate Overhead		81 392
Sundry Expenses		6,432
Miscellaneous Expenses		1,327
Total Expenses		**821,583**
Income/(Loss) From Operations		**(108,626)**
Other Income/(Loss)	8	
Interest Income		108
Unrealized Gain/(Loss) On Investments		2 802
Management Fee		113 697
Total Other Income/(Loss)		**116,607**
Income/(Loss) Before Income Taxes		7 981
Income Taxes		0
NET INCOME/(LOSS)		**7,981**

GOLDEN KRUST FRANCHISING, INC
Statement of Changes in Stockholders' Equity
For Threee Months Ended March 31, 2016

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
CORPORATE				
Balance, January 1 2016	$ 170 100	$ 1,205 878	$ -	$ 1,375 978
Comprehensive Income				
Net Income/(Loss)		$ 16 907		$ 16 907
Total Comprehensive Income/(Loss)	$ -	$ 16 907	$	$ 16 907
Dividends Paid		$		$ -
Balance, March 31, 2016	$ 170 100	$ 1,222 786	$	$ 1 392 886
FLATBUSH				
Balance, January 1 2016	$ -	$ (128 216)	$ -	$ (128 216)
Comprehensive Income				
Net Income/(Loss)		$ (8,926)		$ (8 926)
Total Comprehensive Income/(Loss)	$ -	$ (8 926)	$ -	$ (8 926)
Dividends Paid		$		$ -
Balance March 31 2016	$ -	$ (137,142)	$	$ (137 142)
TOTAL				
Balance January 1 2016	$ 170,100	$ 1 077 662	$	$ 1 247 762
Comprehensive Income				
Net Income/(Loss)	$ -	$ 7 981	$	$ 7 981
Unrealized Holding Gains/(Losses)	$ -	$ -	$ -	$ -
Total Comprehensive Income/(Loss)	$ -	$ 7 981	$ -	$ 7 981
Dividends Paid	$ -	$ -	$	$
Balance March 31 2016	$ 170 100	$ 1 085 643	$	$ 1 255 743

GOLDEN KRUST FRANCHISING, INC

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 1 MARKETABLE SECURITIES

The fair value of marketable securities as at March 31, 2016 were as follows

1)	Lincoln Financial			$	96,247
2)	TD Ameritrade Securities				
	(a) *Money Market*	$	6,868		
	(b) *Stocks - Oracle Corp (400 units)*		16,364		
	(c) *Stocks - AT & T Inc (100 units)*		3,917		
					27,149
3)	National Financial Services				8,931
	TOTAL			$	**132,327**

NOTE 2 ACCOUNTS AND NOTES RECEIVABLE - NET

As at March 31, 2016, the accounts receivable and notes receivable from franchisees and from sale of company retail outlets were as follows

Accounts Receivable		940,939
Notes Receivable - Franchise Fees		4,583
Notes Receivable - Loans		134,470
Notes Receivable - Sale of Store (W Cunningham)		104,747
TOTAL		1,184,740
Less Allowance for Doubtful Accounts		
- Royalty & Advertising Fees		586,143
	$	**598,598**

NOTE 3 PROPERTY AND EQUIPMENT - NET

Property and Equipment consisted of the following as at March 31, 2016

Asset	Useful Life	Cost	Acc Dep	NBV
Office Furniture & Fixtures		37,138	8,570	28,568
Computer Software		51,610	19,876	31,734
Leasehold Improvement - Knollwood		25,770	-	25,770
Equipment - Flatbush		105,806	15,459	90,347
Furniture & Fixtures - Flatbush		4,383	240	4,143
Leasehold Improvement - Flatbush		247,845	40,568	207,277
TOTAL		**472,552**	**84,713**	**387,839**

NOTE 4 **DUE FROM AFFILIATES (Related Party Transactions)**

The Company entered into an agreement with 'Bakery', whereas the Company charged the 'Bakery' annual management fee of $454,789 for its direct influence on the sales volume of Bakery

The balances due from/to affiliates as at March 31, 2016 were as follows

	Corporate	Flatbush	TOTAL
Bakery	$ 883,346	$ -	$ 883,346
Gun Hill Inc	-	38,077	38,077
Hollywood Inc	-	57,484	57,484
Boston Inc	14,012 33	-	14,012
TOTAL	$ 897,358	$ 95,561	$ 992,919

NOTE 5 **OTHER ASSETS**

As at March 31, 2016, other assets consisted of

		Useful Life	Cost	Acc Dep	NBV
1)	Purchasing rights for song used in marketing	5 years	18,500	18,500	0
2)	Lease security - Winsome Cunningham A&M Bklyn Realty		12,200	0	12,200
3)	Lease security - 25 Flatbush Ave 11-27 Flatbush Ave LLC		27,000	0	27,000
4)	Knollwood Rd SKA Equities LLC		10,960	0	10,960
	TOTAL		68,660	18,500	50,160

NOTE 6 **LONG-TERM DEBTS**

As of March 31, 2016 long-term debts consisted of Sterling Bank capital leases as follows

25 Flatbush Ave (original note - $224,915), payable in monthly installments (two leases) of **$4,894** including interest, to November 2018 $ 135,419

Total **$ 135,419**

Maturities of long-term debt as at March 31, 2016 were as follows

Current	$	34,224
2017		50,176
2018		51,018
TOTAL	$	**135,419**

NOTE 7 DEFERRED INCOME (FRANCHISE FEES)

Franchise fees from an individual franchise sale are initially reflected as deferred fees and recognized as earned when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company in accordance with the Franchise Agreement As at March 31, 2016, deferred income was $ **46,250**

NOTE 8 OTHER INCOME/(LOSS)

As at March 31, 2016, other income/(loss) consisted of

1)	***Interest Income***				
	Interest from TD Ameritrade money market account			$	**108**
2)	***Unrealized gain/(loss) on investments***				
	(a) Lincoln Financial			$	482
	(b) TD Ameritrade Stocks				
	i *Oracle Corp*		1,752		
	ii *SBC Communications (AT & T)*		476		
					2,228
	(c) National Financial Services				92
		TOTAL		$	**2,802**
3)	***Management fees***				
	From GK Bakery (See Note 4 above)			$	**113,697**

Please be advised that all documents contained on this CD are representative of hard copies provided to the California Dept of Business Oversight Corporations Counsel

FRANCHISE AGREEMENT

This agreement is between the Franchisor, Golden Krust Franchising, Inc., a New York corporation (hereinafter referred to by the words Golden Krust, we, us, and ours), and ________________________________ (hereinafter referred to by the words Franchisee, you, your and yours).

I. PREAMBLES, ACKNOWLEDGMENTS AND GRANT OF FRANCHISE

A. PREAMBLES

Golden Krust has established a reputation for good, wholesome Caribbean bakery products, Jamaican Patties and West Indian cuisine and is engaged in franchising restaurants that produce and sell these and other products commercially with no compromises in quality under the names Golden Krust Caribbean Bakery & Grill and Taste The Rhythm of The Islands ("Golden Krust Restaurants")

Golden Krust Franchising, Inc has developed, in connection with the operation of Golden Krust Restaurants, a system of Caribbean cuisine recipes, baking process, store operation procedures and indemnification schemes that may be changed, improved and further developed from time to time (hereinafter called "Golden Krust System" or "System")

Golden Krust Franchising, Inc uses and displays to the public the names and marks "Golden Krust Caribbean Bakery & Grill" and Taste The rhythm of The Islands along with such other trademarks, signs, symbols and slogans as have been adopted for the use with the Golden Krust System and may be developed and adopted for use with the System in the future (hereinafter collectively called "Golden Krust Marks" or "Marks")

Franchisee desires to make and sell Golden Krust food products and West Indian cuisine and use the Golden Krust System and Marks at a location identified herein

Both parties agree that the success of all Golden Krust Restaurants is dependent on the continued good reputation of each restaurant, therefore adherence to the terms of this Agreement, prescribed for the purpose of maintaining a uniformly high standard of product and business quality, is of mutual importance

B. ACKNOWLEDGMENTS

You acknowledge that you have read this Agreement and our Franchise Disclosure Document and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Golden Krust Restaurant and thereby to protect and preserve the goodwill of the Marks. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Golden Krust Franchisee involves business risks and that your business abilities and efforts are vital to the success of the venture. Any information you acquire from other Golden Krust Franchisees relating to their sales, profits or cash flows does not constitute information obtain from us, nor do we make any representation as to the accuracy of any such information. You acknowledge that, in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us. You further acknowledge that we have advised you to have this Agreement reviewed and explained to you by an attorney and or business consultant of your choice.

____
Franchisee's Initials

You represent to us, as an inducement to our entry to this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your purchasing a franchise in reliance upon all of your representations.

____
Franchisee's Initials

C. CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

If you are at any time a corporation, limited liability company or partnership, you agree and represent that

(1) You will have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation,

(2) Your organizational documents or partnership agreement will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement,

(3) Exhibit A to this Agreement will completely and accurately describe all of your owners and their interests in you, and

(4) Each of your owners at any time during the term of this Agreement will execute an agreement in the form that we prescribe undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us that bind you You and your owners agree to execute and deliver to us such revised Exhibits A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or formation as we may request

D. GRANT OF FRANCHISE

Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a franchise (the "Franchise") to operate a

(___) Golden Krust Caribbean Bakery & Grill traditional restaurant
(___) Golden Krust Caribbean Bakery and Grill kiosk
(___) Taste The Rhythm of The Islands

(the "Restaurant") at the location identified on Exhibit C herein (the "Premises"), and to use the System in the operation thereof, for a term commencing on the date of this Agreement and expiring ten (10) years from such date, unless sooner terminated in accordance with Section XIII hereof or unless your lease for the Premises is terminated sooner

You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder, continuously exert your best efforts to promote and enhance the Restaurant and not engage in any other business or activity that conflicts with your obligations to operate the Restaurant in compliance with this Agreement You may not operate the Restaurant from any site other than the Premises without our prior written consent If we consent to the Restaurant's relocation, we have the right to charge you for the expenses we incur in connection with the relocation

E. RENEWAL

You may renew the franchise for one (1) additional ten (10) year term on the terms and conditions contained in this agreement provided that the following conditions are first satisfied

(1) You have the right to remain in possession of the Premises for the renewal term,

(2) You give us written notice of your intention to renew at least six (6) months but not more than twelve (12) months prior to the end of the term of this agreement or any renewal period,

(3) You complete to our satisfaction such maintenance, refurbishing, renovating and remodeling of the Premises and its contents as we may reasonably require, no later than thirty (30) days before the end of the term of this agreement or any renewal period,

(4) As of the end of the term of this agreement or any renewal period you are not in default under this or any other agreement with us or our affiliates and you have met all monetary obligations owing under such agreement

throughout their terms and have otherwise substantially complied with your obligations under all such agreements,

(5) You execute a new franchise agreement currently in effect for new franchises at the time of your renewal, and agree to the royalty and other terms therein

F. RIGHTS WE RESERVE

We (and our affiliates) retain the right in our sole discretion

(1) to establish, and grant to other franchisees the right to establish, Golden Krust Restaurants anywhere other than at the Premises on such terms and conditions as we deem appropriate,

(2) to sell products identified by the Marks through distribution channels other than Golden Krust Restaurants (including but not limited to, grocery stores, club stores, convenience stores, gas stations and other restaurants)

II SITE SELECTION, LEASE OF PREMISES AND DEVELOPMENT OF RESTAURANT

A. SITE SELECTION

You acknowledge that you are responsible for locating a site for the Premises Sites are subject to our approval You acknowledge and agree that our recommendation or approval of the Premises, and any information regarding the Premises communicated to you, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Premises for a Golden Krust Restaurant or for any other purpose Our recommendation or approval of the Premises indicates only that we believe that the Premises fall within the acceptable criteria for sites and premises Application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our approval of a site, demographic and/or other factors include in or exclude from our criteria could change, thereby altering the potential of a site and premises The uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a site and premises we have recommended or approved to meet expectations as to potential revenue or operational criteria You acknowledge and agree that your acceptance of the Franchise is based on your own independent investigation of the suitability of the Premises

B. LEASE OF PREMISES

You are obligated to deliver a copy of the signed lease to us within fifteen (15) days after its execution At your request, you agree that you will collaterally assign the lease for the Premises to us as a security for your timely performance of all obligations under this Agreement and secure the lessor's consent to the collateral assignment We and our affiliates reserve the right to lease any site that you have located and we have approved and to sublet the premises to you under the same terms and conditions contained in our lease with the landlord You acknowledge that our approval of the lease for the Premises does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a Golden Krust Restaurant operated at the Premises Such approval indicates only that we believe that the Premises and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval You further acknowledge that we have advised you to have an attorney review and evaluate the lease and sublease Any material violation of the lease or sublease that is not cured after notice is given and within the applicable grace periods, as required by the terms of the lease or sublease for the Premises, is a violation of this Franchise Agreement

C. DEVELOPMENT OF RESTAURANT

You are responsible for developing the Restaurant For purposes of this Franchise Agreement, a "traditional" restaurant shall be defined as a "full service" restaurant operating from a storefront or other permanent building A "non-traditional" restaurant shall include a kiosk We will furnish you with mandatory drawings and specifications for your Golden Krust Restaurant, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings and color scheme at no cost to you You are obligated to build or renovate your Restaurant with plans and specifications that have been pre-approved by us You are obligated to submit construction plans and specifications to us for approval before construction of the Restaurant is commenced and, at our request, to submit all revised or as built plans and specifications during the course of such construction Additionally, any contractor you hire to build or renovate your restaurant must be pre-approved by us

At your request, we will assist you in developing the Restaurant by recommending and supervising contractors and architects and otherwise furnishing information to assist you in developing the Restaurant in accordance with our specifications and at your sole cost and expense If we or our affiliates supervise the build-out and development of the Restaurant, you shall pay us a $8,500 development fee in connection with such services

You agree, at your own expense, to do the following with respect to developing the Restaurant at the Premises

(1) secure all financing required to develop and operate the Restaurant,

(2) obtain all building, utility, sign, health, sanitation, business and other permits and Licenses required to construct and operate the Restaurant,

(3) construct all required improvements to the Premises and decorate the Restaurant in compliance with plans and specifications we have approved,

(4) purchase or lease and install all required fixtures, furniture, equipment, furnishings and signs required for the Restaurant, and

(5) purchase an opening inventory of authorized and approved food products, materials and supplies

D. FIXTURES, FURNISHINGS, EQUIPMENT AND SIGNS

You agree to use in developing and operating the Restaurant only those fixtures, furnishings, equipment (including cash registers and computer hardware and software) and signs that we have approved for Golden Krust Restaurants meeting our specifications and standards for quality, design, appearance, function and performance You agree to place or display at the Premises (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve from time to time You agree to purchase or lease approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers we have designated or approved (which may include us and/or our affiliates)

E. RESTAURANT OPENING

You agree not to open the Restaurant for business until

(1) we approve the Restaurant as developed in accordance with our specifications and standards,

(2) pre-opening training has been completed to our satisfaction,

(3) the initial franchise fee and all other amounts then due to us having been paid, and

(4) we have been furnished with copies of all insurance policies required by this Agreement or in the Operations Manual, or such other evidence of insurance coverage and payment of premiums as we request or accept

You agree to open the Restaurant for business within one hundred eighty (180) days after we approve your site and five (5) days after we notify you that the conditions set forth in this Paragraph have been satisfied

III. FEES

A. INITIAL FRANCHISE FEE

You agree to pay us a nonrecurring initial franchise fee in the amount of Twenty Five Thousand Dollars ($25,000 00) for a Golden Krust Caribbean Bakery and Grill Restaurant (Traditional), Fifteen Thousand Dollars ($15,000 00) for a Golden Krust Caribbean Bakery and Grill kiosk and Fifteen Thousand Dollars

($15,000 00) for a Taste The Rhythm Of the Islands Restaurant, all of which will be fully earned by us upon the execution of this Agreement If you do not locate a site for the premises which has been approved by us within one (1) year of the execution of this Agreement, we will refund you $15,000 00 of your initial franchise fee for a Golden Krust Caribbean Bakery and Grill Restaurant (Traditional) and $9,000 00 for a kiosk or Taste The Rhythm of the Islands Restaurant Otherwise, the initial franchise fee is non-refundable We reserve the right to reduce or waive the initial franchise fee in certain instances and for certain franchisees, including family members and former employees

B. ROYALTY

You agree to pay us a weekly royalty ("Royalty") equal to 3% of the gross sales at the Premises or $250 00, whichever sum is greater Royalties are payable to us by our sweep via authorized electronic funds transfer (EFT) from your operating account not less than 24 hours after the weekly period ends

C. DEFINITION OF "GROSS SALES"

As used in this Agreement, the term "Gross Sales" means all revenue you derive from operating the Restaurant, including but not limited to, all amounts you receive at or away from the Premises, and whether from cash, check, credit card or credit transactions, but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and (2) customer refunds, adjustments, credits and allowances actually made by the Restaurant

D. INTEREST ON LATE PAYMENTS

All amounts which owe us will bear interest after their due date at the rate of one and one-half percent (1 5%) per month or the highest contract rate of interest permitted by law, whichever is less You acknowledge that this Paragraph does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Restaurant Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section XIII hereof, notwithstanding the provisions of this Paragraph

IV. A. TRAINING

Initial training in the Golden Krust System, including selection of equipment and suppliers, cooking processes, merchandising, marketing, accounting and basic management shall be provided by us for each person whose signature is on this Agreement and one (1) person designated as an employee/manager at times and places we shall designate We will provide approximately one (1) week classroom training, one (1) week on site at another functioning restaurant and one (1) week on premises at your Restaurant during opening

B. GENERAL GUIDANCE

We will advise you from time to time regarding the operation of the Restaurant based on reports you submit to us or inspections we make In addition, we will furnish guidance to you with respect to

(1) standards, specifications and operating procedures and methods utilized by Golden Krust Restaurants,

(2) purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies,

(3) advertising and marketing programs including your Grand Opening,

(4) employee training, and

(5) administrative, bookkeeping and accounting procedures

Such guidance will, at our discretion, be furnished in our operating manual ("Operations Manual"), bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Restaurant

C. OPERATIONS MANUAL

We will loan to you during the term of this Agreement one (1) copy of our Operations Manual, consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees from time to time for use in operating a Golden Krust Restaurant The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules ("System Standards") that we prescribe from time to time for the operation of a Golden Krust Restaurant and information relating to your other obligations under this Agreement and related agreements The Operations Manual may be modified from time to time to reflect changes in System Standards You agree to keep your copy of the Operations Manual current In the event of a dispute relating to its contents, the master copy of the Operations Manual we maintain at our principal office will be controlling You may not at any time, copy, duplicate, record or otherwise reproduce any part of the Operations Manual If your copy of the Operations Manual is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge

V. MARKS

A. OWNERSHIP AND GOODWILL OF MARKS

Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Restaurant pursuant to and in compliance with this Agreement and all System Standards we prescribe from time to time during its term Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Restaurant in compliance with this Agreement) All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use

B. LIMITATIONS ON YOUR USE OF MARKS

You agree to use the Marks as the sole identification of the Restaurant, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Restaurant or an ownership interest in you You agree to display the Marks prominently in the manner we prescribe at the Restaurant, on supplies or materials we designate and in connection with the forms and advertising and marketing materials You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law

C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim We have sole discretion to take such action as we deem appropriate, at our sole expense, and the right to control exclusively any litigation, U S Patent and Trademark Office proceeding or any other administrative proceeding to which you are made a party arising out of any such infringement, challenge or claim or otherwise relating to any Mark You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks

D. DISCONTINUANCE OF USE OF MARKS

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice thereof We will reimburse you for your reasonable direct expenses of changing the Restaurant's signs However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark

VI. CONFIDENTIAL INFORMATION

We possess (and will continue to develop and acquire) certain confidential information (the "Confidential Information") relating to the development and operation of a Golden Krust Restaurant, which includes (without limitation)

(1) recipes,

(2) site selection criteria,

(3) methods, formats, specifications, standards, systems, procedures used, and knowledge of and experience in developing and operating Golden Krust Restaurants,

(4) marketing and advertising programs for Golden Krust Restaurants,

(5) knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Restaurant during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute unfair method of competition You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree that you

(1) will not use Confidential Information in any other business or capacity,

(2) will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement,

(3) will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form, and

(4) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to Restaurant personnel and others

All ideas, concepts, techniques or materials relating to a Golden Krust Restaurant, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made-for-hire for us You and your owners agree to sign wherever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials

VII. EXCLUSIVE RELATIONSHIP

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Golden Krust Restaurants if franchised owners of Golden Krust Restaurants were permitted to hold interest in or perform services for a Competitive Business (defined below) You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us You therefore agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will

(1) have any direct or indirect interest as disclosed or beneficial owner in a Competitive Business operating within ten (10) miles of the Premises,

(2) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business operating within five (5) miles of any Golden Krust Restaurant other than the Premises,

(3) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located, or

The term "Competitive Business" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, any restaurant or food service business (other than a Golden Krust Restaurant operated under a franchise agreement with us)

VIII. SYSTEM STANDARDS

A. COMPLIANCE WITH SYSTEM STANDARDS

You acknowledge and agree that your operation and maintenance of the Restaurant in accordance with System Standards are essential to preserve the good will of the Marks and all Golden Krust Restaurants Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Restaurant in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement System Standards may regulate any one or more of the following with respect to the Restaurant

(1) design, layout, décor, appearance and lighting, periodic maintenance, cleaning and sanitation, periodic remodeling, replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs, periodic painting, and use of interior and exterior signs, emblems,

lettering and logos and the illumination thereof,

(2) types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies,

(3) required or authorized products, ingredients and product categories,

(4) designated or approved suppliers (which may be limited to or include us) of fixtures, furnishings, equipment, signs, products, ingredients, materials and supplies,

(5) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others,

(6) sales, marketing, advertising and promotional programs and materials and media used in such programs,

(7) use and display of the Marks,

(8) staffing levels for the Restaurant and matters relating to managing the Restaurant, communication to us of the identities of the Restaurant's personnel, and qualifications, training, dress and appearance of employees,

(9) days and hours of operation of the Restaurant, you are required to have your restaurant or kiosk open for business Monday through Sunday, 9 a m to 11 p m ,

(10) participation in market research and testing and product and service development programs,

(11) bookkeeping, accounting, data processing and record keeping systems and forms, methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition, and furnishing tax returns and other operating and financial information to us,

(12) types, amounts, terms and conditions of insurance coverage required to be carried for the Restaurant and standards for underwriters of policies providing required insurance coverage, our protection and rights under such policies as an additional named insured, required or impermissible insurance contract provisions, assignment of policy rights to us, periodic verification of insurance coverage that must be furnished to us, our right to obtain insurance coverage for the Restaurant at your expense if you fail to obtain required coverage, our right to defend claims, and similar matters relating to insured and uninsured claims,

(13) complying with applicable laws, obtaining required licenses and permits, adhering to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us, and notifying us if any action, suit or proceeding is commenced against you or the Restaurant, and

(14) regulation of such other aspects of the operation and maintenance of the Restaurant that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Golden Krust Restaurants

You agree that System Standards prescribed from time to time in the Operations Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein All references to this Agreement include all System Standards as periodically modified

IX. ADVERTISING FUND

You agree to pay to us a weekly advertising fee equal to one percent (1%) of the gross sales of the Restaurant payable on the first day of each week This advertising fee shall accompany each weekly royalty payment, but will be segregated by us in a special account maintained solely for the advertising fund

The advertising fund will be spent only for the preparation, purchase and placement of advertising, except that up to 25% of the fund may be spent by us for the direct costs of administering the fund The fund is intended to further recognition and acceptance of the Golden Krust name, marks and products, and we reserve the sole discretion in administering the fund as well as for the creation, design, development, selection and placement of advertising

X. LOCAL ADVERTISING

You acknowledge that extensive local marketing and advertising efforts are absolutely necessary to the success of your restaurant You agree to expend 1% of the annual gross revenues from the operation of your restaurant on local marketing, including but not limited to, local newspaper and other local media You agree to advertise and promote your restaurant only in a manner that will reflect favorably on Golden Krust and its good name and reputation You further agree to submit to Golden Krust for its prior approval all proposed advertising to be utilized by you

XI RECORDS, REPORTS AND FINANCIAL STATEMENTS

You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribed form time to time You agree to furnish to us on such forms that we prescribe from time to time

(1) within fifteen (15) days after the end of each calendar month, a report on the Restaurant's Gross Sales during the immediately preceding calendar month,

(2) within fifteen (15) days after the end of each calendar month, a profit and loss statement for the Restaurant for the immediately preceding calendar month and year-to-date and a balance sheet as of the end of such month,

(3) within ninety (90) days after the end of the Restaurant's fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Restaurant as of the end of such fiscal year, and

(4) within ten (10) days after our request, exact copies of federal and

state income and other tax returns and such other forms, records, books and other information we may periodically require

We also maintain the right to poll sales data through your cash register or other computerized polling system

XII. INSPECTIONS AND AUDITS

A. OUR RIGHT TO INSPECT THE RESTAURANT

To determine whether you and the Restaurant are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to

(1) inspect the Restaurant,

(2) remove samples of any products, materials or supplies for testing and analysis,

(3) inspect and copy any books, records and documents relating to your operation of the Restaurant

B. OUR RIGHT TO AUDIT

We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a corporation, limited liability company or partnership) and the Restaurant's business, bookkeeping and accounting records, sales and income tax records and returns and other records You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit In the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, or in the further event that the audit reveals that you have understated gross sales by two percent (2%) or more, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law

XIII TRANSFER

A. BY US

This Agreement is fully transferable by us and will benefit any transferee or other legal successor to our interests herein

B. BY YOU

You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation, limited liability company or partnership, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity Accordingly, neither this Agreement (or any interest therein) nor any ownership or other interest in you or the Restaurant may be transferred without our prior written approval Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect As used in this Agreement, the term "transfer" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in

(1) this Agreement,

(2) you, or

(3) the Restaurant

An assignment, sale, gift or other disposition includes the following events

(a) transfer of ownership of capital stock or a partnership interest,

(b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you,

(c) any issuance or sale of your stock or any security convertible to your stock,

(d) transfer of interest in you, this Agreement or the Restaurant in a divorce, insolvency or corporation or partnership dissolution proceeding or otherwise by operation of law,

(e) transfer of an interest in you, this Agreement or the Restaurant, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession, or

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Restaurant or your transfer, surrender or loss of possession, control or management of the Restaurant

C. CONDITIONS FOR APPROVAL OF TRANSFER

Our approval for a transfer shall be conditioned upon the following

(1) you be then in full compliance with the terms of this and any other agreement between us including but not limited to complying with all current system standards and you or the transferee paying to us a transfer fee of $10,000 00 to cover our costs in reviewing and administering the proposed transfer

(2) the transferee and its owners meeting our criteria for franchisees, having adequate financial resources, aptitude, experience and otherwise being capable of operating a Golden Krust Restaurant

(3) you submitting all proposed advertisements for the sale or other disposition of the franchise to us for written approval, our approval shall not be unreasonably withheld,

(4) the transferee executing our then current franchise agreement for a full term and other documents then used by us in granting franchises

(5) you paying all amounts owed to us and our affiliates and all other creditors of your Golden Krust Restaurant,

(6) you executing a general release of us, our affiliates and officers, directors and employees, and

(7) the transferee purchasing all of your assets used in the Golden Krust Restaurant, assuming all of your existing business liabilities including liabilities owed to us and assuming your lease

(8) you or your proposed transferee agreeing to update, remodel and refurbish your Restaurant to reflect the then current design, layout and trade dress of Golden Krust Restaurants

(9) we have approved the material terms and conditions of such transfer and determine that in our business judgment the price and terms will not adversely effect the transferee's operation of the franchise

D. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY

Notwithstanding Paragraph C of this Section, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Restaurant and, if applicable, other Golden Krust Restaurants, in which you maintain management control and of which you own and control one hundred (100%) of the equity and voting power of all issued and outstanding capital stock or other ownership interests, and further provided that all assets of the Restaurant are owned, and the entire business of the Restaurant is conducted, by a single corporation or limited liability company Transfer of ownership interests in such corporation or limited liability company will be subject to the provisions of Paragraph C of this Section Notwithstanding anything to the contrary herein, you agree to remain personally liable under this Agreement as if the transfer of such corporation or limited liability company had not occurred

E YOUR DEATH OR DISABILITY

(1) Transfer Upon Death Disability Upon your death or disability or, if you are a corporation, limited liability company or partnership, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third-party Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement For purposes hereof, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Restaurant

(2) Operation Upon Death or Disability If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Restaurant is not being managed by a trained manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not exceed fifteen (15) days from the date of death or disability, appoint a manager to operate the Restaurant Such manager will be required to complete training at your expense Pending the appointment of a manager as provided above or if, in our judgment, the Restaurant is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest if you, we have the right, but not the obligation, to appoint a manager for the Restaurant All funds from the operation of the Restaurant during the management by our appointed manager will be kept in a separate account, and all expenses of the Restaurant, including compensation, other costs and travel and living expenses of our manger, will be charged to this account We also have the right to charge a reasonable

management fee (in addition to the Royalty and Advertising Fund contributions payable under this Agreement) during the period that our appointed manager manages the Restaurant Operation of the Restaurant during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for debts, losses or obligations incurred by the Restaurant or to any of your creditors for any products, materials, supplies or services the Restaurant purchases during any period it is managed by our appointed manager

F. EFFECT OF CONSENT TO TRANSFER

Our consent to a transfer of this Agreement and the Restaurant or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Restaurant or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement

G. OUR RIGHT OF FIRST REFUSAL

If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Restaurant or an ownership interest in you, you (or such owner) agree to obtain a good faith, executed written oral offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror

We have the right, exercised by written notice delivered to you or your selling owner(s) within thirty (30) days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that

(1) we may substitute cash for any form of payment proposed in such offer,

(2) our credit will be deemed equal to the credit of any proposed purchaser,

(3) we will have not less than sixty (60) days after giving notice to our election to purchase to prepare for closing, and

(4) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of three (3) years commencing on the date of the closing, you and they will be bound by the noncompetition covenant contained in Section XIV D hereof You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 12 C (10) of this Agreement

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Paragraphs B and C of this Section, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option

XIV. TERMINATION OF AGREEMENT

A. BY YOU

If you and your owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct such failure within thirty (30) days after written notice of such material failure is delivered to us, you may terminate this Agreement effective thirty (30) days after delivery to us of written notice of termination Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause

B. BY US

We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if

(1) you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise,

(2) you (or your Managing Owner) fail to successfully complete initial training to our satisfaction,

(3) you fail to begin operating the Restaurant within one hundred eighty (180) calendar days after the execution of the Lease Agreement,

(4) you abandon or fail actively to operate the Restaurant for two (2) or more consecutive business days, unless the Restaurant has been closed for a purpose we have approved or because of casualty or government order,

(5) you surrender or transfer control of the operation of the Restaurant without our prior written consent,

(6) you (or any of your owners) are or have been convicted of, or plead or have pleaded no contest to, a felony,

(7) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Restaurant or other Golden Krust Restaurants or the good will associated with the Marks,

(8) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Restaurant,

(9) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's

interest in you is not assigned as herein required,

(10) you lose the right to possession of the Premises,

(11) you (or any of your owners) make an unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operations Manual in violation of this Agreement,

(12) you violate any health, safety or sanitation law, ordinance or regulation and do not begin to cure the noncompliance or violation immediately, and correct such noncompliance or violation within seventy-two (72) hours, after written notice thereof is delivered to you,

(13) you fail to make payments of any amounts due to us and do not correct such failure within ten (10) days after written notice of such failure is delivered to you,

(14) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Restaurant, unless you are in good faith contesting your liability of such taxes,

(15) you (or any of your owners) fail to comply with any provision of this Agreement or any other franchise or other agreement you have with us or or any System Standard and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you,

(16) you (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether nor not such failures to comply were corrected after written notice of such failure was delivered to you, or

(17) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due, you consent to the appointment of a receiver, trustee or liquidator of all or

the substantial part of your property, the Restaurant is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days, or any order appointing a receiver, trustee or liquidator of you or the Restaurant is not vacated within thirty (30) days following the entry of such order

XV. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

A. PAYMENT OF AMOUNTS OWED TO US

You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalties, Advertising Fund contributions, amounts owed for purchases from us, interest due on any of the foregoing and all other amounts owed to us which are then unpaid

B. MARKS

Upon the termination or expiration of this Agreement

(1) you may not directly or indirectly at any time or in any manner (except with respect to other Golden Krust Restaurants you own and operate) identify yourself or any business as a current or former Golden Krust Franchisee, or as one of our licensees or franchisees, use any Mark, any colorable imitation thereof in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us,

(2) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark,

(3) if we do not have or do not exercise an option to purchase the Restaurant pursuant to Paragraph E of this Section, you agree to deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this

Agreement or the Notification Date (as defined in Paragraph E(1) of this Section) all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a Golden Krust Restaurant and allow us, without liability to you or third parties, to remove all such items from the Restaurant

(4) if we do not have or do not exercise an option to purchase the Restaurant pursuant to Paragraph E of this Section, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will promptly and at your own expense make such alterations we specify to distinguish the Restaurant clearly from its former appearance and from other Golden Krust Restaurants so as to prevent confusion therewith by the public,

(5) if we do not have or do not exercise an option to purchase the Restaurant pursuant to Paragraph E of this Section, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone numbers or other telephone directory listings associated with any Mark

C. CONFIDENTIAL INFORMATION

You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials that we have loaned to you

D. COVENANT NOT TO COMPETE

Upon

(1) our termination of this Agreement in accordance with its terms and conditions,

(2) your termination of this Agreement without cause, or

(3) expiration of this Agreement (if we offer, but you elect not to acquire, a successor franchise),

(4) your sale or transfer of the Restaurant pursuant to the provisions of Section XII B hereof, you and your owners agree that, for a period of two (2) years commencing on the effective date of termination or expiration or the date on which a person restricted by this Paragraph begins to comply with this Paragraph, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e g , through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business (as defined in Section VII above) operating

(a) at the Premises,

(b) within ten (10) miles of the Premises, or

(c) within five (5) miles of any other Golden Krust Restaurant in operation or under construction on the later of the effective date of the termination or expiration or the date on which a person restricted by this Paragraph complies with this Paragraph

If any person restricted by this Paragraph refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or Court if necessary, enforcing this provision You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills Consequently, enforcement of the covenants made in this Paragraph will not deprive you of your personal goodwill or ability to earn a living

If we find it necessary to enforce the provisions of Section XV, you acknowledge that the Court has the power to enjoin you, your officers, agents, servants, employees and all others in active concert or participation with you

E. OUR RIGHT TO PURCHASE RESTAURANT

(1) Exercise of Option

Upon the termination or expiration of this Agreement in accordance with its terms and conditions, we have the option, exercisable by giving written notice thereof to you within sixty (60) days from the date of such termination or expiration, to purchase the Restaurant from you, including the leasehold rights to the Premises (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date") We have the unrestricted right to assign this option to purchase the Restaurant We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise

(2) Leasehold Rights

You agree at our election

(a) to assign your leasehold interest in the Premises to us, or

(b) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease

(3) Purchase Price

The purchase price for the Restaurant will be its fair market value, determined in a manner consistent with reasonable depreciation of the Restaurant's equipment, signs, inventory, materials and supplies, provided that the Restaurant will be valued as an independent business and its value will not include any value for

(a) the franchise or any rights granted by this Agreement,

(b) the Marks, or

(c) participation in the network of Golden Krust Restaurants

The Restaurant's fair market value will include the goodwill you developed in the market of the Restaurant that exists independent of the goodwill of the Marks and the System The length of the remaining term of the lease for the Premises will also be considered in determining the Restaurant's fair market value

We may exclude from the assets purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonable necessary (in function or quality) to the Restaurant's operation or that we have not approved as meeting standards for Golden Krust Restaurants, and the purchase price will reflect such exclusions

(4) Appraisal

If we and you are unable to agree on the Restaurant's fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal We will appoint one appraiser, you will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we are exercising our option to purchase the Restaurant, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party-appointed appraisers The appraisers are obligated to complete their appraisal within thirty (30) days after the third appraiser's appointment

The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or our owners owe to us At the closing you agree to deliver instruments transferring to us

(a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with sales and other transfer taxes paid by you, and

(b) all licenses and permits of the Restaurant which may be assigned or transferred, and

(c) the leasehold interest in the Premises and improvements thereon

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns

F. CONTINUING OBLIGATION

All of our and your (and your owner's and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire

XVI. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. INDEPENDENT CONTRACTORS

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Restaurant personnel and others as the owner of the Restaurant under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time

B. INDEMNIFICATION

You agree to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Paragraph, any and all taxes and any and all claims and liabilities directly or indirectly arising out of the Restaurant's operation of your breach of this Agreement For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses We have the right to defend any such claim against us This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses in order to maintain and recover fully a claim against you You agree that a failure to pursue such remedy or mitigate a loss will in no way reduce or alter the amount we may recover from you by way of indemnity

XVII. ENFORCEMENT

A. WAIVER OF OBLIGATIONS

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other of such other effective date stated in the notice of waiver Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice

We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term)-by virtue of any custom or practice at variance with the terms hereof, our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations hereunder, including, without limitation, any System Standard, our waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Golden Krust Restaurants, the existence of other franchise agreements for Golden Krust Restaurants which contain different provisions from those contained herein, or our acceptance of any payments due from you after any breach of this Agreement No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or account and satisfaction We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect

Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from

(1) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing to the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof,

(2) acts of God,

(3) fires, strikes, embargoes, war or riot, or

(4) any other similar event or cause

Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, expect that said cause will not excuse payments of amounts owed at the time of such occurrence or payment of Royalties due on any sales thereafter

B. COSTS AND ATTORNEYS' FEES

If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees

C. YOU MAY NOT WITHHOLD PAYMENTS DUE TO US

You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided in Paragraph F of this Section

D. RIGHTS OF PARTIES ARE CUMULATIVE

Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise of enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce

E. ARBITRATION

Except for controversies, disputes or claims related to our based on your use of the Marks after the expiration or termination of this Agreement, all controversies, disputes or claims between us and our shareholders, officers, directors, agents and employees and you (your owners, guarantors, affiliates and employees, if applicable) arising out of or related to

(1) This Agreement or any other agreement between you and us or any other provision of any such agreement,

(2) Our relationship with you,

(3) The validity of this agreement or any other agreement between you and us or any provision of any such agreement, or

(4) Any system standard relating to the establishment or operation of the Restaurant will be submitted for arbitration to the White Plains, New York office of the American Arbitration Association on demand of either party Such arbitration proceedings will be conducted at White Plains, New York and, except as otherwise provided in this Agreement, will be heard by one arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U S C § § 1 se seq) and not by any state arbitration law

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any mark generic or otherwise invalid or, except as otherwise provided in Paragraph I of this Section, to award exemplary or punitive damages The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction

Notwithstanding anything to the contrary contained in this paragraph, we and you each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided herein

F. GOVERNING LAW

Except to the extent governed by the Federal Arbitration Act as required hereby, the United States Trademark Act of 1946 (Lanham Act, 15 U S C Sections 1051 et seq) or other federal law, this Agreement, the franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of New York, without regard to its conflict of laws principles, except that any New York law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph

G. BINDING EFECT

This Agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by you and us

H. CONSTRUCTION

The preambles and exhibits are a part of this Agreement which, together with the Operations Manual and our other written policies, constitutes our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement Nothing in this Agreement or in any related agreement is intended to disclaim the franchisor's representations made in the Franchise Disclosure Document

XVIII NOTICES AND PAYMENTS

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered

(1) at the time delivered by hand,

(2) one (1) business day after transmission by telecopy, facsimile or

other electronic system,

(3) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery, or

(4) three (3) business days after the placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, posted prepaid, and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified

XIX. PROJECTED FRANCHISE SALES, PROFITS OR EARNINGS

A. NO WARRANTY REGARDING PROFITABILITY

The parties hereto recognize and acknowledge that due to the competitive nature of the business involved, successful operation of the Restaurant will primarily depend upon your efforts, capabilities and management abilities and on your efficient operation of the Restaurant as well as local market conditions We have not made and you acknowledge that you have not received any claims, warranty, representations or guarantee, express or implied regarding potential sales, profits, earnings or success of the Restaurant or achievable by you

B. NO WARRANTY REGARDING PROJECTED COSTS

We hereby disclaim making or utilizing, and you acknowledge that you have not received from us any projections of sales, earnings or profits of the franchised Restaurant It is understood that you are starting a new business (or acquiring an existing business) and are assuming the financial risks attendant thereto Where we provide information required by you relating to costs of operating Golden Krust Restaurant, such as rents, labor costs, or equipment lease costs, such information shall not be construed as a representation or warranty relative to any future sales, profits, or earnings or success achievable by you

C. NO INDUCEMENT

You acknowledge that no claims, representations, promises, guarantees, or warranties of any kind are or were made by us to induce you to execute this Agreement, except as specifically set forth in writing this Agreement

D. FRANCHISE DISCLOSURE QUESTIONNAIRE

You acknowledge that you have reviewed and truthfully responded to the Franchise Disclosure Questionnaire annexed hereto as Exhibit "B" before we executed this Agreement

[THIS SPACE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the _____ day of ____________________, 20___

DATED ______________________________

GOLDEN KRUST FRANCHSING, INC

By ______________________________
(Title)

FRANCHISEE,

____
(Name)

By ______________________________
(Title)

DATED ______________________________

INDIVIDUALS

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

DATED ______________________________

EXHIBIT A
TO THE FRANCHISE AGREEMENT
BETWEEN GOLDEN KRUST FRANCHISING, INC
AND ______________________________
DATED ______________ 20___

Effective Date This Exhibit A is current and complete as of ______________ 20___

You and Your Owners

1 Form of Owner

(a) Proprietorship Your owner(s) (is) (are) as follows

____

____

____

(b) Corporation, Limited Liability Company or Partnership You were incorporated or formed on ______________, 20__, under the laws of the State of ______________ You have not conducted business under any name other than your corporate, limited liability company or partnership name and ______________________________ The following is a list of your directors, if applicable, and officers as of the effective date shown above

Name of Each Director/Officer	Position(s) Held
______________________	______________________
______________________	______________________
______________________	______________________
______________________	______________________

2 Owners The following list includes the full name and mailing address of each person who is one of your owners (as defined in the Franchise Agreement) and fully describes the nature of each owner's interest

Owner's Name and Address	Description of Interest
______________________	______________________
______________________	______________________
______________________	______________________
______________________	______________________

GOLDEN KRUST
FRANCHING, INC

By ______________________

OWNER

CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP

____
(Name)

INDIVIDUALS

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this ____day of

______________________,20___,by____

____

____

____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Golden Krust Franchising, Inc ("us", "we" or "our"), each of the undersigned hereby personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ______________________________________ ("Owner") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities

Each of the undersigned consents and agrees that (1) his direct and immediate liability under this guaranty will be joint and several, (2) he will render any payment or performance required under the Agreement upon demand if Owner fails or refuses punctually to do so, (3) such liability will not be contingent or conditioned upon our pursuit of any remedies against Owner or any other person, and (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Owner or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Owner arising as a result of the undersigned's execution of and performance under this guaranty

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed

GUARANTOR(S)

______________________________ ______________________________

______________________________ ______________________________

EXHIBIT B

FRANCHISE DISCLOSURE QUESTIONNAIRE

You are preparing to enter into a GOLDEN KRUST Franchise Agreement The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that my be untrue or misleading

Please review each of the following carefully and circle the appropriate response to each and initial where indicated. PLEASE BE MINDFUL THAT WE ARE RELYING ON YOUR RESPONSES.

1 Have you received and carefully reviewed the FDD provided to you?

Yes __ No __

2 Did you sign a receipt for the FDD indicating the date you received it?

Yes __ No __

3 Have you received and carefully reviewed the Franchise Agreement and each exhibit and schedule to the Franchise Agreement?

Yes __ No __

4 Have you been given the opportunity to discuss the risks of operating a GOLDEN KRUST Franchise with an attorney, accountant or other professional advisor?

Yes __ No __

5 Do you understand that the purchase of a GOLDEN KRUST Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your GOLDEN KRUST Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the System and methods of doing business, competition from other

businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

Yes __ No __

6 Do you understand and acknowledge that we cannot guarantee the success or your GOLDEN KRUST Franchise or that it will ever achieve profitability?

Yes __ No __

IF YOU ANSWERED "NO" TO ANY OF QUESTIONS 1 THROUGH 6, PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED BELOW ATTACH ADDITIONAL SHEETS IF NECESSARY IF YOU ANSWERED "YES" TO ALL OF QUESTIONS 1 THROUGH 6, PLEASE LEAVE THE LINES BLANK

Question No Explanation

____

____

____

____

____

____

Please review each of the following questions carefully and provide responses **When answering these questions, please remember that a GOLDEN KRUST Franchisee is NOT our representative for the purposes of answering these questions.**

7 Please supply the names of every GOLDEN KRUST employee or

representative [including Franchise Brokers] with whom you have had discussions or negotiations regarding the purchase of a GOLDEN KRUST Franchise

____

____

____

8 Except for the person(s) you have listed in response to Question number 7, is it true that no other GOLDEN KRUST employee or representative has discussed the purchase of a GOLDEN KRUST Franchise with you?

Yes __ No __

9 Have any of our employees or representatives made any statement or promise concerning the revenues and/or profits of a GOLDEN KRUST Franchise?

Yes __ No __

10 Have any of our employees or representatives made any statement or promise about the amount of money you may earn as a franchisee?

Yes __ No __

11 Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a GOLDEN KRUST Franchise?

Yes __ No __

12 Do you acknowledge that no employee or representative of GOLDEN KRUST has made any representation nor are you relying on any representation, promise, estimate or forecast or any other statement regarding profits, sales or costs to operate a GOLDEN KRUST restaurant

generally or any specific GOLDEN KRUST restaurant?

Yes __ No __

13 Do you understand that by entering into this Franchise Agreement with you, we are relying on your acknowledgments and responses in this questionnaire?

Yes __ No __

IF YOU ANSWERED "NO" TO QUESTION "8" OR "YES" TO ANY OF QUESTIONS "9" THROUGH "11", PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED ATTACH ADDITIONAL SHEETS IF NECESSARY

Question No Explanation

____

____

____

____

____

____

The acknowledgments or representations of the Franchisee made in the Franchise Disclosure Document Questionnaire which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

You understand that your answers are important and that we will rely on them when making our decision to award you a Franchise By signing below, you are representing that you have responded truthfully to the above questions and that you FULLY UNDERSTAND AND ACCEPT ALL OF THE BUSINESS RISKS described above

Date	Franchisee
	Franchisee

EXHIBIT "C"

TO THE FRANCHISE AGREEMENT
BETWEEN GOLDEN KRUST FRANCHISING, INC
d/b/a GOLDEN KRUST CARIBBEAN BAKERY & GRILL

Dated ____________________

A new Golden Krust Caribbean Bakery & Grill retail store located at

____

____

____

GOLDEN KRUST FRANCHISING, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2015
(With comparative amounts for 2014)

THOMPSON & COMPANY, PLLC

GOLDEN KRUST FRANCHISING, INC
FINANCIAL STATEMENTS
DECEMBER 31, 2015

Table of Contents

THOMPSON & COMPANY, PLLC

THOMPSON & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and
Stockholders of Golden Krust Franchising, Inc

Report on the Financial Statements

We have audited the accompanying financial statements of Golden Krust Franchising, Inc which comprise the balance sheet as of December 31, 2015, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements The prior year summarized comparative information has been derived from the Company's financial statements for the year ended December 31, 2014 and in our report dated April 27, 2015 we expressed an unqualified opinion on those financial statements

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

45 MAIN STREET, SUITE 615, BROOKLYN, NY 11201
TEL # (718) 875 0556
FAX # (718) 875 0940
www.thompsoncompany.com

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Golden Krust Franchising, Inc as of December 31, 2015, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America

Report on Additional Information (Schedule I)

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole The data contained in the supplementary information (Schedule I) is presented for purposes of additional analysis and is not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Thompson & Company, PLLC

Brooklyn, New York
April 15, 2016

GOLDEN KRUST FRANCHISING, INC
BALANCE SHEET
AS OF DECEMBER 31, 2015
(With comparative amounts as of December 31, 2014)

		2015		2014
ASSETS				
Current Assets				
Cash and Cash Equivalents	$	1,646	$	8,664
Marketable Securities (Note 3)		105,555		98,233
Accounts and Notes Receivables - Net (Note 2)		415,282		326,283
Prepaid Expenses and Other		5,938		7,271
Inventory (Note 1)		11,064		7,948
Total Current Assets		539,485		448,399
Property and Equipment, Net (Note 4)		312,846		300,190
Other Assets				
Notes Receivable (Note2)		134,470		134,470
Escrow and other Deposits (Note 8 (c))		39,200		211,993
Due from Affiliates (Note 6)		1,144,503		1,192,307
Total Other Assets		1,318,173		1,538,770
Total Assets	$	2,170,504	$	2,287,359
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts Payable and Accrued Expenses	$	331,072	$	360,736
Deferred Franchise Fees (Note 9)		71,250		51,250
Long Term Debt - current (Note 8 (b))		45,029		66,518
Due to Franchisees		4,547		-
Corporate Taxes Payable (Note 5)		105,568		186,802
Total Current Liabilities		557,466		665,306
Long Term Debt - non-current (Note 8 (b))		101,194		234,497
Due to Affiliates (Note 6)		252,966		169,666
Total Long Term Liabilities		354,160		404,163
Total Liabilities		911,626		1,069,469
Stockholders' Equity				
Common Stock; no par value, 200 shares authorized, 100 shares issued and outstanding		170,100		170,100
Retained Earnings		1,057,006		1,009,792
Accumulated Other Comprehensive Income		31,772		37,998
Total Stockholders' Equity		1,258,878		1,217,890
Total Liabilities and Stockholders' Equity	$	2,170,504	$	2,287,359

The accompanying notes form an integral part of these financial statements

GOLDEN KRUST FRANCHISING, INC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative amounts for the year ended December 31, 2014)

	2015	2014
Gross Revenues (Note 7)	$ 2,662,227	$2,651,668
Sales (Note 7)	1,074,514	771,481
	3,736,741	3,423,149
Cost of Sales	569,161	635,612
Gross Profit	$ 3,167,580	$2,787,537
Selling,General and Administrative Expenses (Schedule I)	3,099,906	2,531,082
Operating Income	67,674	256,455
Other Income (Expense)	(115)	21,226
Income Before Provision for Income Taxes	67,559	277,681
Provision for Income Taxes (Note 5)	20,345	126,200
Net Income	47,214	151,481
Other Comprehensive Income (loss)		
Unrealized Holding Gain (Loss)	(6,226)	4,336
Total Other Comprehensive Income (Loss)	(6,226)	4,336
Comprehensive Income	$ 40,988	$ 155,817

The accompanying notes form an integral part of these financial statements

GOLDEN KRUST FRANCHISING, INC
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative amounts for the year ended December 31, 2014)

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total 2015	Total 2014
Balance, December 31, 2014	$ 170,100	$ 1,009,792	$ 37,998	$ 1,217,890	$ 1,062,073
Comprehensive Income					
Net Income (loss)	-	47,214	-	47,214	151,481
Unrealized Holding Gains (loss) during the year	-	-	(6,226)	(6,226)	4,336
Dividends Paid	-	-	-	-	-
Balance, December 31, 2015	$ 170,100	$ 1,057,006	$ 31,772	$ 1,258,878	$ 1,217,890

The accompanying notes form an integral part of these financial statements

GOLDEN KRUST FRANCHISING, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative amounts for the year ended December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 47 214	$ 151 481
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	32,553	16,013
Provision for bad debts	137,113	295,030
(Increase) decrease in		
Accounts and notes receivable	(226,112)	(351 415)
Prepaid expenses and other	1,333	52,373
Inventories	(3,116)	(7 948)
Increase (decrease) in		
Accounts payable and accrued expenses	(29,665)	85,805
Deferred franchise fees	20,000	(7,500)
Due to Franchisees	4 547	(10,578)
Corporate taxes payable	(81,234)	58,645
Total adjustments	(144 581)	130,425
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(97,367)	281,906
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in marketable securities	19,163	8 176
(Increase) decrease in escrow account	(172,793)	224,690
(Increase) decrease in property and equipment	(45 209)	(316,203)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(198,839)	(83 337)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase) decrease in amounts due from affiliates	47,804	(171,720)
(Increase) decrease in Long-Term Debt	154,792	(58,813)
Due to Affiliates	83,300	13 746
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	285,896	(216 787)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,310)	(18 218)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	8 664	26 882
CASH AND CASH EQUIVALENTS END OF YEAR	$ (1,646)	$ 8,664
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 18,318	$ 32 010
Income taxes paid	$ 86,480	$ 67,555

The accompanying notes form an integral part of these financial statements

GOLDEN KRUST FRANCHISING, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Operations

The Company was incorporated on August 8, 1995 under the laws of the State of New York The Company is primarily engaged in the sale of franchises to individuals who seek to sell food products under the "Golden Krust" label via retail outlets throughout the United States

Revenue Recognition

Royalties are reflected in accordance with management's application of the franchise agreements

Franchise fees from an individual franchise sale are initially reflected as deferred fees and recognized as earned when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company in accordance with the Franchise Agreement

Cash and Cash Equivalents

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

Investments

The Company classifies its marketable equity mutual funds and securities as available for sale Securities classified as available for sale are carried in the financial statements at fair value Realized gains and losses, determined using the first-in, first-out (FIFO) method, are included in earnings and unrealized holding gains and losses are reported in other comprehensive income

Property and Equipment

Property and equipment are stated at cost Depreciation on property and equipment is provided using the straight line method over the estimated useful lives of assets Expenditures for maintenance and repairs are charged to expense as incurred

Advertising Costs

The Company's policy is to expense advertising costs as incurred

Inventories

Inventories are stated at the lower of cost on market. Cost is determined on a first-in, first-out basis

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure at the date of the financial statements Actual results could differ from those estimates

Financial Statements Presentation

Information as of and for the year ended December 31, 2014 is not intended to be a complete presentation in accordance with generally accepted accounting principles and is presented for comparative purposes only

NOTE 2 ACCOUNTS AND NOTES RECEIVABLE - NET

As of December 31, 2015 and 2014, the accounts receivable and notes receivable from franchisees and from sale of company retail outlets are as follows

	2015	2014
Accounts Receivable	$ 884,759	$ 654,981
Notes Receivable - Loan	134,470	134,470
Notes Receivable - Franchise Fee	834	4,500
Notes Receivable - Sale of Stores	104,747	104,747
Subtotal	1,124,810	898,698
Less Allowance for Doubtful Accounts	(575,058)	(437,945)
Accounts and Notes Receivable (Net)	$ 549,752	$ 460,753
Accounts and Notes Receivable (Current)	$ 415,282	$ 326,283
Notes Receivable (Long-Term)	134,470	134,470
Accounts and Notes Receivable (Net)	$ 549,752	$ 460,753

NOTE 3 **MARKETABLE SECURITIES**

Cost and fair value of marketable securities as of December 31, 2015 and 2014 are as follows

	Year	Cost	Fair Value
Equity Securities	2015	$ 66,468	$ 105,555
	2014	$ 66,468	$ 104,577

The investment income during the years ended December 31, 2015 and 2014 are as follows

	2015	2014
Interest and Dividend	$ 417	$ 376
Unrealized Gain (Loss)	$ 6,226	$ 4,633

NOTE 4 **PROPERTY AND EQUIPMENT**

Property and Equipment consist of the following at December 31, 2015 and 2014

Useful Life	2015	2014
10 years	$ 8,570	$ 8,570
5 years	26,614	22,914
10 years	247,845	223,805
10 years	105,806	88,337
5 years	686	686
	389,521	$ 344,312
	(76,675)	(44,122)
	$ 312,846	$ 300,190

Depreciation expense for the years ended December 31, 2015 and 2014 is $32,553 and $16,013, respectively

NOTE 5 **INCOME TAXES**

The Company's income tax liability as of December 31, 2015 and 2014 is as follows

	2015	2014
Federal	$ 25,064	$ 103,223
State	32,449	30,761
City	48,055	52,818
Total Tax Liability	**$ 105,568**	**$ 186,802**

NOTE 6 **RELATED PARTY TRANSACTIONS**

The Company entered into an agreement with Golden Krust Caribbean Bakery, Inc ("Bakery"), whereas the Company was paid a management fee for its direct influence on the sales volume of "Bakery" In addition, the Company is charged by "Bakery" for the estimated overhead expenses paid by it on behalf of the Company

The following is a summary of transactions with "Bakery" for the years ended December 31, 2015 and 2014

	2015	2014
Overhead charges allocated by Bakery	$ 380,954	$ 259,560
Management fee income from Bakery	$ 454,789	$ 432,055

The balances due from/to affiliates as of December 31, 2015 and 2014 are as follows

	2015		2014	
	Due from	Due to	Due from	Due to
Bakery	$1,057,387	$ 57,700	$1,189,907	-
Gunhill	38,077	27,073		3,073
Hollywood, Inc,	49,039			
67 South 4th Avenue		1,600	2,400	-
Hawthorne Estates		159,021		159,021
Empire Krust, Inc		3,876		3,876
Albany Avenue, LLC		3,696		3,696
	$ 1,144,503	$ 252,966	$ 1,192,307	$ 169,666

NOTE 7 **GROSS REVENUES**

For the years ended December 31, 2015 and 2014, Gross Revenues consisted of the following components

		2015	2014
Royalties from Franchisees		$ 1,842,325	$ 1,772,347
License Revenues		10,243	-
Franchise Fees		20,000	32,500
Advertising and other revenue		334,870	414 766
Sales - Flatbush*		1,074,514	771,481
Management Fee from Affiliate (See Note 6)		454,789	432,055
	Gross Revenues	$ 3,736,741	$ 3,423,149

*In 2014, Management established the operation of a retail franchised unit which accounted for sales of $1,074,514 during 2015 and $771,481 in 2014

NOTE 8 **COMMITMENTS AND CONTINGENCIES**

Operating Lease Commitments

(a) The Company has commitments under leases of commercial space by certain retail outlets (including locations operated by the Company) under non cancelable agreements expiring between the years 2016 and 2023 These commitments have been included in the following summary of future minimum rental commitments for non-cancelable leases

Year Ending December 31,	Gross Commitment	Sub-Lease	Net Commitment
2016	$ 288,999	$ (145,322)	$ 143,677
2017	297,170	(149,183)	147,987
2018	305,573	(153 150)	152 423
2019	314,222	(157,223)	156,999
2020	323,118	(161,559)	161,559
Thereafter	1,057,250	(385,422)	671,828
Total	$ 2,586,332	$ (1,151,859)	$ 1,434,473

Long Term Debt for Capitalized Leases

(b) During the year Golden Krust Caribbean Bakery, Inc entered into a loan agreement with a bank to facilitate the leasing of restaurant equipment on behalf of the Company for use in three of its locations

NOTE 8 **COMMITMENTS AND CONTINGENCIES (CONT'D)**

Maturities of long-term debt as of December 31, 2015 are as follows

Year ending December 31,	Gross Commitment
2016	$ 45,029
2017	50,175
2018	51,019
Total	$ 146,223

Escrow and Other Deposits

(c) Payments made by the bank as mentioned in (b) above on behalf of Golden Krust Caribbean Bakery, Inc , amounting to $365,284 is included in Escrow and Other Deposits balance of $39,200 and $211,993 as of December 31, 2015 and 2014 respectively

NOTE 9 **DEFERRED FRANCHISE FEES**

Franchise fees from an individual franchise sale are initially reflected as deferred fees and recognized as earned when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company in accordance with the Franchise Agreement The Company as of December 31, 2015 and 2014 has deferred franchise fees cost amounting to $71,250 and $51,250 respectively

NOTE 10 **CONTINGENCIES**

The Company provided corporate guarantees to a provider of loans of $2,700,000 and $900,000 to Golden Krust Caribbean Bakery, Inc in April 2008 and February 2007 and the combined loan balances outstanding as of December 31, 2015 and 2014 were $2,065,379 and $2,210,449 respectively

NOTE 11 **LEGAL MATTERS**

Golden Krust Franchising, Inc d/b/a Golden Krust Caribbean Bakery & Grill, Inc is a party to various lawsuits brought on by various landlords, and plaintiffs' attorneys claiming a breach of contract on various matters Management has represented eight cases over the last three years, all of which have been settled, three cases in 2011, four cases in 2012, one case in 2013 and two cases in 2014 Settlements as of December 31, 2015 and December 31, 2014 were in the amounts of $0 and $107,500 respectively

GOLDEN KRUST FRANCHISING, INC
SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative amounts for the year ended December 31, 2014)

	2015	2014
Salaries, Wages, Commission and Related Costs	$ 1,595,432	$ 1,073,004
Professional Fees	113,816	97,919
Advertising and Marketing	368,894	310,812
Promotion	15,920	18,321
Insurance	45,895	32,239
Travel	115,251	69,216
Telephone	27,668	17,097
Lease rental	140,774	107,993
Payroll Processing Fee	15,538	7,104
Provision for Bad Debts	137,113	245,030
Allocated Corporate Overhead (Note 6)	380,954	259,560
Support to franchisees	18,159	64,765
Contributions	19,800	18,610
Office expense	5,074	8,309
Dues and seminars	19,709	11,434
Interest and finance charges	34,053	37,710
Licenses, Fees and Permits	3,005	4,016
Late Fees and Penalties	3,891	2,126
Depreciation and amortization	32,553	16,012
Miscellaneous	5,159	2,548
Legal Settlements	-	107,500
Repairs & Maintenance	1,248	19,757
Total Selling, General and Administrative Expenses	**$ 3,099,906**	**$ 2,531,082**

The notes in the preceding section of this report are an integral part of the financial statements

THOMPSON & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

July 19, 2016

CONSENT

THOMPSON & COMPANY, PLLC consents to the use in the Franchise Disclosure Document issued May 6, 2016, by Golden Krust Franchising, Inc d/b/a Golden Krust Caribbean Bakery and Grill ("Franchisor"), as it may be amended, of our report dated April 15, 2016 relating to the financial statements of Franchisor for the period ending December 31, 2015

Thompson & Company, PLLC

THOMPSON & COMPANY,PLLC

7/19/16

DATE

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