FRANCHISE DISCLOSURE DOCUMENT

Jimboy's North America LLC
a Nevada Limited Liability Company
80 Iron Point Circle, Suite 105
Folsom, California 95630
(919) 934-5100
FAX: (919) 934-5110
www.jimboystacos.com

The franchises described in this disclosure document are for the development and operation of **JIMBOY'S®** Restaurants offering tacos and burritos, and that may also serve quesadillas, enchiladas, tostadas, guacamole, rice, beans, other related food and beverage products, and ancillary merchandise.

The total investment necessary to begin operation of each franchised Restaurant is $375,000 to $1,379,000. This includes $35,000 that must be paid to the franchisor for the Initial Franchise Fee. If You are an Area Developer, You are required to pay the franchisor a nonrefundable Development Fee equal to the Initial Franchise Fee for the first Required Restaurant plus $15,000 for each additional Required Restaurant.

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 disclosure in different formats, contact our Franchise Development Coordinator, at the above address and telephone number.

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

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

Issuance Date: July 14, 2017

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 D** 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 RISKS FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS MAY BE SETTLED BY ARBITRATION IN SACRAMENTO COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE A FRANCHISEE TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST A FRANCHISEE MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN A FRANCHISEE’S HOME STATE.

2. ARBITRATION WILL NOT BE USED FOR ANY DISPUTE WHICH INVOLVES A FRANCHISEE'S CONTINUED USAGE OF ANY OF THE MARKS OR ANY ISSUE INVOLVING INJUNCTIVE RELIEF AGAINST FRANCHISEE, ALL OF THESE ISSUES WILL BE SUBMITTED INITIALLY TO A COURT IN SACRAMENTO COUNTY, CALIFORNIA. THE PARTIES CONSENT TO PERSONAL JURISDICTION IN CALIFORNIA OVER ANY SUCH ISSUES NOT SUBJECT TO ARBITRATION.

3. THE FRANCHISE AGREEMENT STATES THAT THE LAW WHERE THE RESTAURANT IS LOCATED GOVERNS THE AGREEMENT

4. 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.

STATE EFFECTIVE DATES

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

This franchise disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California:	____________________, 2017
Utah:	March 22, 2017

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EXHIBITS:

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

To simplify the language in this disclosure document, the words "**We**", "**Us**", or "**Our**" mean the franchisor Jimboy's North America, LLC. "**You**" or "**Your**" means the person who buys the franchise and includes Your owners if You are a corporation, limited liability company, partnership or other business entity. Bold face terms are for ease of reference only.

The Franchisor

We are a Nevada limited liability company formed on June 28, 2012 to franchise and administer businesses using the trademark JIMBOY'S® and JIMBOY'S TACOS™ ("**Restaurants**"). We do not do business under any other name and Our principal business address is 80 Iron Point Circle, Suite 105, Folsom, California 95630. We have offered franchises for Restaurants since January 25, 2013. Our agents for service of process are listed on **Exhibit D.**

Parent and Predecessor

Jimboy's Tacos, Inc. ("**JTI**"), a corporation formed under California law on March 4, 1966, is Our parent company and predecessor in interest for the purposes of holding brand assets. We are a wholly owned subsidiary of JTI, but JTI has no operational or management control over JIMBOY'S franchises. JTI's principal business address is 80 Iron Point Circle, Suite 105, Folsom, California 95630.

Jimboy's Tacos was founded by Jim and Margaret Knudson in 1954, in Lake Tahoe, California. The first Jimboy's Tacos shop was opened in Sacramento, California in 1959. In 1965, Jimboy's Tacos began franchising restaurants in the Sacramento region under the supervision and guidance of Jim Knudson, the father of Karen E. Freeman, the current President of JTI.

On January 31, 1978, JTI and Jimboy's Marketing, Inc. ("**JMI**"), an independent California corporation, signed a Master Franchise Agreement granting JMI the rights as Master Franchisee to sell, develop, and support JIMBOY'S franchise units in Northern California and Nevada. Effective August 1, 2012, JTI and JMI agreed mutually to terminate the Master Franchise Agreement and JMI assigned its rights to all its existing JIMBOY'S sub-franchise agreements to Jimboy's North America L.L.C.

Other than the Master Franchise Agreement with JMI, JTI does not now and has never in the past sold franchises in any other line of business. Since 1998, JTI has directly and through related entities operated JIMBOY'S Restaurants. You may conduct some business directly with JTI, as JTI may be an approved supplier of goods or services to franchised Restaurants.

We have been offering JIMBOY'S franchises for sale since August 22, 2012. JTI has been operating a business of the type being franchised since at least 1978. Neither We nor JTI conduct any business activities other than in connection with the Restaurants or have previously offered franchises in this or any other line of business.

Affiliate

The Willowrock Group, LLC is Our affiliate ("**WRG**") and also located at 80 Iron Point Circle, Suite 105, Folsom, California 95630. Currently, WRG operates 3 JIMBOY'S Restaurants. You may conduct business directly with WRG, as WRG may be an approved supplier of goods or services to franchised Restaurants. WRG does not conduct any business activities other than in connection with the Restaurants and has not previously offered franchises in this or any other line of business.

Description of the Franchise

We offer franchises for the operation of Restaurants which specialize in the sale of tacos, burritos, enchiladas, salads, quesadillas, guacamole, rice, beans, other related food and beverage products, and ancillary merchandise. . The Restaurants will use the JIMBOY'S trademark and other designated trademarks, trade names, service marks and logos (**"Marks"**).

Each Restaurant must follow a system (the "**System**") developed by Our founders starting in 1954. The System includes valuable knowhow, trade secrets, distinctive interior designs, demarks, copyrights, proprietary products and software, confidential electronic and other communications, marketing programs and other business procedures as well as Our confidential Operating Manual (the "**Manual**"). Each Restaurant will use Our System and operate according to Our standards, specifications, operating procedures and rules (the "**System Standards**").

Restaurants typically range in size from 1,800 to 2,500 square feet with outside patio dining. They are typically high visibility in-line or end caps located in active and demographically dynamic markets that offer a mix of retail, residential, office, hotel, restaurants and entertainment venues. Restaurants are conveniently located on major roadways with good visibility and easy accessibility.

The fast casual Restaurants have a unique atmosphere identified exclusively with the JIMBOY'S brand name and every detail of the décor has been well planned to enhance the dining experience. The vintage interior instantly conveys high energy and fun, while celebrating our rich history and signature taco. The vibrant color accents, distinctive stone, wood and metal design textures, interior décor all combine to promise an experience consistent with the quality of the food and exceptional dining experience for the customer. Each Restaurant's manager and team enthusiastically serve high-quality food items prepared by a well-trained kitchen crew. Catering services may be offered at certified locations. Each Restaurant has approximately 18 to 25 full and part time employees. Operating hours are typically 8 a.m. to 10 p.m. Most Restaurants will offer beer, wine and margaritas at select locations.

Franchise Agreements

You must be approved both operationally and financially before opening each new Restaurant. The first step is to file a Franchise Application and Questionnaire with Us. If We approve Your Franchise Application, You will execute a Franchise Agreement (**Exhibit A**) and pay the initial franchise fee. The initial term of each Franchise is 10 years and is renewable for two additional 5-year terms, subject to certain conditions. See "Renewal" discussed below in ITEM 17.

Area Development Agreements

We offer multiple unit developers ("Developers") an Area Development Agreement (“**ADA**”) for the opening and operation a minimum of 3 franchised Restaurants, and preferably 5 or more franchised Restaurants within a designated area (“**Territory**”) pursuant to a mutually agreed upon Development Schedule. See **Exhibit B.** The ADA grants the exclusive right and obligation to develop a minimum number of Restaurants within the Territory during a certain time period (the "**Required Restaurants**"). A Developer must pay Us a nonrefundable Development Fee. The primary purpose of the Development Fee is to pay Us for reserving the designated territory. See ITEM 5 for initial fees.

Competition

The food service business is highly competitive. You will compete with a variety of food service establishments which may have financial, personnel, and technical resources far greater than Us or You, including mid-scale casual dining Restaurant chains and fast food chains. You will compete for business in this highly competitive environment.

Industry Regulation

Restaurant development and operation is highly regulated at the federal, state and local levels. These include design and construction requirements and permits, restaurant health, safety and sanitation, employee tip reporting, employment conditions, alcohol and tobacco sales and usage, “dram shop” laws (which make bars and restaurants liable to persons injured by an intoxicated customer), waste and hazard materials handling and storage, advertising, access for disabled persons, advertising and food product labeling and menus. You should investigate with your state and local agencies, the applicability of these and possibly other regulations in the area in which you are interested in locating Your Restaurant and should consider both their effect and cost of compliance. To obtain an alcoholic beverages license, You will be subject to fairly intense governmental regulation both in obtaining the license and properly maintaining it.

ITEM 2. BUSINESS EXPERIENCE

The business experience of Our officers, directors and key management for the last five years is as follows:

Karen Freeman, President

Karen Freemen is Our President and Managing Member, a position she has held since June, 2012. Ms. Freeman is also the President of Jimboy's Tacos, Inc. a position she has held since December, 2009. Ms. Freeman was Vice President of Jimboy's Tacos, Inc. from January, 1985, to December, 2009, and is the daughter of our Founders, Jim and Margaret Knudson.

Robert Andersen, Chief Executive Officer

Robert Andersen is Our Chief Executive Officer, a position he has held since November, 2016. Previously, he was Our Chief Business Officer from October, 2015 through October, 2016. He was President and CEO of Jackhammer Franchise Development Company, LLC in Plano, Texas from September, 2008 to November, 2016. Mr. Andersen was President of Vesta Restaurant Group, LLC from July, 2009 to July, 2015 in Plano, Texas.

James Freeman, Chief Operations Officer

James Freeman is Our Chief Operations Officer, a position he has held since March, 2013. Mr. Freeman was the President of Sterling Visions, Ltd, from June, 2005, to December, 2010.

Erik Freeman, Chief Financial Officer

Erik Freeman is Our Chief Financial Officer, a position he has held since June, 2012. Mr. Freeman also is the CFO of Willowrock Group, LLC a position he has held since June 2012.

Scott Knudson, Vice President of Jimboy's Tacos, Inc.

Scott Knudson is Vice President of Jimboy's Tacos, Inc., a position he has held since December, 2009. Mr. Knudson was President of Jimboy's Tacos, Inc. from January, 1985, to December, 2009, and is the son of our Founders, Jim and Margaret Knudson.

RJ Andersen, Director of Operations

RJ Andersen is Our Director of Operations, a position he has held since March, 2016. Previously, he was the Area Manager for Jimboy's Tacos, Inc. in Dallas Texas from November 2015 to March 2016 and General Manager from August 2015 to November 2015. Mr. Andersen was General Manager for Cowboy Chicken from October 2013 to June 2015 in Frisco, Texas.

Margaret Knudson, Founder

Margaret Knudson is a Founder of Jimboy's Tacos, Inc.

ITEM 3. LITIGATION

Jimboy's Marketing, Inc., and Bellagrace, Inc. vs. Jimboy's North America, LLC; Karen Freeman; James Freeman; and Robert Andersen. (Superior Court, Sacramento County, California Case No. 34-2016-00194586, Filed May 16, 2016).

The Complaint was filed after we did not renew a Consulting Agreement and alleges breach of contract, fraud, conspiracy and violation of California Business & Professions Code Section 20025. We have successfully defeated a motion for a preliminary injunction and the court has now twice sustained our demurrers to the allegations made in the complaint. We filed an Answer on March 3, 2017 and the lawsuit is in the discovery stage. We do not believe the claim has any merit and will vigorously defend this claim.

Other than this action, no litigation is required to be disclosed in this ITEM.

ITEM 4. BANKRUPTCY

On September 15, 2009, James Freeman, our Chief Operations Officer, filed a bankruptcy petition under Chapter 7 of the U.S. Bankruptcy Code (U.S. Bankruptcy Court, Eastern District, Sacramento Division, Case No. 09-39785-C-7), which was discharged on August 17, 2010.

Other than these actions, no bankruptcy information is required to be disclosed in this ITEM.

ITEM 5. INITIAL FEES

Initial Franchise Fee

The initial franchise fee for each new franchise Restaurant is $35,000.

There are no refunds of any part of the Initial Franchise Fee. All such fees payable to Us are intended to be "net" amounts and You must pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees.

Area Development Agreement

We are also offering franchises to Developers who will develop and operate at least 3 to 5 Restaurants under an Area Development Agreement.

The Area Development Agreement requires the Developer to pay Us a nonrefundable Development Fee equal to the Initial Franchise Fee for the first Required Restaurant plus $15,000 for each additional Required Restaurant (as specified in the Development Schedule negotiated between the Developer and Us).

As each Required Restaurant is developed, the Developer must pay Us an initial franchise fee of $35,000 (less $15,000 credit from the Development Fee) for that Restaurant. The franchise royalty fee will be 5% of Gross Revenues. There are no refunds of these payments.

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ITEM 6. OTHER FEES

NAME OF FEE (1)	AMOUNT	DUE DATE	
Franchise Royalty Fee	5% of Gross Revenues	Weekly	All Fees are payable to Us. See Note 2 and 3.
Local Marketing Commitment	2% of Gross Revenues	As Incurred	See Note 4
System Brand Fund	3% of Gross Revenues	Weekly (3)	All Fees are payable to Us. See Note 2, 3 and 5.
Supplier Approval Fee	Reasonable amount for Our costs and efforts (currently $1,000)	Upon request for approval	All Fees are payable to Us. See Note 6.
Additional Training	Reasonable Fee (currently $500 per day)	Upon Invoice	All Fees are payable to Us. See Note 7.
Opening Assistance	Our then-current per diem fee, plus Our expenses (currently $350 per day)	Upon Invoice	All Fees are payable to Us. See Note 8.
Late Payment Fees	$250 plus interest on late amounts at 18% or highest legal rate	Upon Invoice	All Fees are payable to Us.
Attorney Fees	Reasonable amount to prevailing party in any legal proceeding	Upon conclusion of proceeding	See Note 9.
Transfer Fee	25% of then current Initial Fee	Before actual transfer	All Fees are payable to Us. See Note 10.
Renewal Fee	$10,000	Prior to Renewal	All Fees are payable to Us. See Note 10.
Audit	Reasonable Accounting and Legal Fees	Upon invoice	All Fees are payable to Us. See Note 11.
Insurance Premiums	What You have failed to pay the Insurer	Immediately upon Invoice	Payable to Us to reimburse Us for having to pay Your obligation.
Indemnification	Amount of claim and costs incurred	Upon Demand	All Fees are payable to Us. See Note 12.
Liquidated Damages - Default	Lump Sum. Calculation based on number of months and Royalty Fee averages.	Upon Demand	See Note 13.
Liquidated Damages - Wrongful Hire	Amount of annual salary	Upon Demand	See Note 14.

FOOTNOTES:

(1) All fees are imposed uniformly and paid to Us unless indicated otherwise. None of these fees are refundable for any reason except errors. All fees payable to Us are intended to be "net" amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees (specifically not to include income taxes).

(2) "**Gross Revenues**" is defined in the Franchise Agreement and includes all amounts received for services and product sales in or from the Restaurant. "Gross Revenues" does not include sales taxes, complimentary employee meals, discounts, the sale of System gift or loyalty cards (although revenue derived from selling products and services to customers who use such cards for payment will be included in Gross Revenues), refunds or proceeds from the sale of furniture, equipment or similar items used in the Restaurant.

(3) You must pay these fees no later than the fifth (5th) day following the end of each week or such other time as may be designated in the Manual. You agree to pay all such Fees to Us by direct transfer of funds ("**EFT**") or other method of payment designated by Us. You must submit, for each designated period, a sales report, and ensure that each account has sufficient funds for the transfer.

(4) You must spend at least this amount monthly to conduct approved local advertising and sales programs for Your Restaurant. If an advertising cooperative is established in Your area, You must join it and contributions to it will be applied toward this obligation.

(5) We will deposit each payment into a separate bank account to be used for advertising and marketing purposes as described in ITEM 11. Restaurants operated by affiliates will also contribute to this Fund.

(6) We may impose reasonable inspection and supervision fees to cover Our costs in evaluating and maintaining alternative brands or suppliers You propose. Our current estimated cost is $1,000 although costs could exceed this amount depending on the product.

(7) The Initial training is free for up to 3 people. This estimate is for additional training if You request Our assistance after Your Restaurant opens or if We determine that You require Our assistance. Typically additional training might include 1 to 2 persons for 2 days. Fees may not be uniformly imposed depending on specific circumstances. You must pay for the expenses of attending training, such as lodging, meals, transportation and wages of trainees.

[FOOTNOTES CONTINUED ON NEXT PAGE]

FOOTNOTES CONTINUED:

(8) In Our sole discretion, We may provide employees (up to two) for such period of time as we deem appropriate (currently at least 7 days) to conduct on-site training before and during the opening of Your Restaurant.

(9) Such fees will vary based on circumstances and may include reimbursement for legal or accounting fees that occur as a result of any breach of the Franchise Agreement.

(10) Payable to Us for successor franchise. These Fees may not be uniformly imposed at all times.

(11) In addition to any additional fees found due as a result of an audit of Your financial records, You must pay Us Our audit cost if You have understated Gross Revenues by more than 2% of the actual Gross Revenues found by the audit. The cost of an audit varies widely depending on how well the books and records are kept, but We estimate the cost of an audit to be between $1,000 and $5,000.

(12) You must indemnify Us for claims relating to Your operation of the Restaurant.

(13) If the Franchise Agreement is terminated due to Your default, You must pay Us liquidated damages equal to the average monthly Royalty Fees owed or paid during the 12 full calendar months of operation preceding the effective date of termination multiplied by (A) 24 (being the number of months in two (2) full years), or (B) the number of months remaining in the Agreement had it not been terminated, whichever is less.

(14) You may not hire any person employed by Us, an affiliate or another JIMBOY'S franchisee without Our prior written consent. If You fail to obtain the written consent, You agree to pay the prior employer of such person liquidated damages equal to the greater of the prior annual salary or one-half of the annual salary and of any bonus paid or to be paid by You to such person during the first year of employment. (Franchise Agreement, Section 4.10)

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ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

CATEGORY OF INVESTMENT	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Initial Franchise Fee (1)	$35,000	Lump sum	Upon signing the Franchise Agreement	Us
Leasehold Improvements (2)	$160,000 - $950,000	Varies	Prior to Opening Restaurant	Approved Suppliers
Fixtures, Furniture, Equipment & Supplies (3)	$85,000 - $110,000	Varies	Varies	Approved Suppliers
Signs (4)	$10,000 - $40,000	Varies	Prior to Opening Restaurant	Approved Suppliers
POS & Digital Menu (5)	$7,500- $40,000	Varies	Prior to Opening Restaurant	Approved Suppliers
Smallwares (6)	$9,000 - $10,000	Varies	Prior to Opening Restaurant	Approved Suppliers
Initial Inventory (7)	$8,000 - $12,000	Varies	Prior to Opening Restaurant	Approved Suppliers
Office Equipment and Supplies (8)	$500 - $1,000	Varies	Prior to Opening Restaurant	Approved Suppliers
Grand Opening Event (9)	$15,000 - $20,000	Varies	Shortly before and after the Restaurant opens	Media companies
Insurance (10)	$11,000 - $22,000	Lump sum payment of first year premium	Prior to Opening Restaurant	Insurance companies
Lease Deposits (11)	$4,000 - $20,000	Lump sum	Signing of Lease	Landlord
Professional Fees (12)	$3,000 - $8,000	Varies	As Incurred	Accountants, lawyers, etc.
Licenses/Bonds (13)	$1,500 - $10,000	Lump sum on application	Prior to Opening Restaurant	Government agencies and bonding companies

CATEGORY OF INVESTMENT	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Other Deposits	$500 - $1,000	Lump sum	When you engage the service	Utilities, banks/credit card companies, leased equipment vendors, alarm company, telephone company
Training Expenses (14)	$5,000 - $20,000	Varies	Varies	Airfare, ground transportation, meals, lodging, etc.
Additional Funds prior to opening and for next 3 months after opening (15)	$20,000 - $80,000	Varies	Varies over the next 3 months	Payroll, debt services, and cash to cover miscellaneous day-to-day expenses
Total	$375,000 - $1,379,000	Excluding real estate costs		

FOOTNOTES:

The above are estimates based on Our experience with franchisee and company Restaurants, but Your costs will depend to a great extend on Your geographical area, Your decision on each issue, and the extent to which You follow the JIMBOY'S System standards.

We do not require You to purchase real estate, and the total estimated initial investment does not include the acquisition of real estate (See Footnotes 2 and 11 below). Unless otherwise stated, We do not expect that any of the estimated investment amounts are refundable.

(1) You must pay the Initial Franchise Fee when You sign the Franchise Agreement and prior to opening Your Restaurant. It is not refundable for any reason.

(2) Typically, JIMBOY'S restaurants are located in retail strip centers, shopping plazas or at stand alone locations. The cost of purchasing or leasing and developing a site for a JIMBOY'S franchise may vary considerably depending on such factors as geographic location, size, materials expense, subcontractor expense, tenant landlord improvement allowances, and the local real estate market. Depending on the floor plan, you will need a space between 800 to 2,500 square feet. You will pay

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FOOTNOTES CONTINUED

all construction expenses, including the cost of all required site work, leasehold improvements, and permitting expenses. The high estimated amount is dependent on the extent of build out required. We will provide you with mandatory specifications and layouts for your JIMBOY'S franchise location, including requirements for dimensions, design, image, interior layout, decor, fixtures, color scheme and other suggestions. You must have prepared, all at your expense, all required construction plans and specifications to suit the shape and dimensions of the franchise location and must ensure that the plans and specifications comply with all applicable federal, state or local laws, codes, regulations, ordinances, building codes and permit requirements and with lease requirements and restrictions.

(3) This is an estimate of the cost of leasing or purchasing required restaurant equipment, fixtures, furniture, and supplies.

(4) This is an estimate of the cost of obtaining required interior and exterior signage at the franchise location, including the required types and amounts of signs that we specify.

(5) This is an estimate of the cost of leasing or purchasing the required point-of-sale system, and other related technology.

(6) Smallwares include includes small kitchen appliances, kitchen utensils, silverware, glassware, and tableware.

(7) This is an estimate of the cost of 2 weeks of initial food, beverage and paper inventory.

(8) This is an estimate of the cost of obtaining necessary office equipment and supplies, including office furniture.

(9) You and We will agree on a specific grand promotional program for Your new Restaurant. The cost of this mandatory promotional program will range from $15,000 to $20,000. Restaurants being opened in a new trade area may require more initial spending than where Our brand is already known.

(10) You should have funds for one year's estimated insurance premiums. The cost of insurance varies depending on many factors. You should contact Your insurance agent and obtain an estimate of Your actual insurance costs.

[FOOTNOTES CONTINUED ON NEXT PAGE]

FOOTNOTES CONTINUED

(11) These estimates are based on the assumption that You will lease Your Restaurant. A typical Restaurant contains approximately 1,800 to 2,500 square feet of indoor space for an end cap unit. A lease normally requires payment of the first month's rent and a deposit equal to a second month's rent. The levels of rent vary widely from area to area and for different locations within the same area. A location within a mall or large shopping Restaurant may be smaller but require higher rent. You should investigate all these costs in the area where You wish to establish Your Restaurant.

(12) Professional fees include any amounts You spend for accounting or legal services in establishing the Restaurant.

(13) The low estimated amount is for a typical business license while the high estimated amount is if You obtain a beer/wine license.

(14) Our initial training program is 5 to 6 weeks. You and/or Your Operator Principal, and 2 other people may attend the initial training program. You must pay all travel, accommodation, and living expenses for any individuals that attend the initial training program.

(15) This estimate includes working capital for the first 3 months of operating the Restaurant. These figures are estimates based upon our experience in opening and operating Our Company owned locations, and We cannot assure you that You will not have additional expenses in starting Your Restaurant.

Except as otherwise noted, none of these payments are refundable. These payments are only estimates and Your costs may be higher, depending on Your particular circumstances. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise.

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ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Each Restaurant must be constructed or remodeled to Our specifications. You must obtain Our written approval of any proposed alterations to Our specifications before any work is begun. You must equip and supply Your Restaurant from suppliers previously approved by Us ("**Approved Suppliers**").

You must purchase Our proprietary food products and items bearing our Marks which We or designated suppliers will sell to You at a reasonable markup. You are not obligated to purchase anything else from Us or an affiliate, but You will be obligated to make 100% of Your purchases from Approved Suppliers. We may terminate Your franchise if You purchase goods or services that are not according to Our specifications or that are not from Our Approved Suppliers. To insure that the highest degree of quality and service is maintained, You must operate Your Restaurant in strict conformity with the method, standards and specification that We prescribe in the Manual or otherwise in writing. We may modify or add new specifications in writing.

We may negotiate purchase arrangements with suppliers, including price and terms, for the benefit of franchisees and the Restaurants operated by an affiliates. You must use some supplies that are proprietary to Us, including copyrighted forms and materials bearing Our Marks. The only material benefits You may receive for using Approved Suppliers are lower prices and better services and quality, due to Our negotiations with them on behalf of the system.

We will specify Approved Suppliers and the products and services that are required to be purchased or leased in the Manual. The list of required items will be changed to meet current needs. Approved Suppliers are identified in Our Operations Manual. We may update our list of Approved Suppliers as We deem necessary or appropriate

Approved Suppliers and specifications are determined based on the current needs for operating the Restaurant. We evaluate Approved Suppliers based on price, service, quality, and other commercially reasonable benchmarks. We have the right to limit the number of vendors and suppliers for products, goods, supplies, fixtures and equipment. We also have the right to designate a single source of supply for certain products. We or an affiliate may be that single source.

Currently, We require You to use a Aloha® point-of-sale system that complies with Our specifications. Our designated architect for Your first Restaurant is Kobra Design. During the last fiscal year, neither We nor any affiliate received any revenues as a result of franchisee purchases.

You may be required to purchase from Us in the future software, Internet, and multi-area marketing programs, and to participate in these programs. There are no such requirements at this time, and We estimate based on present circumstances, that these required purchases will be less than one percent of Your purchases and leases.

We and Our affiliates reserve the right to receive rebates or other consideration from suppliers based on Franchisee purchases. Most of these payments are calculated on an amount based on products sold. During the last fiscal year, We received rebates from suppliers in the amount of $162.017 which was 7.44% of Our total revenues of $2,177,002. Currently, rebates received from Our beverage suppliers are contributed to the Brand Fund, and all other rebates are used to benefit the System.

We do not have any purchasing or distribution cooperatives. Other than Our affiliates, none of Our officers own an interest in an Approved Supplier.

We will approve additional suppliers. If you want to purchase items from another supplier, you may request Our "Supplier Approval Form" and pay Our Supplier Approval Fee (currently $1,000). Based on the information and samples you supply Us, We may test the items supplied and review the proposed supplier's financial records, business reputation, delivery performance, credit rating and other information. We are not required to make available to You or any supplier Our criteria for product or supplier approval. We will complete Our review promptly, generally within 90 days.

Insurance:

The Franchise Agreement requires You to obtain insurance from Qualified Insurance Carriers satisfactory to Us. Each insurance company must be rated no less than A VII by A.M. Best and Company. The insurance You must obtain includes coverage during the construction of Your Play Center and its operation. We must be named as an additional insured on each policy except workers compensation insurance. The required insurance policies must have at least the minimum coverage specified in the Franchise Agreement.

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ITEM 9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT ("FA"), AND THE AREA DEVELOPMENT AGREEMENT ("ADA"). IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS FRANCHISE DISCLOSURE DOCUMENT.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site Selection and acquisition/lease	FA: §1.3 ADA: §§1.1, 4.2	Items 1, 11
b. Pre-opening purchases/leases	N/A	Items 7, 8, 11, 16
c. Site development and other pre-opening requirements	FA: §§4, 5 ADA: §§1, 2, 4	Items 1, 5, 7, 11, 12, 15
d. Initial and ongoing training	FA: §5 ADA: §4	Items 1, 11, 17
e. Opening	FA: §7.8 ADA: §2	Items 5, 7, 11
f. Fees	FA: §§2, 3.2, 4.1, 4.8, 5.6, 11.5, 16.6 ADA: §§3, 4.3, 5.2(c), 6.2(e)	Items 1, 5, 6, 7, 17, 19
g. Compliance with standards and policies/Manuals	FA: §4 ADA: §4.1	Items 1, 11
h. Trademarks and proprietary information	FA: §§4.5, 14 ADA: §4.4, 8.3	Items 13, 14
i. Restrictions on products & services offered	FA: §§4.4(a), 4.7, 4.8 ADA None	Items 8, 16
j. Warranty and customer service requirements	FA: §§4.3 ADA: None	Item 1
k. Territorial development and sales quotas	FA: §§1.2 ADA: §§1.1, 2, 4	Items 1, 12

Obligation	Section in Agreement	Item in Disclosure Document
l. Ongoing product/service purchases	FA: §§4.6, 4.7, 4.8 ADA: None	Items 8, 16
m. Maintenance, appearance & remodeling requirements	FA: §§ 4.3 4.4, 4.6, 6 ADA: None	Item 17
n. Insurance	FA: §11 ADA: None	Item 7
o. Advertising	FA: §7 ADA: None	Items 6, 7, 11
p. Indemnification	FA: §10.2 ADA: None	Item 13
q. Owner's participation/ management/staffing	FA: §§4.2, 4.9, 4.10, 9.4, 13.2 ADA: §§8.4, 8.5	Item 15
r. Records/ Reports	FA: §§8, 9.3, 9.4 ADA: None	Items 6, 11
s. Inspections/Audits	FA: §9 ADA: None	Item 17
t. Transfer	FA: §13 ADA: §§1.6, 1.7	Items 6, 17
u. Renewal	FA: §3.2 ADA: 1.2, 6	Items 6, 17
v. Post termination obligations	FA: §§4.9(f), 15 ADA: None	Item 17
w. Non-competition covenants	FA: §4.9 ADA: §8	Items 5, 17
x. Dispute resolution	FA: §§16.5, 16.7 ADA: §9	Item 17

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee Your note, lease or other obligation. There are no waiver of defenses or similar provisions in any note, contract or other instrument executed by franchisees with Us.

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

Except as listed below, We need not provide any assistance to You.

A. Pre-opening. Before You open Your Restaurant, We will:

1. Loan you a copy of Our confidential Manual, which contains mandatory and suggested specifications, standards, operating procedures and rules, in written and/or electronic form (Franchise Agreement, Section 4.4).

2. Conduct an initial training program operations training course for You and Your Operating Principal (Franchise Agreement, Section 5.1).

3. Provide You with assistance in locating the site for Your Restaurant (Franchise Agreement, Section 1.3).

4. Review and comment certain provisions of Your proposed lease (Franchise Agreement 1.3 and 15.5).

5. Provide You with specifications and layouts for Your Restaurant (Franchise Agreement 1.6).

6. Approve, if it meets Our standards and specifications for approval, plans submitted by You for the design of Your Restaurant (Franchise Agreement, Section 1.6).

7. Assist You in developing a marketing program designed for Your Restaurant's initial opening (Franchise Agreement, 7.8).

8. Advise and assist You in opening Your Restaurant and be available to assist with its operations for as long as reasonably needed, in Our opinion (Franchise Agreement, Section 4.1).

B. Post-opening. During the operation of Your Restaurant, We will:

1. Advise and assist You in opening Your Restaurant, and be available to assist with its operations, as reasonably needed in Our opinion (Franchise Agreement, Section 4.1).

2. Advise and assist You with operating Your Restaurant, including periodic visits by Our representatives (Franchise Agreement, Section 9.2).

3. Make available additional training programs as We deem appropriate (Franchise Agreement, Section 5.5).

4. Develop and administer, at Our discretion, advertising and promotion programs designed to promote the collective success of all Restaurants (Franchise Agreement, Section 7.3).

5. Administer the System Brand Fund ("**Brand Fund**") (Franchise Agreement, Sections 7.3 and 7.4).

6. Deposit Brand Fund Fees received into a separate account (Franchise Agreement, Sections 7.3).

7. Include information about your Restaurant on our Web site (Franchise Agreement, Section 7.8)

C. Site Selection.

You must select a site that meets Our approval. We will help You select a site for Your Restaurant. Within three (3) months days after execution of the Franchise Agreement, You should have located and obtained Our approval for the site of Your first Restaurant. If You have not done so, We will grant You additional 90 day extensions so long as We are satisfied that you are proceeding in good faith and with due diligence. You must use Our approved form to request each ninety day extension. After the extensions, We may terminate the Agreement with no refunds if You have not obtained an approved site

We will consider, as part of site approval, a number of factors such as potential customer density levels, assessment of a demographic study of the customer mix compared to existing profiles already established by Us, assessment of competitor activity, revenue generators, traffic patterns of the area, as well as specific size, parking, and other physical characteristics of the proposed site itself. We will use reasonable efforts to make a site acceptance decision within 30 days after We acknowledge receipt of a complete site information form and any other materials we have requested Our approval means that the site and plans meet minimum specifications, and is not a warranty of their appropriateness.

D. Time Before Opening.

We believe that based upon Our experience, You should typically open a Restaurant within six to ten months after executing the Franchise Agreement. This length of time may be affected by factors such as difficulties in obtaining a lease for an acceptable premises, financing arrangements, building or sign permits, or delays caused by zoning or local ordinances, weather conditions, labor strikes, shortages of products and installation of equipment, fixtures and signs.

E. Advertising.

We will develop marketing, promotion and advertising programs designed to promote JIMBOY'S businesses. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

We will provide access to advertising and marketing materials and services to You. We currently conduct marketing at a trade area level to encourage visits from potential, as well as prior, customers. We may also use premium incentives and product awareness campaigns in advertising and promotion. Advertising media may include print, Internet, vehicle wraps, fundraisers, social networking sites, public relations campaigns and radio or television (primarily local in scope). Whenever possible, the material is produced in-house or provided by vendors.

You may develop advertising materials for Your own use at Your own cost. All advertising materials must have been approved by Us in advance and in writing. Approval takes between 30 and 60 days.

All of Your advertising, promotion and marketing must be completely clear and factual, not misleading, and conform to the highest standards of ethical marketing and promotion policies. You must submit to Us samples of all advertising, promotional and marketing materials (including Internet or electronic media marketing material) for Our prior written approval. You must only use advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise.

There are no restrictions on Your advertising, except that You may not advertise independently on the Internet, including any social networking sites, or outside Your territory, and that Your advertising must be approved by Us, as stated above. You must participate in Our "eclub" marketing campaigns, Gift Card program, Loyal Customer program and similar marketing programs as they are developed.

Local Advertising. You must spend 2% of Your Restaurant's Gross Sales monthly for pre-approved local advertising and promotion of Your Restaurant in its trade area. You must submit confirmation of Your Local Advertising following the procedures and timing requirements designated in the Manual.

If an Advertising Cooperative ("**Ad Co-op**") is established for the area where Your Restaurant is located, You must join, actively participate in and contribute to the Ad Co-op; contributions to it will be applied toward Your Local Marketing Commitment. The Ad Co-op may also serve as a means of exchanging ideas, sharing information and problem solving. You must contribute to the Ad Co-op up to 2% or more of Your Restaurant's Gross Revenues, which is in addition to your contributions to the system wide Brand Fund discussed below. The Ad Co-op members may agree to additional funding in accordance with its established Bylaws. We will oversee each Ad Co-op. If You are in default of the Franchise Agreement, You will not have voting privileges. The Ad Co-op may prepare annual or periodic financial statements and these will be available to You upon request.

Brand Fund. You must contribute 3% of Your Restaurant's Gross Revenues to the Brand Fund. We will administer the Brand Fund and spend Brand Fund Fees only for the purposes described in the Franchise Agreement and follow the procedures contained in the Brand Fund Policy described in the Manual.

The Brand Fund which will be used to develop, produce and administer marketing programs designed to increase sales for all Restaurants system-wide. Advertising may be in the form of print ads, radio, television or electronic media and may be conducted on a regional and/or national basis. We may use a national or regional advertising agency or in house advertising to create and place advertising. All interest earned on monies contributed to the Brand Fund will be used for the same purpose. Brand Fund contributions will not be targeted to advertise or sell franchises.

The purpose of the Brand Fund is to develop advertising and marketing programs that will benefit all Restaurants wherever located. We cannot ensure that the Brand Fund's expenditures will be equally beneficial or proportionate to each Restaurant's contributions.

We will account for monies in the Brand Funds separately from Our other amounts received. Money from the Brand Fund may be used to pay Us for the reasonable salaries, administrative costs, maintaining and updating Our website, marketing surveys, travel expenses and overhead incurred by Us in the administration of that Fund and its programs. We will prepare an annual unaudited statement of monies collected and expenditures of the Funds, and provide it to You. Restaurants operated by Our Affiliates will contribute to the Brand Funds at the same rate as Franchisees.

F. Computers; Computer Programs.

Your Restaurant must have a point of sale (“**POS”)** and computer system as specified in the Manual, which will operate Our currently approved software and allow You to participate in the Network. Your Restaurant must also have one or more modems, fax machines, polling systems, digital menu boards, computerized safe systems and a telephone answering machine capable of voice mail recovery. We may require you to upgrade or update Your equipment, such as the computers, other hardware, programs, fax machine and telephone system, with reasonable limitation on the frequency or cost of this requirement. You are responsible for installing a broadband hook-up and other utilities for the Restaurant.

Currently, we use ALOHA point-of-sale ("POS") software and hardware system from NCR Corporation, in the operation of Your Restaurant. The POS software may be used for point-of sale, dine-in and carry-out functions, customer database, labor time and attendance tracking and scheduling, inventory control, food cost, accounting reporting, and credit card authorization. The POS hardware may consists of terminals with touch screen monitors for each workstation and remote printers to the file server computer. Currently, the POS software and hardware are not proprietary.

The current hosted services license fee is $405 to $845 per month depending on the options selected and PCI compliance of Your systems. These amounts may be adjusted up to 10% annually to account for inflation and product enhancements. There is also a hosted service installation fee in the amount of $1,250 to $2,000 depending on the selected options. The annual tech support cost is estimated at $1,000 to $1,100.

We will have independent access to the information that will be generated or stored in any electronic cash register or computer system, such as financial and marketing information. There are no contractual limitations on Our right to access this information.

If We establish an online management and communication system for Restaurant Operations, You must participate fully with its requirements as stated in the Manual.

All of the designated equipment and software is available generally at competitive prices. The purchase cost is estimated at $25,000 to $40,000. Your annual maintenance costs are estimated at $2,500 to $4,000. None of the above are proprietary properties of Us or our affiliates, and We are not obligated to provide or assist You in obtaining the above items or services.

G. Confidential Manual.

You may review Our Manual before purchasing a Franchise. You may not copy any of the information contained in the Manual, as it contains proprietary information. You must sign a confidentiality agreement regarding the Manual before Your review. (**Exhibit C**)

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H. <u>Training.</u>

As of March 31, 2017 Our Initial Training Program consisted of the following content according to the following general outline:

TABLE OF SUBJECTS

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Administration - Business Philosophy and Vision - Financial Planning - Accounting - Payroll - Reporting - Regulatory Compliance	6	0	Folsom, CA
Facility Management - Maintenance - Health & Safety - Equipment - Physical Plant Maintenance - Appearance	2	8	Folsom, CA
Staff Management - Recruitment - Hiring - Training - Policies - Job Description - Scheduling	5	1	Folsom, CA
Restaurant Operations - Food Preparation - Inventory Management - Health and Safety	10	40	Folsom, CA
Marketing and Customer Service - Marketing - Customer Service - Community Relations	2	6	Folsom, CA

[SEE FOOTNOTES ON NEXT PAGE]

<u>FOOTNOTES:</u>

(1) The Initial Training, which consists of both classroom and hands-on-training, must be successfully completed to Our satisfaction 45 days prior to the opening of Your Restaurant opens. Pre-opening training will consist of training at our training location, currently in Folsom, California. Initial training consists of 5 to 6 weeks of training. Any on-the-job training will be conducted at a designated Jimboy's Restaurant. We expect to conduct these training courses several times each year.

(2) You and/or Your Operating Principal must attend and successfully complete Our Initial Training. We may terminate the Franchise Agreement for failure to successfully complete this training course.

(3) We provide this Initial Training at no additional charge to You and/or Your Operating Principal. All of Your Managers must either attend and successfully complete Our training or otherwise become certified as required by the Manual. You will be responsible for paying all of Your personnel's travel, lodging and food costs.

(4) Our principal trainers have experience in Restaurant operations with Us or with other food systems. RJ Andersen has been in the restaurant industry for twelve years, working fast casual concepts such as MooYah Burgers & Fries and Paradise Bakery. Dan Harms has spent over twenty years in the restaurant business, twelve of which were spend as an owner-operator of a KFC franchise unit.

(5) The materials used in Our Initial Training are the Manual and other materials such as various videos, demonstrations and checklists. We may modify Our training programs at any time. We may develop audio-visual and other training materials at a reasonable charge.

(6) The actual hours will depend on a variety of factors, including the trainee's prior experience and his or her ability to pass any written and/or practical exams to Our reasonable satisfaction.

(7) As We deem necessary, We may provide employees (up to 2) for such a period of time (currently 7 days) to conduct on-site training before and during the opening of Your Restaurant. We may charge Our then-current per diem per employee (Currently $350 per day), plus reasonable travel-related expenses for such on-site training and assistance.

(8) As We deem necessary, We may require that You and Your personnel attend additional training courses or programs covering operations and new product or procedure introductions. We may require You to pay a reasonable fee for the additional training. Currently, Our training fee is $500 per day. You must pay for all travel, lodging and food costs for You and Your personnel. We expect that additional training will be conducted at one Our Company Restaurants and will be one or two days in duration and cover changes in Restaurant products and procedures. Under normal circumstances, the additional training will not occur more than once a year.

ITEM 12. TERRITORY

You will be granted a designated geographic territory ("**Territory**") in which to operate Your Restaurant. We agree that unless Your Restaurant is in a "**high density area**" (as defined below), We will not establish another JIMBOY'S Restaurant within two (2) miles of Your Restaurant's front door, except for one or more "**Non-Traditional Venue"** Restaurants.

"**Non-Traditional Venue"** means a site or location for which the lessor, owner or operator thereof shall have indicated its intent to limit the operation of its food service facilities to itself or a master concessionaire or contract food service provider, and which site or location is either (i) within another primary business or (ii) at an institutional setting such as a school, college and university, military and other governmental facility, hospital, hotel, limited access highway, shopping mall, airport, toll road, office or in-plant food facility, sports arena and stadium, supermarket, grocery store or convenience store.

You will not receive an "exclusive" territory because We can establish Non-Traditional Venues and You may face competition from other franchisees, from outlets that We own, or from other channels of distribution or competitive brands that We control.

We have the discretion to determine what is to be considered a "**high density area**", which will typically be an area with a high degree of pedestrian traffic, such as a downtown portion of an urban area with high rise commercial buildings, or a densely populated residential area with primarily multi-family or apartment units, in which event You and We will agree on the area, if any, in which You will have territorial protection.

We have the sole and exclusive right to produce, license, distribute and market products using the Marks or other marks (such as pre-packaged products, beverages, books, clothing, souvenirs and novelty items) through any outlet anywhere, and through any distribution channels. We reserve the right to use or license others to use Our name and other trademarks to distribute pre-packaged products. You will not receive any of these rights. We are not required to pay You for soliciting or accepting orders from inside Your territory. We reserve all rights not expressly granted in the Franchise Agreement.

The Franchise Agreement does not restrict Us from operating or authorizing others to operate other franchises or Company-owned Restaurants or other channels of distribution, at any location, from selling or leasing similar products or services under a name other than JIMBOY'S. We do not currently intend to do so.

The Franchise Agreement will not grant You any options, rights of first refusal or similar rights to acquire additional franchises within Your Territory or contiguous areas. You maintain rights to Your exclusive territory even though the population increases. Your territorial rights are not dependent upon achievement of a certain sales volume, market penetration or any other contingency, and it will not be altered except by mutual consent. You must receive Our approval before relocating the Restaurant. Any request to relocate Your Restaurant will be either approved or denied within 90 days of Our receipt of all relevant information.

Area Development Agreement.

During the term of an Area Development Agreement ("**ADA**"), We will not license or allow any other party to open a JIMBOY'S business within Your designated Territory (except for one or more "**Non-traditional Venue"** Restaurants (defined above) or pursuant to the first refusal rights contained in Your Franchise Agreement.

If You materially breach the ADA and it is terminated, We will have full rights to franchise other parties to operate Restaurants within what was Your Territory, or to operate Restaurants Ourselves within that Territory.

If before the end of the term You have opened all of the Restaurants required by the ADA and We decide that one or more additional Restaurants should be developed within Your Territory, You will have the right of first refusal for the additional Restaurant(s).

If We acquire any other Restaurants with the intention of converting them to Restaurants using Our Marks, You will have a right of first refusal to purchase and convert any of those Restaurants within Your Territory.

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ITEM 13. TRADEMARKS

You will receive the right to operate a Restaurant under the name JIMBOY'S. You may also use other current or future Marks as We designate to operate Your Restaurant. By Marks, We mean trade names, trademarks, service marks and logos used to identify and operate Your business. The following Marks have been registered on the United States Patent and Trademark Office ("**USPTO**") Principal Register:

Mark	Date	Reg. Number
JIMBOY'S (Design)	May 27, 1997	2064929
JIMBOY'S (Word)	May 22, 1990	1597887

You must follow Our rules when You use any of the Marks. All required affidavits have been filed. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques, except as We license to You or otherwise authorize in writing. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time.

No agreements limit Our right to use or franchise the use of the Marks. We do not know of any infringing uses that could materially affect Your use of the Marks. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks.

You must notify Us immediately after learning about an infringement of or challenge to your use of the Marks. We will take the action We think appropriate to protect the integrity and validity of the Marks. We are not required to take any specific action in regard to infringements involving the Marks. We have the sole right to control administrative proceedings or litigation regarding any trademark infringements.

We will defend You and indemnify You if You are a party to a legal proceeding involving a Mark licensed by Us, used properly by You, and timely informed Us of the proceeding. You must modify or discontinue the use of a trademark if We modify or discontinue it. You must not contest Our right to the Marks, trade secrets or business techniques.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but You can use the proprietary information in the Manual, training materials, including DVD and CD diskettes, electronic emails and confidential information. Although We have not made a copyright filing for the Manual, We claim a copyright, and the information is proprietary and confidential and the may only be used as provided in the Franchise Agreement. The Manual will remain Our sole property. You must keep in a secure place on the Restaurant premises.

You or Operating Principal may divulge confidential information only to those employees who must have access to it to operate Restaurant. The Manual may not be copied, recorded or otherwise reproduced without Our prior written consent.

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

You or Your Operating Principal, who has successfully completed Our training program, must devote full time and best efforts to directly supervise and participate in operation of the Your Restaurant. Your Restaurant must at all times have an on-site manager approved by Us and certified as designated in the Manual.

If You are a legal entity such as a corporation, partnership or limited liability company, one of Your owners must be approved by Us to be Your full-time representative. All of Your owner(s) must personally guarantee the Franchise Agreement and, if applicable, the Area Development Agreement. We have the right to approve all owners and any future owners.

If You are a legal entity, Your Operating Principal must own at least a 10% equity interest in such entity. Neither You nor Your Operating Principal may have an interest or business relationship with any of Our business competitors.

The ADA requires You to designate an "**Authorized Principal**" who will have full authority to act on Your behalf in performing, administering or amending the ADA.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those services and products that We have approved (see ITEM 8). You must offer all products and services that We designate as required for all franchisees. These required products and services are described in the Manual. You must obtain Our prior written approval for any other products and services to be sold by Your Restaurant. If We implement customer satisfaction programs for all franchisees, You must participate fully with their requirements as stated in the Manual.

We may change the types of authorized products and services that you must offer from Your Restaurant. There are no limits on Our right to make such changes. If You propose an additional product or service, You must submit it to Us for approval before offering it in Your Restaurant. We may approve it initially for testing only. All proposals approved by Us will become Our property.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Initial Term	FA: §3.1	Initial term of Franchise is 10 years.
b. Renewal or extension of the term.	FA: §3.2	You may renew the franchise for two additional 5-year terms if certain conditions are met. "**Renewal"** may require You to sign a contract with materially different terms and conditions than Your original contract.
c. Requirements for renewal or extension.	FA: §3.2	6-12 months' notice, no defaults during last 12 months, material and timely compliance with Franchise and other agreements during initial term, satisfied all monetary obligations owed to Us and Your suppliers, completed all required additional training, made all requested changes in operating personnel, modernized the Restaurant and other equipment, payment of renewal fee, and signing of new Franchise Agreement and general release.
d. Termination by Franchisee.	FA: §15.2	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by Us without cause	None	
f. Termination by Us with cause.	FA: §15.1	We can terminate only if You default.

g. "Cause" defined as defaults which can be cured.	FA: §15.1	You have 30 days after notice to cure defaults (except defaults in payment to Us, in which case You only have 10 days to cure after notice). Includes defaults in other Franchise Agreements with Us. No cure period for default repeated twice within any twelve-month period.
h. "Cause" defined as defaults which cannot be cured.	FA: §15.1	Non-curable defaults: Failure to complete training or allow inspection, bankruptcy or similar action, loss of possession, material misrepresentation in obtaining franchise, violation of health and safety laws, conviction of crime involving moral turpitude, failure to obtain consent to transfer rights or failure to offer first right of refusal.
i. Obligations on termination.	FA: §15.3	Immediate obligations include no more use of telephone numbers, trademarks or proprietary information; remove all Marks; return Our manuals and any other confidential materials; pay all amounts due to Us; and de-identify the Restaurant.
j. Assignment of contract by Us.	FA: §13.8	No restriction on Our right to assign.
k. "Transfer" by You-definition	FA: §13.5	Includes transfer of rights under Franchise Agreement and ownership change.
l. Our approval of transfer by franchisee.	FA: §13.3	We have the right to approve all third party transfers, but will not unreasonably withhold approval.
m. Conditions for Our approval of transfer.	FA: §§13.4, 13.5, 13.6	No default, assets of the Restaurant in standard condition, payment of all amounts owed to Us and Affiliates, payment of transfer fee, transferee qualifies and passes training, current Franchise Agreement signed by transferee, and release and non-competition agreement signed by You.
n. Our right of first refusal to acquire your business.	FA: §13.7	We can match any offer for the franchised business.
o. Our option to purchase your business	None	
p. Your death or disability.	FA: §13.6	Approval by Us of heir or sale within six months to an approved buyer.

q. Non-competition covenants during the term of the franchise.	FA: §4.9	No interest in a Restaurant or similar business offering the same or similar services to those sold in a JIMBOY'S business ("**Similar Business**").
r. Non-competition covenants after the franchise is terminated, transferred or expires.	FA: §4.9	No interest in any Similar Business for 2 years within 10 miles of any Restaurant in U.S. or Canada.
s. Modification of the agreement.	FA: §16.12	Only written and signed modifications, but Manual subject to change.
t. Integration/ merger clause.	FA: §16.11	The agreement between the parties is limited to the agreement and other documents referred to therein. Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. This provision is subject to applicable state law.
u. Dispute resolution by arbitration or mediation.	FA: §16.5	Except for certain claims, all disputes must be arbitrated in county where Our headquarters are located **("Home County")**, currently Sacramento County, California.
v. Choice of forum	FA: §16.5	Except for injunctions, any arbitration or litigation must be in Home County.
w. Choice of Law.	FA: §16.7	Law where the Restaurant is located.

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This table lists important provisions of the Area Development Agreement ("ADA"). You should read these provisions in the ADA attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Initial Term	ADA: §6	Initial term is mutually agreed between You and Us.
b. Renewal or extension of the term.	ADA: §6	
c. Requirements for renewal or extension.	None	
d. Termination by Franchisee.	Not applicable	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by Us without cause	None	
f. Termination by Us with cause.	ADA: §§1.5, 7	We can terminate only if You default or fail to meet the Development Schedule.
g. "Cause" defined as defaults which can be cured.	ADA: §7	You have 30 days after notice to cure defaults. Includes defaults in other Franchise Agreements with Us.
h. "Cause" defined as defaults which cannot be cured.	ADA: §7.2	Non-curable defaults: Failure to meet deadlines in Development Schedule.
i. Obligations on termination.	ADA: §1.4	No further rights or obligations.
j. Assignment of contract by Us.	None	
k. "Transfer" by You-definition	None	
l. Our approval of transfer by franchisee.	ADA: §1.7	No transfers allowed.

Provision	Section	Summary
m. Conditions for Our approval of transfer.	None	
n. Our right of first refusal to acquire your business.	None	
o. Our option to purchase your business	None	
p. Your death or disability.	None	
q. Non-competition covenants during the term of the franchise.	ADA: §8.3	No Competitive Interest in a Restaurant similar to or competitive with a JIMBOY'S business.
r. Non-competition covenants after the franchise is terminated, transferred or expires.	None	
s. Modification of the agreement.	ADA: §9.1	Only written and signed modifications.
t. Integration/ merger clause.	ADA: §9.1	The agreement between the parties is limited to the agreement and other documents referred to therein. Any representations or promises outside of the disclosure document and Area Development Agreement may not be enforceable. This provision is subject to applicable state law.
u. Dispute resolution by arbitration or mediation.	None	
v. Choice of forum	None	Except for certain claims, all disputes must be arbitrated in county where Our headquarters are located ("**Home County**"), currently Sacramento County, California.
w. Choice of Law.	ADA: §9	Nevada law except for conflict of laws issues.

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote Our franchises, but We may do so in the future.

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 Restaurants 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 Restaurant 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.

Except as set forth in this Item 19, We do not furnish or authorize our franchise sellers to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a JIMBOY'S Business. If You receive any other financial performance information or projections of Your future income, You should report it to the franchisor's management by contacting Our President at (916) 934-5100, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20: RESTAURANTS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM WIDE RESTAURANTS SUMMARY
For Fiscal Years 2015 to 2017

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2015	32	30	-2
	2016	30	34	+4
	2017	34	35	+1
Company-Owned	2015	5	7	+2
	2016	7	4	-3
	2017	4	3	-1
Total Outlets	2015	37	37	0
	2016	37	38	+1
	2017	38	38	0

Table No. 2
TRANSFERS OF RESTAURANTS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
For Fiscal Years 2015 to 2017

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2015	0
	2016	0
	2017	1
Total	2015	0
	2016	0
	2017	1

Table No. 3

STATUS OF FRANCHISED RESTAURANTS
For Fiscal Years 2015 to 2017

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina-tions	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reasons	Column 9 Outlets at End of the Year
California	2015	26	0	1	0	0	0	25
	2016	25	4	0	0	0	0	29
	2017	29	1	0	0	0	0	30
Nevada	2015	6	0	0	0	0	1	5
	2016	5	0	0	0	0	0	5
	2017	5	0	0	0	0	0	5
Total	2015	32	0	1	0	0	2	30
	2016	30	4	0	0	0	0	34
	2017	34	1	0	0	0	0	35

Table No. 4

STATUS OF COMPANY RESTAURANTS
For Fiscal Years 2015 to 2017

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

The Willowrock Group LLC operates these locations.

Table No. 5
PROJECTED OPENINGS
AS OF MARCH 31, 2017

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Current Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	2	1
Nevada	0	1	0
Texas	0	1	1
Total	0	4	2

The names, addresses and telephone numbers of Our franchisees as of March 31, 2017 are listed in **Exhibit F**. The name, last known address and telephone number of every franchisee within the most recently completed calendar year who has had a franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who has not communicated with Us within 10 weeks of the date of this Disclosure Document, are listed in **Exhibit F**.

During the last three fiscal years, We have signed no settlement agreements containing confidentiality clauses with current or former franchisees. You should be aware that We are required by law to disclose Your contact information to other franchise purchasers if You become a franchisee or leave Our franchise system.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements dated March 31, 2017, March 31, 2016, and March 31, 2015are attached as **Exhibit G**.

ITEM 22. CONTRACTS

Copies of the following agreements are attached:

A. Franchise Agreement with Exhibits
B. Area Development Agreement
C. Confidentiality Agreement

ITEM 23. RECEIPTS

You will find copies of a detachable receipt in **Exhibit H** at the very end of this disclosure document.

It is important that you sign, date and return a Receipt to Us. As noted on the cover page, this Disclosure Document is available in electronic format, in which case You must print a copy of the Receipt and send a signed and dated copy to Us. Thank you.

The name, principal business address and telephone number of each franchise seller offering the franchise are identified on the Receipts.

Exhibit
A

JIMBOY'S ®

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT
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<u>ATTACHMENTS</u>

JIMBOY'S ®
FRANCHISE AGREEMENT

THIS AGREEMENT dated _____________ 201__ is between Jimboy's North America, LLC, a Nevada limited liability company ("**We**", "**Us**" or "**Our**"), and ____ ("**You**" or "**Your**"), and if You are a legal entity, the Principals identified on the signature page of this Agreement ("**Principals**")

RECITALS:

A. We own the exclusive rights to offer and sell franchises for the operation of unique retail food and beverage Restaurants using the name and trademark JIMBOY'S and other trademarks (the "**Marks**") and following a system of operation ("**System**") to operate a chain of these Restaurants ("**Restaurants**") which was developed and used by Us, Our commonly owned companies (collectively, the **"Affiliates**") and others in the past.

B. You desire to purchase a JIMBOY'S franchise and own and operate a Restaurant, and We have approved You for a JIMBOY'S franchise.

THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties hereby agree as follows:

ARTICLE 1: GRANT OF FRANCHISE

1.1 Grant

Subject to the following terms and conditions, We grant to You a franchise to use the System and the Marks solely in direct connection with the sale of products and services from a JIMBOY'S Restaurant to be operated by You at the following location (referred to in this Agreement as "**Your Restaurant"**):

Address: ____

JIMBOY'S Restaurant No.__________

1.2 Territorial Rights

(a) We agree that unless Your Restaurant is in a "**high density area**" (as defined below), We will not operate and will not authorize any other person to operate a JIMBOY'S Restaurant within two (2) miles from the current front door of Your Restaurant except one or more "**Non-traditional Venue**" restaurants defined in subsection (iii) below. If We determine that Your Restaurant is located within a "high density area", the above territorial rights will be stated on an attachment to this Agreement. Except for the foregoing, You and We agree that this franchise is non-exclusive and except for the address where Your Restaurant is located, We reserve all other rights, including the right, directly or indirectly:

(i) To operate, and authorize others to operate, JIMBOY'S Restaurants or other Restaurants operating under any name other than JIMBOY'S, at any location and of any type or category whatsoever;

(ii) To produce, license, distribute and market products using the Marks or other marks (such as pre-packaged sauces, spices and spice blends, soup broths, snacks and beverages; books; clothing, souvenirs and novelty items) through any outlet anywhere using the name JIMBOY'S or other Mark (which outlets may for example include grocery stores, supermarkets and convenience stores) and through any distribution channel, at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods;

(iii) To operate, and to authorize others to operate, a JIMBOY'S Restaurant at a Non-Traditional Venue near Your Restaurant. "**Non-Traditional Venue"** means a site or location (i) within another primary business, or at (ii) any site or location for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider, (sites or location include without limitation: institutional settings (such as schools, colleges and universities, military and other governmental facilities, hospitals), hotels, limited access highways, shopping malls, airports, toll roads, office or in-plant facilities, sports arenas and stadiums, supermarkets, grocery stores or convenience stores, some of which may have other Restaurant operations such as food courts.

(b) A "**high density area**", to be determined by Us in Our full discretion, is typically an area with a high degree of pedestrian traffic such as a downtown portion of an urban area with high-rise commercial buildings or a densely populated residential area with primarily multi-family or apartment units.

1.3 Site Selection, Lease, and Relocation

(a) You agree (i) that although We may have been involved in the site selection process for Your Restaurant and approved its location, You have sole responsibility for selecting the above location for Your Restaurant and (ii) that We make no warranty, representation or guaranty of any kind with respect to Your Restaurant's location, success or profitability. After approval of the site, You agree to purchase from Us a copy of Our plans and specifications for building out a Restaurant, and You agree to employ an architect, designer and other necessary persons to revise the plans as necessary for Your site. In any event, You must obtain Our prior approval of the final plans and specifications for Your Restaurant before beginning construction or remodel.

(b) If Your Restaurant premises are to be leased, You agree to provide Us for Our review and comment a copy of the proposed lease at least 30 days prior to its being finalized and executed. You must after execution furnish with a true, correct, complete and executed copy of the lease. Such lease must contain (i) the option required by Section 15.5 below, (ii) a provision which precludes any other food or beverage service vendor selling predominantly products similar to JIMBOY'S Restaurants from operating in the same business center, (iii) if You close or relocate Your Restaurant, the alteration and de-identification rights required by Section 15.3 of this Agreement (iv) agreement by the lessor (A) to give Us reasonable notice of any lease termination and a reasonable time in which to take and make such alterations and de-identification and (B) provide that You have the unrestricted right to assign such lease to Us. These lease provisions may be subject to the reasonable consent of the lessor

(c) You will not relocate Your Restaurant without Our prior written consent. We will consent to a relocation to an alternative, pre-approved location under limited circumstances only, such as loss of the location due to condemnation, eminent domain destruction, loss of Your right of possession for reasons not caused by You or a very substantial and detrimental change in the business potential and character of the location. If We consent to the relocation of Your Restaurant, You must comply with such reasonable site selection and construction procedures as We may require and following relocation, You must conduct a Grand Opening Promotion as required by Section 7.8 below. You will be solely responsible for the expense of any such relocation and will pay Us a reasonable fee for Our services in connection with such relocation. You will be fully responsible for closing the prior location and must comply with Section 15.3 below regarding de-identification.

1.4 Opening Date

You must open Your Restaurant and commence business within two hundred ten (210) days following the Effective Date of this Agreement (including any site selection and acquisition period set forth in any applicable Site Addendum).

You may not open Your Restaurant without Our prior written consent and satisfaction of all pre-opening obligations stated in the Manual and the installation of all equipment, fixtures, furnishings and signs included in the plans and specifications approved by Us. Your failure to open the Restaurant in full compliance with these provisions will be a material event of default under this Agreement, and We may prevent You from opening the Restaurant.

1.5 Permits and Alcohol License

(a) You are responsible for constructing and operating Your Restaurant in accordance with applicable laws and regulations. Prior to commencing construction, You must (i) obtain all required zoning classifications and clearances, approvals, permits, licenses and certifications, including any restrictive covenants and (ii) certify in writing to Us that You have obtained all of the foregoing and delivery of the certificates regarding the insurance coverage specified in Article 11 of this Agreement.

(b) Prior to opening of Your Restaurant, You must obtain all required licenses and/or governmental approvals to offer and sell alcoholic beverages at Your Restaurant. You must maintain all such alcoholic beverage licenses and/or governmental approvals throughout the term of this Agreement, including any renewal term. Failure to obtain and maintain such alcoholic beverage licenses and/or governmental approvals will constitute a material default under Subsection 15(b) below. At Our request, You must provide to us copies of all such approvals, clearances, permits, licenses and certifications.

1.6 Construction

(a) You agree to construct and equip Your Restaurant in accordance with all of Our standards, policies and procedures at such time, as stated in the Manual or other written communications from Us, including the following:

(i) You must obtain any and all architectural, engineering, design, construction and other services necessary for the construction of Your Restaurant, all at Your expense. You must adapt Our prototypical architectural and design plans and specifications for a JIMBOY's Restaurant as necessary for the construction of Your Restaurant. If You obtain Our prior written approval, You may use a different architect, in which cash such architect must submit the plans to Our designated architect for final review and approval. You will be responsible for all of the costs of such work.

(ii) You further agree to use Our designated architect to develop the construction documents for Your Restaurant. For Your second or subsequent JIMBOY's Restaurant, You must employ a registered architect and/or engineer previously approved by Us to develop the construction documents for Your Restaurant. All such working drawings must substantially comply with Our prototypical plans unless You have received Our prior written approval.

(iii) Prior to commencement of construction, You must provide Us for Our review and approval all design and construction documents ("**Plans**"). If Such Plans must be approved in writing by Us, as determined by Us in Our sole discretion. You must promptly implement any changes requested by Us and revised Plans to Us for approval prior to commencement of construction.

(iv) You acknowledge that Our review of the Plans is only for the purpose of determining compliance with System standards. Our approval of such Plans does not constitute a representation, warranty, or guarantee, express or implied, that such Plans are accurate or free of error concerning their structural application. We will not be responsible for (A) architecture or engineering requirements (B) for any applicable code, zoning, or other requirements of federal, state, local or municipal statutes, ordinances or regulations including, without limitation, any requirement relating to accessibility by disabled persons or others, or (C) any errors, omissions or discrepancies of any nature in the Plans.

(b) You must promptly commence and diligently pursue construction of Your Restaurant using a General Contractor that meets Our General Contractor criteria and has been approved by us.

(c) During construction, You agree to provide Us with such periodic progress reports as We may reasonably request from time to time. In addition, We may make such on-site inspections as We may deem reasonably necessary to evaluate Your progress.

(d) You agree to notify us of the scheduled date for completion of construction no later than ninety (90) days prior to such date. You must confirm, or notify us of any changes to, the scheduled construction completion date forty-five (45) days prior to such date. Within a reasonable time after the date construction is completed, We may, at Our option, conduct an inspection of the completed Restaurant. You must not open Your Restaurant for business without Our written authorization.

ARTICLE 2: FEES

2.1 Fees

You agree to pay Us:

(a) A non-refundable "**Initial Franchise Fee"** of $____,000 which must have been paid in full upon execution of this Agreement;

(b) A "**Royalty Fee”** as payment for the continuing right to use the System and Marks ” equal to five percent (5%) of Your Restaurant’s Gross Revenues; and

(c) A “**Brand Fund Fee" equal to** three percent (3%) of Your Restaurant’s Gross Revenues, to be applied as described in Section 7.4 below

2.2 No Fees Refundable

You agree that these Fees are not refundable in whole or part under any circumstances and have been fully earned by Us by the grant of this franchise.

2.3 Payment of Fees

(a) You agree to pay Us the Royalty Fee and Marketing Fund Fee, no later than the fifth (5^{th}) day following the end of each week or such other time as may be designated in the Manual such as daily transfers. You must make payments in strict accordance with Our requirements, including EFT payments as described below. TIME IS OF THE ESSENCE regarding payment of such Fees.

(b) You agree to pay all such Fees to Us by direct transfer of funds (“**ACH**”) or other method of payment designated by Us. Such method of payment will be determined by Us in Our sole discretion and may be changed from time to time.

(c) You agree at Our request to furnish the information, execute the form attached as **Attachment 2** (or its then current form), make such arrangements and complete such procedures as are reasonably necessary to establish direct ACH payments automatically from Your account(s) to such account(s) as We may designate in order to pay directly such Fees within each payment period referred to above. Without limiting the foregoing, You specifically agree to obtain the necessary equipment used by the System to transmit revenues and other polling information which will allow Us to cause such transfers to be made. You agree to maintain sufficient funds in Your account(s) to allow timely honoring of each payment to Us by Your bank or other financial institution. You specifically authorize Us to make such direct transfers of the Fees so long as such transfers are limited to amounts computed with reference to revenues information furnished by You, or if You fail to furnish such information, with reference to good faith estimates by Us.

(d) Royalty and Brand Fund Fees which are not paid when due will bear interest from and after their respective due dates at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less. Any late payment of such Fees will be accompanied by a late payment administrative charge of $250.00.

2.4 Gross Revenues

The term "**Gross Revenues** "as used in this Agreement will mean the total of all cash or other form of payment received for the use of the Restaurant and sales of products and services in or from the Restaurant, including food, drinks, clothing and other tangible property of every kind, or for entertainment charges, made or sold at, in, upon or from Your Restaurant and from any vending, game or other type of machine or similar device located at Your Restaurant; and any and all other amounts which are received as compensation for any services rendered from Your Restaurant including catering fees and service charges. All amounts collected and paid out for sales taxes, selling or issuing system gift or loyalty cards, and the proceeds from the sale of any furniture, fixtures or equipment previously used at Your Restaurant are excluded from Gross Revenues.

ARTICLE 3: TERM; RENEWAL

3.1 Initial Term

Subject to earlier termination, this Agreement has an Initial Term of ten (10) years ("**Initial Term"**) or the length of Your lease for Your Restaurant, whichever is less. The Initial Term will commence on the date on which You first operate Your Restaurant as a JIMBOY'S Restaurant. You agree to send Us written notice of Your Restaurant's opening date.

3.2 Renewal

You may renew this Agreement for two additional consecutive five (5) year terms, so long as all of the following conditions have been met before the end of the then current term:

(a) You must give Us written notice of renewal not less than six (6) months or more than twelve (12) months before the end of the current term;

(b) You must not default in any material provision of this Agreement, Area Development Agreement, or any other agreement with Us at any time during the last twelve months of the prior term and must have complied with all material terms and conditions of this Agreement during the current Term;

(c) You must be in good standing as a JIMBOY'S franchisee and be approved by Us operationally and financially;

(d) You must have paid all amounts owed to Us and our affiliated companies ("**Affiliates**"), and Our approved suppliers (as defined in 4.8), and have timely paid all such amounts throughout the current term;

(e) We may send You a written notice of required changes to be made at Your Restaurant, such as (i) additional training requirements, (ii) personnel changes and (iii) modernization of Your Restaurant and its equipment and/or redecorating Your Restaurant and installing new signs and equipment to reflect the then current JIMBOY'S standards and image, in which case You must make all of such changes;

(f) You must have obtained an extension or renewal of Your Lease for the Restaurant to cover the renewal term and delivered to Us a fully executed of such Lease.

(g) You must execute and deliver to Us Our then-current form of Franchise Agreement to apply to the renewal term, but in no event shall the term be longer than Your right to occupy the Restaurant, which Franchise Agreement will contain the then-current Royalty Fee rate and Brand Fund Fee amounts required of new Franchisees.

(h) You must pay Us a "**Renewal Fee**" equal to $10,000.00; and

(i) You must execute Our form of a general release of any and all claims against Us and Our Affiliates, and Our and their officers, directors, agents and employees.

ARTICLE 4: OPERATING SYSTEM AND PROCEDURES

4.1 Opening Assistance

We will advise and assist You in operating Your Restaurant, including periodic visits by Our representative(s), onsite pre-opening and opening assistance to the extent We deem necessary. In Our sole discretion, We may provide employees (up to two (2)) for such period of time (currently, at least seven (7) days) as We deem appropriate to conduct on-site training before and during the opening of Your Restaurant. We may charge Our then current per diem per employee (currently, $350 per day), plus reasonable travel-related expenses, for on-site training and assistance.

4.2 Operating Principal and Management

(a) You agree to designate and to retain at all times during the term of this Agreement one of Your Principal Owners as Your Operating Principal ("**Operating Principal**") who meets the following requirements:

(i) Your Operating Principal must be approved by Us and meet Our qualifications. The Operator Principal for all JIMBOY's Restaurants operated by You and Your Affiliates must be the same person. Any change in the identity of Your Operator Principal must be approved by Us in writing.

(ii) Your Operating Principal must devote full time and best efforts to the supervision of the Your Restaurant and any other JIMBOY'S Restaurants operated by You and your Affiliates) and, without Our written consent, shall not engage in any other business.

(iii) Your Operating Principal must be empowered with full authority to act for You, and You authorize Us to communicate directly with and rely on all such communications with your Operating Principal.

(iv) The name of your Operating Principal will be named on the signature page to this Agreement. You must immediately notify us in writing if your Operating Principal will no longer serve in that capacity. You must designate a new Operating Principal acceptable to Us within thirty (30) days after any such notice. During such thirty (30) day period, You must provide for interim management of Your operations in accordance with this Agreement. Any failure to comply with this Section 4.2 will be a material breach of this Agreement.

(b) At all times during the term of this Agreement, You shall employ (i) a full-time General Manager who shall be responsible for overseeing the day-to-day operation of Your Restaurant, The General Manager, and any other Managers required by the Manual, must satisfy Our qualifications and have completed Our Initial Training Program to Our satisfaction. In the event of the resignation, termination, incapacity or death of any General Manager, You will have a period of thirty (30) days after any such event to complete arrangements for a replacement who satisfies Our qualifications and completes to Our satisfaction the Initial Training Program within sixty (60) days following his or her date of hire.

4.3 Operation of Your Restaurant

Unless You have received Our prior written approval to the contrary, You will:

(a) Keep Your Restaurant open for business during the hours specified by Us;

(b) Operate Your Restaurant in a clean, safe and orderly manner, providing courteous, first-class service;

(c) Construct, equip, and operate Your Restaurant in accordance with all JIMBOY's standards, policies, and procedures as may be established from time by Us, as stated in the Manual or other written communications from Us.

(d) Maintain a competent, conscientious, trained staff and take any and all steps necessary to ensure that Your employees preserve good customer relations and comply with any dress code as may be established from time by Us, as stated in the Manual or other written communications from Us.

(e) Comply with all health, safety and other laws applicable to the operation of Your Restaurant, maintain at least a 90%, "A" or better health inspection score, cure any deficiencies immediately after a governmental inspection and request another inspection as soon as possible thereafter;

(f) Keep current in all monetary obligations owed Us, Our affiliated companies and Approved Suppliers;

(g) Diligently promote and make every reasonable effort to increase the business of Your Restaurant;

(h) Diligently participate in all promotional campaigns, special offers, and other programs, which are prescribed from time to time by Us.

(i) Advertise Your Restaurant by the use of the Marks and any other insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or established from time to time by Us as stated in the Manual or other written communication from Us;

(j) Prevent the use of Your Restaurant for any immoral or illegal purpose, or for any other purpose, business activity, use or function which is not expressly authorized by this Agreement or in the Manual;

(k) Obtain and use only the equipment required by the Manual, such as without limitation, a computerized point of sale cash collection system ("**POS System**") which among other things will allow Us to poll information about Your Restaurant, credit card and/or debit card system, computer equipment and related software and communications systems;

(l) Never manipulate or tamper with the POS System software without Our prior written approval;

(m) Not establish or use any Internet or website for Your Restaurant or otherwise using the Marks without Our prior written consent; and

(n) Never sell any food or beverage product, including without limitation our signature tacos, burritos, plates, salsas, sauces and beverage products, at Your Restaurant that contains and ingredients which were not purchased from a supplier approved by Us or which does not meet Our specifications.

4.4 Confidential Manual

(a) We will loan You for Your Restaurant one copy of Our Confidential Operating Manual (the "**Manual**"). You agree to comply strictly with and perform all things required by the Manual, such as those dealing with the selection, purchase, storage, preparation, packaging, service and sale (including menu content and presentation) of all food and beverage products, maintenance and repair of Your Restaurant's buildings, grounds, furnishings, fixtures and equipment, operating hours and days, employee uniforms and dress, accounting, bookkeeping, record retention and other business systems, procedures and operations.

(b) The Manual, as presently written and as We may in the future amend and supplement them from time to time, is incorporated into and made part of this Agreement by reference. All references to the Manual in this Agreement are to the Manual as most recently revised as of the relevant date. The Manual may be in paper form or available in electronic form or a combination of both media.

(c) You agree that the purpose of the Manual is to provide a means of communicating to all Franchisees specific details of Our System which will enhance uniformity and conformity among all Restaurants. You specifically agree that the Manual is an integral, necessary and material element of the System and that it will be necessary for Us, in order to maintain the high quality of the System and maximize its competitive position, to revise and update the Manual from time to time. We have the right at any time and from time to time, in the good faith exercise of Our reasonable business judgment, to revise, delete from and add to the materials contained in the Manual. You expressly agree to comply promptly with all obligations in and changes to the Manual.

4.5 Confidentiality; Our Property

(a) You agree that We own all rights in and to the System, including the information and materials described or contained in the Manual, and that the System and Manual contain trade secrets and themselves constitute Our trade secrets which have been or will be revealed to You in confidence. You agree not to disclose, duplicate, license, sell or reveal any portion thereof to any other person, except an employee of You required by his or her work to be familiar with such information. You agree to promptly disclose to Us all innovations whether or not protectable and whether created by or for You or Your owners or employees. All such innovations will be deemed our sole and exclusive property and works made-for-hire for Us. We have the right to incorporate such innovations into the System. You agree to keep and respect all confidential information received from Us, to obtain from each of Your Restaurant's managers an agreement to keep and respect all such confidences and to be responsible for Your employees' keeping this information confidential. A copy of the employee confidentiality agreement is attached hereto as **Attachment 3.**

(b) The Manual and all other confidential materials furnished to You are on loan only, will remain Our property, and You will return all copies of such documents to Us immediately upon the expiration or termination of this Agreement. The Manual may be in hard copy or electronic form and may include more than one volume.

4.6 Uniformity and Conformity

In all regards, You agree that strict conformity by You with this Agreement, the System and the Manual, is vitally important to the collective success of all JIMBOY'S Restaurants, including Your Restaurant, because of the benefits You and other JIMBOY'S operators will derive from uniformity in menu items, identity, quality, appearance, facilities and service among all JIMBOY'S Restaurants. Any material failure to adhere to the requirements contained in this Agreement or in the Manual will be considered a material breach of this Agreement.

4.7 Services and Products

(a) You specifically agree that You will never sell any food or beverage product at Your Restaurant that contains ingredients which were not purchased from a supplier approved by us and which does not meet our specifications. You agree that designated proprietary products and mixes may only be available for purchase from Us, in which case We will sell it to You at reasonable markup.

(b) You further agree to offer for sale from Your Restaurant, at all times when Your Restaurant is open for business, all of the food, beverages and other products expressly described in the Manual, unless You have received Our prior written consent to any exception.

(c) No other product, brand or service other than those identified in the Manual will be offered or sold at or from Your Restaurant without Our prior written consent in each case. You agree to submit to Us in writing any additional product, brand or service proposed by You for Us for Our consideration and final determination before You implement any such change. We may approve it initially for testing only. All proposals approved by Us will become Our property upon submission.

4.8 Approved Suppliers: Proprietary Ingredients

(a) In order to assure uniformity and conformity among Restaurants in the System and to comply with all truth in advertising laws, You agree to purchase all products for sale at Your Restaurant only from suppliers who are at that time approved in writing by Us as an approved supplier ("**Approved Supplier**"), which may include one of our Affiliates.

(b) If You want to purchase any products from a supplier who is not an Approved Supplier, You will notify Us of such supplier, pay an approval fee and instruct the proposed supplier to contact Us and follow Our procedures for becoming an Approved Supplier. We may charge a reasonable fee for the fees and costs involved in these approval procedures. You understand and agree that at Our discretion any such proposal may be utilized on a test basis only subject to the terms of a written test agreement. You agree to buy to the extent required by the Manual any designated proprietary products or ingredients such as special seasonings from Us or a designated supplier (which may be an Affiliate). You agree that such ingredients are prepared pursuant to secret, proprietary recipes and/or procedures belonging to Us.

4.9 Your Covenants

(a) You agree that JIMBOY'S Restaurants, including Your Restaurant, must compete against similar businesses (as defined below) which may have far greater financial resources and may be better established in the food service industry. For purposes hereof, a "**Similar Business**" is any Restaurant or similar business offering the same or similar products or services to those provided by a JIMBOY'S Restaurant.

(b) Therefore, You agree on behalf of Yourself and each and every person with an ownership interest in Your Restaurant business ("**Owner**") to take all necessary action to assure compliance throughout the term of this Agreement with the requirements of this Section 4.9 and the other Sections in this ARTICLE 4, including obtaining and delivering to Us a written agreement from each such person that he or she agrees to each of the covenants set forth in this Section 4.9.

(c) Neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business without Our prior express written consent.

(d) Neither You nor any Owner will perform any services for or become a landlord of any Similar Business without Our prior express written consent.

(e) Neither You nor any Owner will divert or attempt to divert any business or customer of Your Restaurant, or of any other JIMBOY'S Restaurant, to any Similar Business by direct or indirect inducement, advertising or otherwise do or perform, directly or indirectly, any other act which is injurious or prejudicial to the goodwill associated with the System or the value of the Marks.

(f) For a period of two (2) years following the expiration or termination of this Agreement, neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business which is located within ten (10) miles of any JIMBOY'S Restaurant without Our prior express written consent.

(g) You agree that any violation of this Section 4.9 would result in irreparable injury to Us and the System and that We would be without an adequate remedy at law. You agree that in the event of a breach or threatened breach of any such covenant, We will not be required to prove actual or threatened damage from such breach in order to obtain a temporary and/or permanent injunction and a decree for specific performance of the terms of this Section 4.9. In addition to injunctive relief, We shall be entitled to any other remedies which We may have under this Agreement, at law or in equity.

(h) The parties agree that each of these covenants will be construed as independent of each other and of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 4.9 is held unenforceable by a court having valid jurisdiction in a final decision between the parties hereto and from which no appeal has or may be taken, You expressly agree to be bound by the remaining portion of such covenant.

4.10 Employees

You will not hire or make arrangements to hire any person employed by Us, by any Affiliate of Ours or by another JIMBOY’S Franchisee without first obtaining Our or such other Franchisee's written consent. The parties agree that in the event of Your breach of this covenant, actual damages would be extremely difficult to compute, and accordingly, in the event of such a breach, You agree to pay the prior employer of such person liquidated damages equal to the greater of such person's prior annual salary or one-half of the annual salary and of any bonus paid or to be paid by You to such person during the first year of employment.

4.11 Software

You agree to use in Your Restaurant the software designated by Us in the Manual for Franchisees to use in making estimates, preparing invoices, keeping accounting records and other aspects of the operation of the Restaurant. The software will be available to You on the same terms available to other Franchisees and as specified in the Manual.

4.12 Online Management and Communication System

We may establish an online management and communication system for JIMBOY’S Restaurant Operations and You agree to participate and perform all things necessary to set up and connect to the online communication system and comply strictly with its requirements.

4.13 Liquor and Business Licenses.

You agree to secure and maintain, at Your sole cost, any and all required state, county, and/or local liquor licenses required for the on-premises sale and consumption of alcoholic beverages at the Restaurant and any other business licenses required for the operation of Your Restaurant.

4.14 Pricing

To the fullest extent permitted by applicable law at such time, We reserve the right to establish maximum, minimum or other pricing requirements with respect to the prices You may charge for products or services, and You agree to comply with any such requirements.

4.15 Data Security

You acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. You agree that Your Restaurant will comply at all times, with all applicable security standards developed by the Payment Card Industry Data Security Standards ("**PCI DSS**") council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act ("**FACTA**") and all other successor or additional laws, and all other data security requirements We prescribe.

4.16 Crisis Management.

(a) "**Crisis Management Event**" means any event that occurs at or about Your Restaurant premises or in connection with the operation of Your Restaurant that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

(b) Upon the occurrence of a Crisis Management Event, You agree to immediately inform Us of such event and to cooperate fully with Us, Our designated representatives, and the appropriate authorities with respect to the investigation and resolution of the Crisis Management Event. In an effort to mitigate possible damages to the Marks and System, You must cooperate fully with Us with respect to management statements and other responses to the Crisis Management Event.

ARTICLE 5: TRAINING

5.1 Initial Training

We will provide without charge at a place or places designated by Us Our initial JIMBOY'S operations training course to You or Your Operating Principal, as identified in this Agreement.

5.2 Training Required

You or Your Operating Principal must each attend and complete Our Initial training course to Our reasonable satisfaction. All of the managers of Your Restaurant must either attend and successfully complete Our training or otherwise become certified as required by the Manual. You must always have a properly certified manager on duty at Your Restaurant whenever it is open to the public. In Our sole discretion, We may also provide training for successor and replacement personnel.

5.3 Training Employees

You will be responsible for full compliance at Your Restaurant with the requirements taught at Our Initial Training and will cause Your Restaurant's employees to be trained in those requirements which are relevant to the performance of their respective duties. We may require Your employees to be trained and certified in the performance of their duties, and with Our consent You may have employees approved as certified trainers for the other employees.

5.4 Pre-Opening Events

Prior to opening Your Restaurant Premises for business, You agree at your own expense to conduct mock service and pre-opening operations following the requirements of the Manual ("**Pre-Opening Events**").

5.5 Continuing Training

You and such employees as We may designate will, from time to time, personally attend and complete refresher courses in Restaurant operations and any training sessions held for the purpose of introducing new products or procedures.

5.6 Fees; Expenses

We reserve the right to charge a reasonable fee for training successor or replacement personnel and for any additional training programs and for course materials, at Our discretion.

5.7 Attendance at Meetings

You and the Operating Principal must attend, at Your expense, all annual franchise conventions We may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics. If You or the Operating Principal are not able to attend a meeting or convention, You must notify us prior to the meeting and must have a substitute person acceptable to Us attend the meeting. In addition, your Unit General Manager(s) must attend the annual training meeting for Unit General Managers that We may hold or sponsor, at Your sole expense. We reserve the right to require that You and/or your Operating Principal attend any additional meetings that We deem appropriate under special circumstances, provided however, that We will not require more than one additional meeting every year and We will use Our best efforts to give You written notice of any such meeting at least 10 days prior to the meeting.

ARTICLE 6: MAINTENANCE & MODERNIZATION

6.1 Repairs and Maintenance

(a) You agree to maintain Your Restaurant and its parking area in a “like new” condition and in conformity with the requirements set forth in the Manual or other writings issued by Us. You agree to replace Restaurant equipment as necessary or desirable and to obtain any new or additional equipment as may be reasonably required by Us for new products or procedures. You agree to take all such action as requested by Us promptly within a reasonable time period after receipt of such request. If You have failed to take any action within fifteen (15) days after Our notice, We may, in addition to all other remedies, enter Your Restaurant and effect the corrective action contained in the notice, and You shall immediately pay the costs incurred by Us in taking such action.

(b) Except as may be expressly provided in the Manual, no changes of any kind in design, signs, equipment or decor will be made in, on or about Your Restaurant premises without prior written approval of in each instance. You will obtain, repair, maintain and replace all equipment, signs and other Restaurant items at Your sole cost.

6.2 Modernization

In order to compete effectively and to assure the continued success of Your Restaurant, You agree, from time to time as reasonably required by Us (taking into consideration the cost and then remaining term of this Agreement), to modernize Your Restaurant premises, parking area and equipment to Our then current standards and specifications. You understand and agree that this obligation is in addition to other obligations under this Agreement, such as repair, maintenance and purchase of new equipment. No such modernization will be required by Us unless and until Our Affiliates have at that time implemented such standards and specifications in at least twenty-five percent (25%) of their Restaurants located in the continental United States.

ARTICLE 7: MARKETING AND ADVERTISING

7.1 Marketing, Promotion and Advertising Programs

The parties recognize the value of marketing, advertising and promotions to enhance the goodwill and public image of the System. We agree that We will develop marketing, promotion and advertising programs designed to promote and enhance the collective success of all JIMBOY'S Restaurants. It is expressly agreed that in all respects of such marketing, promotion and advertising (such as type, quantity, timing, placement and choice of media, market areas and advertising agencies), Our decisions made in good faith will be final and binding. Your participation in all such advertising and revenues promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

7.2 Local Advertising

(a) You agree that during the term of this Agreement, You will spend monthly up to two percent (2%) of Gross Revenues for conducting advertising and sales promotion programs for Your Restaurant as designated by Us in the Manual or otherwise in writing. We may require You to provide proof of all such marketing, promotion and advertising expenditures. You acknowledge and agree that You must obtain Our prior written approval for all of Your local programs in order to for them to qualify for required spending. This obligation is in addition to Your obligation for grand opening promotion. Payments to an approved Advertising Cooperative ("**Ad Co-op**") will be applied to this Local Advertising obligation.

(b) You will not issue any press release without Our prior express written approval.

(c) You will not make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf on any such organization) in the name of Your Restaurant or otherwise associate with the Marks, without our prior express written consent.

(d) You will not establish Your own "eclub" marketing campaigns, Gift Card programs, or Loyal Customer programs or any social media or other such programs as designated in the Manual without Our prior written approval. You agree to diligently participate in all promotional campaigns, customer loyalty programs, special offers, and other programs, which are prescribed from time to time by Us.

7.3 Brand Fund

(a) In order to maximize the general public recognition and acceptance of JIMBOY'S Restaurants, We have established an Advertising Fund ("**Brand Fund**") and require You as a Franchisee to contribute to such Brand Fund.

(b) We will use monies from the Brand Fund to pay for the production costs, advertising, marketing and promotion of JIMBOY'S Restaurants, including without limitation, costs and expenses related to the employment of advertising agencies, payment of talent and residuals, research and development, design and development of trademarks and logos, promotions, public relations market research, reimbursement to Us or Our Affiliates of general and administrative expenses and allowances directly related to marketing of JIMBOY'S Restaurants and clearance of marketing, advertising and promotional programs.

(c) Our Affiliates will also contribute to the Brand Fund the same percentage of the Gross Revenues from operation of JIMBOY'S Restaurants in the continental United States.

(d) We will deposit the Brand Fund Fees in a separate account which will not be considered one of Our assets.

(e) We agree to cause an annual accounting of the Brand Fund and to make the results of such accounting available to You upon request. If such accounting is made by an independent accounting firm, the expenses thereof shall be paid from the Brand Fund.

(f) We and Our Affiliates reserve the right to receive advertising promotional allowances and/or advertising rebates from suppliers or distributors which relate directly to purchases by JIMBOY'S Restaurants operated by franchisees. We may at Our discretion cause such monies to be paid into the Brand Fund, with the understanding that You and We may retain all such payments paid directly to You or Us, respectively.

(g) You agree that We have no obligation in administering the Brand Fund to make expenditures for You or others which are equivalent or proportionate to the contribution(s) made or to ensure that any particular franchisee benefits directly or pro rata from any marketing program or advertising.

(h) You agree that We may reimburse Ourselves from the Brand Fund for (i) the direct costs and expenses incurred by Us or our Affiliates in administering the Brand Fund and (ii) up to fifteen (15%) of Brand Fund contributions for each of Our fiscal years to cover (A) Our administrative costs and overhead incurred by Us in connection with activities related to the administration of the Brand Fund and its programs and (B) a pro rata portion of the compensation paid by Us or Our Affiliates to persons for their work on Brand Fund related matters.

7.4 Brand Fund Policy

(a) We will develop and modify from time to time as necessary a Brand Fund Policy which will include procedures and guidelines for disbursements and expenditures from the Brand Fund.

(b) All monies in the Brand Fund, including any interest or other income earned from the investment of such monies, must be spent and disbursed only in accordance with this Agreement and the Brand Fund Policy, which may be modified from time to time at Our discretion so long as all monies are used to pay for marketing, promotion and advertising programs for JIMBOY'S Restaurants in the United States of America.

7.5 Temporary Investment

We may temporarily invest any or all of the monies held in the Brand Fund from time to time at Our sole discretion in accordance with the Brand Fund Policy. We will use any interest or other income received from such investments to pay for the expenses of administering the Brand Fund pursuant to the Brand Fund Policy. Interest or income received from temporary investments that exceed the reasonable expenses of administering the fund will be considered part of the Brand Fund.

7.6 Ad Co-ops

(a) We may at Our discretion designate any geographical area as a basis for an Ad Co-op for the purpose of marketing, advertising and promoting JIMBOY'S Restaurants in that area, including the Affiliates' Restaurants. The Ad Co-op will also serve as means of exchanging ideas, sharing information and problem solving.

(b) You agree to become a member of an Ad Co-op at any time the Restaurant is located within the designated area for such Ad Co-op.

(c) You agree to execute and deliver any such Ad Co-op agreements or undertakings required by such Ad Co-op, to make contributions as required of its members and to maintain Your status as a member in good standing of such Ad Co-op at all times.

(d) We may from time to time establish the requirements for approval of Ad Co-ops, the amount of contribution by members to each such Ad Co-op and exemptions from membership or temporary suspensions of contributions. All such contributions will be credited toward your Local Advertising Spend.

(e) The mandatory contribution to an Ad Co-op may exceed two percent of Gross Revenues if the Ad Co-op members agree to additional funding in accordance with established Bylaws.

7.7 Approval of Advertising

(a) You must use only advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise. All of Your advertising, promotion and marketing must be completely clear and factual, not misleading and conform to the highest standards of ethical marketing and the promotion policies.

(b) If You wish to use other or modified materials, You must submit to Us, in each instance and at least thirty (30) days prior to first use, the proposed advertising copy and materials for approval in advance of publication. You may use only advertising materials which have been approved in writing by Us.

(c) In no event will Your advertising contain any statement or material which may be considered (i) in bad taste or offensive to the public or to any group of persons or (ii) defamatory of any person or an attack on any competitor (iii) will not be misleading (iv) will conform to the highest standards of ethical marketing and the promotion policies that we prescribe from time to time.

7.8 Grand Opening

You agree to conduct an approved Grand Opening promotion for the Restaurant within 30 days prior or 60 days after its opening and to spend at least $15,000 in approved expenditures in regard to such promotion. We will assist You in planning for Your Grand Opening in accordance with our standards, including, without limitation, standards related to the timing, type, size and amount spent on the grand opening promotion ("**Grand Opening Event**"). All advertising, methods and media You use in connection with such Grand Opening Event must have Our prior approval. At Our request, You must submit to Us expenditure reports accurately reflecting Your Grand Opening Event expenditures. Grand Opening Event expenditures will not be credited toward any of Your other obligations under this Section 7.8.

7.9 Websites and Internet Advertising

You shall not, indirectly or directly, establish or use any Internet web page, web site address, Internet directory listing, or any other social networking site as defined in the Manual, relating in any way to Your Restaurant, or which uses the Marks without Our prior written consent. Except email communications, You may not conduct any aspect of Your Restaurant business through the Internet without Our prior consent. We will include information about Your Restaurant on Our Web site.

7.10 E-mail Club

You must participate in our e-mail club by requiring Your employees to promote the club to Your customers. You agree to pay Your prorated share of the cost of operating the club as determined by Us or Our designated vendor. We may require you to sign a separate agreement in the future that will govern the terms and conditions of the club. Subject to applicable law, the club membership list shall be Our sole and exclusive property and may be used by Us for other purposes. The prorated cost of the e-mail club allocated to Your Restaurant will be included as part of your local advertising requirements under subparagraph 7.2.

7.11 Promotional, Loyalty and Test Programs

We or Our Affiliate may, from time to time, in Our sole discretion, develop and administer national or regional advertising and sales promotion programs, loyalty programs (including, without limitation, gift card, gift certificate and other customer loyalty or retention programs) and test programs. You must participate in all such programs, at Your expense and sign the forms and take the actions that We require to participate in such programs. You acknowledge that such participation may require You to purchase reasonable point of sale advertising material, posters, flyers, product displays and other promotional materials.

7.12 Social Media

We have sole discretion and control over any profiles using or relating to the Marks, or that display the Marks, that are maintained on social media outlets, including without limitation Facebook, Twitter, Instagram, Pinterest or other similar outlets that may exist in the future. We may use part of the Ad Fund monies it collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such profiles. We may (but need not) establish a social media policy and guidelines pursuant to which You may establish profiles or otherwise establish a presence on such social media outlets. In that event, You shall comply with the standards, protocols and restrictions that We impose from time to time on such use.

ARTICLE 8: ACCOUNTING AND RECORD KEEPING

8.1 Point of Sales System

(a) Before the opening of Your Restaurant and at Your own expense, You agree to procure and install the computer hardware, software, Internet connections and service, required dedicated telephone and other computer-related accessories, peripherals and equipment that are required in the Manual (the **"Point of Sales System"**).

(b) You agree to accurately, consistently and completely record and provide through the Point of Sales System all information concerning the operation of Your Restaurant that We require, in the form and at the intervals that We require, as set forth in the Manual.

(c) We will have independent access to Your Point of Sales System, and We may retrieve from Your Point of Sale System all information that We consider necessary, desirable or appropriate.

8.2 Accounting Information

You understand and agree that We may under Section 8.1 require You to use software which will generate accounting information which will be accessible to Us electronically. You also agree that We may require You, following written notice or as part of the Manual to send to Us in the form and within the time schedules set forth in the Manual hard copy or other form of reports and information. These may include Profit and Loss Statements, Balance Sheets and Statements of Cash Flow, and income tax returns.

8.3 Accounting Records

You agree to maintain and preserve for a minimum of seven (7) years from the date of preparation full, complete and accurate books, records and accounts in accordance with generally accepted accounting principals and in the form and manner prescribed by the Manual.

ARTICLE 9: AUDITS AND INSPECTIONS

9.1 Audit Rights

You agree that We will at all times have the following audit rights:

(a) Our representatives may on a reasonable basis review, inspect and copy any and all accounting records, tax records and other such documents, as they determine, in their sole discretion as being necessary to audit Your compliance with this Agreement.

(b) If any inspection or audit reveals that the Gross Revenues reported in any report or statement are less then the actual Gross Revenues calculated during such inspection, then You will immediately pay Us the additional amount of fees owing by reason of the understatement of Gross Revenues previously reported, together with interest as provided in Section 2.3. In the event that any report or statement by You understated gross revenues by more than two percent (2%) of the actual Gross Revenues calculated during Our inspection, You will, in addition to paying for the additional fees, pay and reimburse Us for any and all expenses incurred in connection with its inspection, including, but not limited to, reasonable accounting and legal fees. Such payments will be without prejudice to any other rights or remedies We may have under this Agreement or otherwise. In addition, We may at Our sole discretion require a complete and full audit in accordance with generally accepted accounting principals and by a certified public accountant acceptable to Us, at Your expense.

9.2 Inspection

(a) You agree to, at Your expense, participate in Our approved inspections and surveys regarding customer satisfaction and Restaurant inspections as stated in the Manual. In addition, You will cause the reports of all such inspections or surveys to be sent to Us.

(b) We will make periodic visits to Your Restaurant as We deem advisable. You agree that Our representatives will have the right at any time and from time to time without notice to enter Your Restaurant for the purpose of inspecting its condition and its operations for compliance with Our requirements contained in this Agreement and in the Manual, and for any other reasonable purpose connected with the operation of Your Restaurant.

(c) You agree to incorporate into Your Restaurant any reasonable corrections and modification We require to maintain Our standards of quality and uniformity, as quickly as is reasonably possible and using all resources at Your disposal.

9.3 Books and Records

Without limiting the generality of Section 9.2, Our representatives will have the right at all times during normal business hours to confer with Your Restaurant's employees and customers, and to inspect Your books, records and tax returns, or such portions thereof as pertain to the operation of Your Restaurant. All of Your books, records and tax returns will be kept and maintained at Your Restaurant, at Your primary office or such other place as may be agreed to from time to time in writing by the parties.

9.4 Ownership Records

If You are not an individual or sole proprietorship, You must maintain an accurate ownership register or other list of names, addresses and interests of all Your record and beneficial owners. Upon ten days written notice from Us, You will either deliver to Us a copy of such register and/or list of owners, certified by Your chief executive officer to be correct. During any audit or other inspection under this Section 9, You will allow Our representatives to inspect and copy such register and/or list.

ARTICLE 10: RELATIONSHIP OF PARTIES AND INDEMNIFICATION

10.1 Relationship

You are not, and will not represent or hold Yourself out as being an agent, legal representative, joint venture, partner, employee or servant of Us for any purpose whatsoever and, where permitted by law to do so, will file a business certificate to such effect with the proper recording authorities. You are an independent contractor and are not authorized to make any statement or commitment on behalf of Us, or to create any obligation, express or implied, on behalf of Us. You agree that We are not in any way a "fiduciary" in regards to You. You will not use the name JIMBOY'S or any similar words as part of the name of a corporation or other business entity directly or indirectly associated with You.

10.2 Indemnification

(a) You will indemnify Us, Our Affiliates and their officers, directors, employees, agents, affiliates, successors and assigns from and against (i) any and all claims based upon, arising out of, or in any way related to the operation or condition of any part of Your Restaurant or Restaurant premises, the conduct of Your Restaurant's business, the ownership or possession of real or personal property, any negligent act, misfeasance or nonfeasance by You or any of Your agents, contractors, servants, employees or licensees, (ii) Your failure to perform any of Your obligations under this Agreement, and (iii) any and all fees (including reasonable attorneys' fees), costs and other expenses incurred by Us or on Our behalf in the investigation of or defense against any and all such claims.

(b) We will indemnify You and Your Owners and Your and their employees, agents, affiliates, successors and assigns from and against (i) any and all claims based upon, arising out of, or in any way related to the Marks, the System and the operation of Your Restaurant so long as You were properly operating the Restaurant according to the System and the Manual or related to Our obligations incurred pursuant to any provisions of this Agreement, (ii) Our failure to perform any of Our obligations under this Agreement, and (iii) any and all fees (including reasonable attorneys' fees), costs and other expenses incurred by or on Your behalf in the investigation of or defense against any and all such claims.

ARTICLE 11: INSURANCE

11.1 Insurance

You will obtain before beginning construction or remodeling of Your Restaurant and will maintain in full force and effect during the entire term of this Agreement, at Your sole cost and expense, an insurance policy or policies protecting You and Us against any and all loss, liability or occurrence, arising out of or in connection with the construction, condition, operation, use or occupancy of Your Restaurant or Your Restaurant premises. We will be named as an additional insured in all such policies, workers' compensation excepted.

11.2 Policies

In all events, the insurance policy or policies will include at least the following:

(a) Comprehensive general liability insurance, including products liability coverage with minimum coverage of $1,000,000 per occurrence and $3,000,000 in the aggregate.)

(b) Liquor liability coverage (if any alcoholic beverages are offered for sale from the Restaurant) with minimum coverage of $1,000,000 and $2,000,000 in the aggregate.

(c) Property insurance covering the perils of fire and extended coverage, vandalism and malicious mischief with coverage to be at replacement cost.

(d) Liability for owned, non-owned and hired vehicles with minimum coverage of $1,000,000 per occurrence and $3,000,000 in the aggregate.)

(e) Umbrella liability insurance policy providing a minimum of $5,000,000) total coverage including the above limits.

(f) Course of construction insurance at replacement cost.

(g) Workers' compensation insurance as required by applicable state law.

(h) Business interruption insurance (reasonable coverage and time limit).

Your obligation to maintain this insurance will not be limited in any way by reason of any insurance maintained by Us.

11.3 Qualified Insurance Carrier

All insurance policies required by this Agreement must be written by a responsible insurance company or companies satisfactory to Us and in accordance with the minimum limits set forth in Section 11.2 above, which may be changed from time to time by Us at Our discretion to reflect changed conditions. Each insurance company must be rated no less than A VII by A.M. Best and Company. You must maintain such additional insurance coverage and increased limits that We may reasonably consider advisable for a Restaurant business in the area where Your Restaurant is located.

11.4 Certificates

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, You will deliver to Us for Our approval certificates of insurance showing compliance with the requirements of Section 11.1. Such certificates must state that the policy or policies will not be canceled or altered without at least thirty (30) days' prior written notice to Us. Maintenance of such insurance and the performance by You of Your obligations under this Section 11 will not relieve You under the indemnity provisions of this Agreement or limit such liability.

11.5 Failure to Insure

If You, for any reason, fail to obtain and maintain the insurance coverage required by this Section, We will have the right and authority to obtain immediately such insurance coverage and to charge the cost thereof plus a ten percent (10%) processing fee to You, which charges will be paid immediately upon notice and will be subject to charges for late payments in the manner set forth in Section 2.3 above.

ARTICLE 12: DEBTS AND TAXES

12.1 Debts and Taxes

You will pay promptly when due all debts and other obligations incurred directly or indirectly in connection with Your Restaurant and its operation; including, without limitation, all taxes and assessments that may be assessed against Your Restaurant land, building and other improvements, equipment, fixtures, signs, furnishings and other property, and all liens and encumbrances of every kind and character incurred by or on behalf of You in conducting Your Restaurant business. You may protest or contest any of such amounts so long as such protest or contest does not adversely affect the continued business of Your Restaurant or possession of Your Restaurant premises.

ARTICLE 13: SALE AND ASSIGNMENT, RESTRICTIONS

13.1 Definition of Principals; Personal Guarantees

For purposes of this ARTICLE 13, the term "**Principals"** will include the persons signing this Agreement as Principals, any of Your future owners and the spouses, minor children or any trust for the benefit of any such Principal. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of Your obligations under this Agreement. We have unrestricted right to approve all owners and any future owners.

13.2 Authorized Agent

You and the Principals appoint the following person with full authority (the **"Authorized Agent")** to act on behalf of You and the Principals in regard to performing, administering or amending this Agreement: ________________________.

We may deal completely with the Authorized Agent in such regard unless and until Our actual receipt of written notice from You and the Principals of the appointment of a successor to the Authorized Agent.

13.3 Personal Contract; Consent Mandatory

You agree that a material part of the consideration for Our entering into this Agreement is the personal confidence We have in You and the Principals. No person will succeed to any of Your rights under this Agreement by virtue of any voluntary or involuntary proceeding in bankruptcy, receivership, attachment, execution, assignment for the benefit of creditors, other legal process or transfer not expressly authorized and consented to by Us. Except as expressly provided for in this Agreement any attempt by You to transfer any of Your rights or interest under this Agreement will constitute a material breach of this Agreement, and in such event We will have the right to terminate this Agreement upon written notice to You. We will not be bound by any attempted transfer in any manner whatsoever, by law or otherwise, of any of Your rights or interests under this Agreement except as permitted by this ARTICLE 13.

13.4 Form of Legal Entity

(a) If You have been organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**") or if Your interests in this Agreement are to be transferred to a Legal Entity, such Legal Entity must be expressly approved in advance and in writing by Us and You must comply with this Section 13.4 and any other condition which We may require, including a limitation on the number of owners of the Legal Entity. We will not charge a transfer fee for forming such a Legal Entity.

(b) Unless We provide Our prior written consent to the contrary, the Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

(i) The Legal Entity must be closely held with the single purpose of operating JIMBOY'S Restaurants.

(ii) The Principals will own and control not less than fifty and one-tenth percent (50.1%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.

(iii) There will not be more than ten (10) owners of the Legal Entity in addition to the Principals.

(iv) Each person designated as Authorized Agent or Designated Principal must own at least ten percent (10%) of the ownership interests of the Legal Entity.

(c) You will notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after its receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with JIMBOY'S Restaurants or having a known history, reputation or character which is adverse to the interests of JIMBOY'S Restaurants. A failure by Us to respond timely to such notice will be deemed an approval of the proposed transfer. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(d) Notwithstanding anything to the contrary contained in this Section 13.4, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 13.4 are satisfied and We receive prior written notice of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold Our approval of any transfer so long as the Principals maintain operational control over You.

(e) The organization documents of the Legal Entity will contain the restrictions set forth in Subsections 13.4(b) and (c) above and this Subsection 13.4(e). You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"The transfer of ownership in this company is subject to the terms and conditions of a JIMBOY'S Franchise Agreement. Reference is made to such Franchise Agreement and to the restrictive provisions contained in the organization documents of this company."

13.5 <u>Written Consent</u>

(a) Except as otherwise expressly set forth in this ARTICLE 13, neither Your rights and interests under this Agreement nor any ownership interests in You (if You are a Legal Entity) may be sold, assigned, encumbered or otherwise transferred (all of which are hereinafter included within the term "**transfer**") in whole or in part in any manner whatsoever without Our prior express written consent.

(b) We will not unreasonably withhold Our consent to a transfer. In considering a request for transfer, We will consider, among other things, the qualifications, apparent ability and credit standing of the proposed transferee as if he or she were a prospective direct purchaser of a franchise from Us. In addition, but without limitation, We will require as conditions to the granting of Our consent all of the following:

(i) There must be no existing default in the performance or observance of any of Your obligations under this Agreement or any other agreement with Us, and Your Restaurant will be in condition and appearance satisfactory to Us and in accordance with Our System standards at that time;

(ii) You must settle all outstanding accounts with Us and our Affiliate(s);

(iii) You must pay Us Our then current transfer fee. The amount of the transfer fee will be twenty-five (25%) of our then current initial franchise fee. To compensate Us for Our expenses incurred in connection with investigating the qualifications of the proposed transferee, training the proposed transferee and the direct administrative costs of effectuating the transfer;

(iv) The proposed transferee or other person(s) designated by Us must prior to the transfer personally attend and satisfactorily complete Our initial training program;

(v) The proposed transferee must execute Our then current form of Franchise Agreement for the remaining term of this franchise.

(vi) The transfer documents must contain a non-competition agreement by You similar to that set forth in this Agreement at subsection 4.9(f);

(vii) If You or Your Principals finance any part of the sale price of the transferred interest, You and Your Principals must agree that all of the proposed transferee's obligations are subordinate to the transferee's obligations to pay amounts due to Us and Our Affiliate(s); and

(viii) Such other requirements as We may in Our discretion deem reasonably necessary, including a general release of any claims against Us.

(c) Neither this Agreement, any of the rights conferred on You hereunder nor any ownership interests in the purchasing franchisee may be retained by You as the transferring franchisee as security for the payment of any obligation that may arise by reason of any such transfer.

13.6 Death and Disability

(a) Except as provided for herein to the contrary, the death or disability of an owner of a Legal Entity shall have the legal results of applicable law. In the event of the death or legal incapacity of one of the Principals, the decedent's estate or You must immediately notify Us of such death and within thirty (30) days after such notice further notify Us of a proposed successor to the decedent's interests (the "**Successor**"). If We approve the Successor, he or she will replace the decedent as a Principal hereunder.

(b) In the event We do not approve the Successor, We will so notify You, and You or the decedent's estate will use Your best efforts within the six (6) months from the date of such written notice from Us to sell the interests in this Agreement and Your Restaurant to a bona fide purchaser in accordance with and subject to all of the provisions of this ARTICLE 13. If by the end of such six-month period, You have not consummated a transfer of such interest or stock in a transaction which meets the requirements of this ARTICLE 13, We will have the option to purchase all of such interest in Your Restaurant and franchise or in the ownership of the Legal Entity at the fair market value thereof as determined in good faith by an independent appraiser selected as set forth in subsection (c) below.

(c) The procedure for determining the fair market value or other terms of purchase shall be that We and You shall each select one appraiser and such two appraisers shall select a third appraiser, and the third appraiser shall make the necessary determination, with the costs of appraisal to be borne equally by You and Us.

(d) If We in Our discretion decide that the death or disability of an individual, a Principal or a Successor will result in unsatisfactory operation of Your Restaurant, We may take over operation of Your Restaurant temporarily, and You will reimburse Us for all of Our costs and compensate Us for Our efforts at an amount equal to 5% of Gross Revenues during such time.

13.7 Right of First Refusal

(a) You must give written notice to Us of any planned, attempted transfer or offer to transfer by You in any manner whatsoever of any interest in or under this Agreement or of any transfer of the controlling ownership interest in You if You are a Legal Entity. You grant Us the right of first refusal in regard to any such offer or transfer to purchase such interest on the same terms and conditions (or on terms and conditions determined by Us which will result in the same net financial benefits to You as transferor). In exercising Our right of first refusal, We may pay the transferor cash at closing in the same amount as the principal amount of any promissory note(s) otherwise required by the transferee or in the amount of the fair market value of any other non-cash purchase price, and if stock is provided for, may substitute stock of itself or an affiliated corporation in an equivalent value to the stock contained in the offer of first refusal. Any determination of fair market value, equivalent value or net financial benefits made by Us in good faith shall be deemed an acceptance of the offer. Until We have accepted or rejected the offer of first refusal from You, You will neither consider nor accept any other offer and will keep confidential all of the terms of such transfer.

(b) The first refusal offer to Us must be in writing and must include complete details of all of the terms, conditions and provisions of the proposed transfer, including copies of all agreements which may be assumed by or assigned to the transferee. After receipt of all of such information, We will have thirty (30) days after actual receipt of all of such documents within which to accept or reject it. Our failure to accept within such thirty (30) days will constitute a rejection. If rejected, You may consummate the transfer to a third party if all other provisions of this Agreement are satisfied, but the transfer must be consummated within six (6) months and only upon the terms, conditions and provisions previously offered to Us.

(c) After any rejection by Us, You must in all events submit a fully executed copy of all final transfer documents to Us at least three (3) days in advance of any proposed consummation or closing date for Our review and comparison with the first refusal offer previously submitted to it. Any variation will require an offer of first refusal to Us on the varying terms following the same procedures set forth above. Our right of first refusal will be unrestricted and absolute, and We will in all cases have at least thirty (30) days to consider and act on each offer or any change in the terms and conditions of offer.

(d) Nothing contained in this Section 13.7 will in any way be deemed to limit Our discretion in considering, approving or disapproving any request to transfer any interest under this Agreement.

13.8 Assumption

This Agreement and Our rights, interests and obligations hereunder will be transferred to the benefit of any entity which succeeds to Our business and assumes Our obligations hereunder.

ARTICLE 14: TRADEMARKS

14.1 Ownership

You agree that We have the sole and exclusive right (except for rights granted under existing and future franchise agreements) to use the Marks in connection with the products and services to which they are or may be applied by Us. You agree during the term of this Agreement and after its expiration or other termination You will not directly or indirectly contest or aid in contesting the validity, ownership or use of the Marks by Us or take any action whatsoever in derogation of the rights claimed therein by Us.

14.2 Nonexclusive License

The license granted under this Agreement to use the Marks is nonexclusive except to the extent otherwise specified herein, and We, in Our sole and absolute discretion, may grant other licenses in, to and under the Marks in addition to those licensees already granted, both within and outside Your Restaurant's trading area, and to develop and license other names and marks on any such terms and conditions as We deem appropriate.

14.3 Other Uses

You expressly agree that We have the exclusive, unrestricted right to engage directly and indirectly, at wholesale, retail, catering and otherwise, within Your Restaurant trading area and elsewhere, in (a) the production, distribution and sale of products under the Marks licensed hereunder or other marks; and (b) the use, in connection with such production, distribution and sale, of any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by Us. The license granted to You under this Agreement does not include any right or authority of any kind whatsoever to sell outside the Restaurant any products using the Marks. We have the sole and exclusive right to such rights at all times and at all locations.

14.4 Goodwill

Nothing contained in this Agreement will be construed to vest in You any right, title or interest in or to the Marks, the goodwill now or hereafter associated therewith or any right in the design or any Restaurant building, other than the rights and license expressly granted herein of the term hereof. Any and all goodwill associated with or identified by the Marks will inure directly and exclusively to Our benefit, including without limitation any goodwill resulting from operation and promotion of Your Restaurant.

14.5 Use of Marks

You will not use the Marks in connection with any statement or material which may, in Our judgment, be in bad taste or inconsistent with the JIMBOY'S public image, or tend to bring disparagement, ridicule or scorn upon Us, the Marks or the goodwill associated therewith. You, whether doing business as a proprietorship or Legal Entity, will not adopt, use or register (by filing a certificate or articles of incorporation, a fictitious business name statement, or otherwise) any trade name or business name, style or design which includes, or is similar to, any of JIMBOY'S identifying characteristics. We will defend You (using legal counsel chosen by Us) and indemnify You from any claims of infringement regarding use by You of the Marks so long as You were using the Marks properly and as authorized by this Agreement.

14.6 Changes in Marks; Protection

We will have the right at any time and from time to time upon notice to You to make additions to, deletions from, and changes in the Marks, or any of them, all of which additions, deletions and changes will be as effective as if they Were incorporated in this Agreement. All such additions, deletions and changes will be made in good faith, on a reasonable basis and with a view toward the overall best interest of JIMBOY'S Restaurants generally. We will protect and preserve the integrity and validity of the Marks by taking the actions deemed by Us in Our discretion to be appropriate in the event of any apparent infringement of the Marks.

14.7 Infringements

You will notify Us promptly of any claims or charges of trademark infringement against Us or You, as well as any information You may have of any suspected infringement of the Marks. You will take no action with regard to any such matters without Our prior written approval and will cooperate fully with Us in dealing with any infringement or claim of infringement.

ARTICLE 15: EXPIRATION AND TERMINATION

15.1 Events of Default; Liquidated Damages

(a) We will have the right to terminate this Agreement immediately upon written notice to You if any of the following events occur:

(i) In the event of any breach or default under Sections 4.3(c) (failure to comply with applicable laws), 5.2 (mandatory training), 9.2 (inspection), 13.3 and 13.5 (unauthorized transfer) or 13.7 (right of first refusal);

(ii) If a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization is filed by or against You, or if You make any assignment for the benefit of creditors, or if a receiver or trustee is appointed for Your Restaurant, unless remedied to Our satisfaction within twenty (20) days;

(iii) If You for any reason lose Your right to possession of Your Restaurant premises;

(iv) If We discover that You have made any material misrepresentation or omitted any material fact in the information furnished by You in connection with the grant of this franchise including without limitation Your personal commitment that You will only sell food and beverage products, including our signature products, which contain ingredients purchased from a supplier approved by us and which meets our specifications;

(v) If You (or any Principal) are convicted of any felony or other criminal conduct which is relevant to operation of Your Restaurant or if You engage in conduct which reflects materially and unfavorably upon the operation and reputation of the JIMBOY'S business or System.

(vi) If You abandon Your Restaurant by failing to operate it for five consecutive days or lesser period if the facts and circumstances indicate that You do not intend to continue to operate Your Restaurant (except as a result of fire, flood, earthquake or similar causes beyond Your control);

(vii) If You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice; or

(viii) If We make a reasonable determination that continued operation of Your Restaurant by You will result in an imminent danger to any of its customers or to public health or safety.

(b) If You default in any other requirement of this Agreement, We will have the right to terminate this Agreement immediately following thirty (30) days written notice to You (except in the case of a default in payment to Us, in which case only ten (10) days written notice is required). If a non-monetary default cannot by its nature reasonably be cured within such thirty-day period, and so long as You are diligently taking all action reasonably necessary to effect such cure, the cure period will be extended to a reasonable amount of time to effect such cure. A default in any other JIMBOY'S franchise agreement in which You or anyone holding an interest in You also has an interest will be considered a default under this Agreement, which if not cured will result in termination of this Agreement.

(c) We may terminate this Agreement upon written notice to You without any curative period if a default is repeated within any 12-month time period.

(d) The provisions of this Section 15.1 are subject to the provisions of any local statutes or regulations which may prohibit Us from terminating this Agreement without good cause or without giving You additional prior written notice of termination and opportunity to cure any default.

(e) Liquidated Damages

(i) Upon termination of this Agreement due to Your action or failure to take action according to its terms and conditions, You agree to pay Us within fifteen (15) days after termination, in addition to any amounts owed Us or Our Affiliates, liquidated damages equal to the average monthly Royalty Fees owed or paid during the 12 full calendar months of operation preceding the effective date of termination multiplied by (A) 24 (being the number of months in two (2) full years), or (B) the number of months remaining in the Agreement had it not been terminated, whichever is less.

(ii) The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages We would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, We might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's current remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

15.2 Termination by You

You may terminate this Agreement following ninety (90) days written notice to Us if We materially breach this Agreement and fail to cure such breach within such ninety-day period.

15.3 Requirements Upon Termination

Upon the expiration or earlier termination of this Agreement for any reason, You must:

(a) immediately discontinue the use of the Marks and the System, including all JIMBOY'S proprietary procedures;

(b) unless We consent to the contrary, remove the Marks from Your Restaurant building and its signs, fixtures and furnishings, eliminate entirely JIMBOY'S trade dress and alter and paint Your Restaurant exterior and improvements a design and color which is basically different from the JIMBOY'S image and design so that there will no longer be any indication to the public that Your Restaurant was a JIMBOY'S Restaurant. If You fail to make or cause to be made any such change within thirty (30) days after written notice, We will have the right to enter upon Your Restaurant premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such changes and You will reimburse Us for all of Our reasonable expenses immediately following demand;

(c) not thereafter use any identifying characteristic that is in any way associated with Us or similar to those associated with Us, or operate or do business under any name or in any manner that might tend to give the public the impression that You are or were a franchisee or otherwise associated with Us;

(d) immediately deliver to Us all copies of the Manual and any items bearing the Marks or which are confidential; and

(e) pay all sums due Us or to become due to Us pursuant to this Agreement.

15.4 Trademark Infringement

If You refuse to comply with a written notice of termination sent by Us and a court later upholds such termination of this Agreement, any operation of Your Restaurant by You from and after the date of termination stated in such notice will constitute trademark infringement by You and You will be liable to Us for damages resulting from such infringement in addition to any royalties paid or payable hereunder, including, without limitation, Your profits.

15.5 Option

If Your Restaurant premises are leased by You from a third party, You will have included in such lease and any subsequent lease of the premises the right by You to assign such lease to Us without further consent by the lessor. We may elect to have the lease automatically assigned to Us under such provision if this Agreement is terminated, whether it is terminated by Us or by You. If We so elect, You will immediately vacate the premises, and We will be entitled to take possession of said premises, including all fixtures and leasehold improvements, and We will pay to You the fair market value of the interests owned by You in Your Restaurant's furnishings and equipment. Fair market value will be determined by mutual agreement or an appraiser selected by Us or the American Arbitration Association if We cannot agree.

ARTICLE 16: MISCELLANEOUS

16.1 No Effect

The waiver by Us of any breach or default, or series of breaches or defaults, of any term, covenant or condition herein or of any same or similar term, covenant or condition in any other agreement between Us and any franchisee will not be deemed a waiver of any subsequent or continuing breach or default of the same or any other terms, covenants or conditions contained in this Agreement, or in any other agreement between Us and any franchisee.

16.2 Right and Remedies

All of Our rights and remedies will be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. Our rights and remedies will be continuing and not exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement will not discharge or release You from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

16.3 Consents

Whenever the consent of a party is sought or required hereunder, such consent will not be unreasonably withheld.

16.4 Partial Invalidity

If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid; provided, however, that in the event any part hereof relating to the payment of fees to Us, or the preservation of the Marks, trade secrets or secret formulae licensed or disclosed hereunder is for any reason declared invalid or unenforceable, then We will have the option of terminating this Agreement upon written notice to You.

16.5 Arbitration; Jurisdiction

(a) Except as set forth in Subsection 16.5(b), any unresolved dispute between the parties arising out of this Agreement shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association applicable to commercial arbitrations and the Federal Arbitration Act. Such arbitration shall be held within the county in which Our corporate headquarters are located (the "**Home County**"), which is currently Sacramento County, California. At the conclusion of the arbitration, the arbitrator must deliver to the parties a written statement of conclusions of fact and conclusions of law supporting the final award of the arbitrator. Any party may move for judicial confirmation, modification or correction of the final award of the arbitrator within 60 days after receipt thereof. Alternatively, judgment upon such decision may be entered in any court having jurisdiction over the matter. Arbitrators shall apply the law of the state where Your Restaurant is located (without giving effect to any conflict of law principals) as set forth in section 16.7 below.

(b) Notwithstanding the foregoing, any action by Us which involves Your continued usage of any of the Marks or the System or an issue involving injunctive relief, may be submitted to a court in the Home County having jurisdiction over the issue involved. You and We expressly consent to personal jurisdiction in the Home County and agree that such court(s) shall have exclusive jurisdiction over any issues not subject to arbitration.

16.6 Attorneys Fees

If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party.

16.7 Governing Law

The parties agree that the law of the state where Your Restaurant is located (without giving effect to any conflict of laws principles) will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto.

16.8 Notices

All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by telefax to such person's telefax number, sent by an established overnight delivery service or mailed by certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight deliver, such notice shall be deemed to have been received the day following sending.

Us:	JIMBOY'S NORTH AMERICA, LLC 80 Iron Point Circle, Suite 105 Folsom, CA 95630 ATTN: The President	With a copy to: Rodney R. Hatter Rodney R. Hatter & Associates PH Suite 1300 2601 Main Street Irvine, CA 92614
You:	__________________________ __________________________ __________________________	

16.9 Terms and Headings

All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Definitions are presented in bold face solely for ease of reference.

16.10 Compliance with Laws

You will at Your own cost and expense promptly comply with all laws, ordinances, orders, rules, regulations, and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and offices thereof. Without limiting the generality of the foregoing, You will abide by all applicable rules and regulations of any Public Health Department.

16.11 Entire Agreement

This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document.

16.12 Amendment or Modification

Except as expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both Us and You.

16.13 Acknowledgment

BY INITIALING WHERE INDICATED, YOU EXPRESSLY ACKNOWLEDGE THAT:

(a) YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION, AND AFTER CONSULTATION WITH AN ATTORNEY OR OTHER ADVISOR(S) OF YOUR CHOICE, AND IN ANY EVENT NOT AS A RESULT OF ANY REPRESENTATIONS BY US, OUR AGENTS, OFFICERS OF EMPLOYEES EXCEPT AS CONTAINED HEREIN AND IN OUR FRANCHISE DISCLOSURE DOCUMENT PREVIOUSLY DELIVERED TO YOU.

YOUR INITIALS:______

(b) THE SUCCESS OF YOUR FRANCHISED BUSINESS WILL BE LARGELY DEPENDENT UPON YOUR ABILITIES AND EFFORTS, AND WE HAVE MADE NO WARRANTY OR GUARANTEE TO YOU THAT YOUR FRANCHISED BUSINESS WILL BE SUCCESSFUL OR PROFITABLE.

YOUR INITIALS:______

(c) YOU ARE NOT RELYING UPON ANY FINANCIAL PROJECTIONS OR SIMILAR INFORMATION OR EARNINGS CLAIMS MADE BY US OR ANYONE ON OUR BEHALF.

YOUR INITIALS:______

(d) A COMPLETE COPY OF THIS AGREEMENT AS SIGNED BY YOU WAS RECEIVED BY YOU AT LEAST SEVEN CALENDAR DAYS PRIOR TO ITS EXECUTION BY YOU AND A COMPLETE COPY OF OUR FRANCHISE DISCLOSURE DOCUMENT WAS RECEIVED AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT.

YOUR INITIALS:______

(e) IF YOU HAVE ANY EXCEPTIONS OR QUESTIONS REGARDING (a) THROUGH (d), THEY ARE: NONE, EXCEPT ___________________________
____
____

YOUR INITIALS:______

* * * * * * * * * * *

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

You:	**Us:**
_____________________________	Jimboy's North America, LLC
______________________________	By: _____________________________
______________________________	Title:_____________________________

Principals:

Printed Name: _________________________ %Ownership: _____

Signature: ____________________________

Printed Name: _________________________ %Ownership: _____

Signature: ____________________________

Operating Principal: ________________________ **(Print Name)**

Attachment 1

PROTECTED TERRITORY

The geographic area described below is the **Territory** referred to in Section 1.2(b) of the Franchise Agreement because the Restaurant has been determined by Us to be located within a "**high density area**":

You: ______________________________

By: ________________________________

Title: ______________________________

Us: Jimboy's North America, LLC

By: ________________________________

Title: ______________________________

Attachment 2

ACH FORM

JIMBOY'S North America

ACH Authorization Form

CREDIT/DEBIT AUTHORIZATION

I (we) hereby authorized JIMBOY'S NORTH AMERICA LLC to initiate entries to my (our) checking/savings/ accounts at the financial institution listed below (THE FINANCIAL INSTITUTION), and, if necessary, initiate adjustments for any transactions credited/debited in error. This authority will remain in effect until JIMBOY'S NORTH AMERICA LLC is notified by me (us) in writing to cancel it in such time as to afford JIMBOY'S NORTH AMERICA LLC and THE FINANCIAL INSITUTION a reasonable opportunity to act on it.

____

Name of Financial Institution

____

Address of Financial Institution – Branch, City, State & Zip

____

Financial Institution Routing Number:

____

Checking/Savings Account Number:

____

Entity Name – If Applicable

____

Authorized Signatory – PLEASE PRINT

______________________________________ ______________________

Signature Date

---

80 Iron Point Circle # 105 Folsom CA 95630 □ Ph: (916)934-5100 □ Fax: (916) 934-5110

Attachment 3

PERSONAL GUARANTY

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned (the "**Guarantors**") hereby personally guarantees, jointly and severally, the due, punctual and full payment and performance of each and all of the obligations of the franchisee ("**Franchisee**") under the foregoing JIMBOY'S Franchise Agreement dated _____________, 201__ by and between the Franchisee and Jimboy's North America, LLC the JIMBOY'S franchisor ("**Franchisor"**) and hereby individually undertakes to be bound by all of the terms of such Franchise Agreement.

It is the intention of the undersigned that this Personal Guaranty shall be full and absolute. Accordingly, each of the Guarantors hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any presentment, demand (including demands for performance), notice and protest of each and every kind and of any right to require Franchisor or its assignee to proceed against Franchisee or any other person or to pursue any other remedy before proceeding against a Guarantor.

This Personal Guaranty applies to, binds and inures to the benefit of the Guarantors and their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. Franchisor may assign its rights hereunder without reducing or modifying the liability of any Guarantor hereunder.

IN WITNESS WHEREOF, each of the Guarantors has executed this Personal Guaranty as of the date set forth below.

______________________________ ______________________________

______________________________ ______________________________

("**Guarantors**")

Dated:_________________________

Attachment 4

CONFIDENTIALITY AGREEMENT

The undersigned Employee of_____________________ ("**Employer**"), which has applied for and/or received a JIMBOY'S franchise from hereby agrees that he or she shall not, while employed by Employer or following such employment, communicate to, or use for the benefit of, any other person, persons, partnership, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of a JIMBOY'S Restaurant; provided, however, that the foregoing does not include information which the Employee can demonstrate came to his or her attention prior to being employed by Employer or which has become a part of the public domain through publication or communication by others.

The Employee agrees to promptly disclose to Employer, any and all ideas, improvements, processes, names, menu items, and enhancements to the franchised business which Employee alone or with others invents, discovers makes or conceives ("Innovations") at any time during, and for a period of one year after employment in a JIMBOY'S Restaurant. All such Innovations will be deemed the sole and exclusive property and works made-for-hire for Jimboy's North America, LLC (the "**Franchisor**"). The Franchisor has the right to incorporate such Innovations into the System without compensation to the Employee.

The Employee acknowledges that any failure to comply with the requirements of this Confidentiality Agreement will cause Employer and the Franchisor irreparable injury, and Employee agrees that in addition to any other right or remedy provided by law, Employer and/or the Franchisor shall be entitled to specific performance of, or an injunction against violation of, the requirements of this Confidentiality Agreement.

The Employee agrees that upon termination of his or her employment with Employer for any reason, he or she will return all copies of documents containing confidential information or trade secrets to Employer, including without limitation JIMBOY'S Confidential Manual(s).

IN WITNESS WHEREOF, the undersigned has executed this document in consideration of his or her employment by the Employer.

DATED: _____________________

Print Name:______________________________

Signature: ______________________________

("**Employee**")

Exhibit
B

JIMBOY'S ®
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT dated ________________, 201__, is between Jimboy's North America, LLC, a Nevada limited liability company ("**We**", "**Us**" or "**Our**"), on the one hand, and ____, a ___________ organized under the laws of the State of __________________ ("**You**" or "**Your**"), and the person(s) executing this Agreement as "**PRINCIPALS**" (the "**Principals**"), on the other hand.

In consideration of the mutual promises set forth herein, the parties agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

1.1 Development of Territory. We hereby grant to You the right to open and operate JIMBOY'S franchise restaurants ("**Restaurants**") in the geographic area which is specified in **Exhibit A** attached hereto and incorporated herein by reference (the "**Territory**").

1.2 Your Territorial Rights. (a) During the term and any extension or renewal of this Agreement, We will not (a) license or allow any other party to operate a Restaurant within the Territory except one or more "**Non-traditional Venue"** restaurants defined in subsection 2.1(c) below, or (b) open or operate, directly or indirectly, any Restaurants within the Territory (except pursuant to any first refusal rights contained in any Franchise Agreement between You and Us, or as otherwise provided in Article 5 below).

(b) Notwithstanding the foregoing, if You have opened the minimum number of Restaurants referred to in Section 2.1 below and We determine in Our discretion that one or more additional Restaurants should be developed within the Territory, We will notify You in writing of such determination and offer You the right of first refusal to develop such Restaurant(s). If after 30 days following mailing of such notice, We have not received Your written acceptance of such right of first refusal, We may develop such Restaurants within the Territory or authorize other(s) to do so.

1.3 Termination. If this Agreement is terminated as a result of a material breach by You, We will have the full and absolute right to operate or franchise or license other parties to operate the JIMBOY'S Restaurants within the Territory.

1.4 Other Products and Outlets. You agree that We retain the unrestricted right within the Territory and elsewhere to use, or license others to use, Our trademarks as follows to distribute pre-packaged food and other products.

1.5 Not Transferable. This Agreement is a personal, non-transferable commitment by You to Us based on the personal confidence reposed by Us in the Principals. Accordingly, both parties agree that any attempt without the prior express written consent of Us to transfer, encumber or assign this Agreement by You or by the Principals in any manner whatsoever will cause the immediate and automatic termination of this Agreement, and We will have no further liability or obligation to You or the Principals pursuant to this Agreement.

2. DEVELOPMENT OF TERRITORY

2.1 Development Schedule. (a) You agree to develop at least a total of __________ (____) JIMBOY'S Restaurants (the "**Required Restaurants**") within the Territory during the term of this Agreement in strict accordance with the Development Schedule set forth in **Exhibit B** attached hereto and incorporated herein by reference (the "**Development Schedule**").

(b) The Development Schedule contains a specific number of Required Restaurants to be opened and operated by You within the Territory during certain time periods. If any Restaurants within the Territory are closed for business (except for authorized holidays or temporarily for major repairs or otherwise with Our prior written consent), such Restaurants will not be included in computing the number of open and operating Required Restaurants and in satisfying the deadlines set forth in the Development Schedule.

(c) The number of Required Restaurants for purposes of the Development Schedule will not without Our prior written consent include a Restaurant located at a "**Non-Traditional Venue",** which means a site or location within another primary business or at institutional settings such as schools, colleges and universities, military and other governmental facilities, hospitals or other health care facilities, hotels, limited access highways, shopping malls, airports, toll roads, office or in-plant food facilities, sports arenas and stadiums, supermarkets, grocery stores or convenience stores.

2.2 Deadlines. The parties acknowledge and agree that the deadlines set forth in the Development Schedule are of the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation of this Agreement will either (a) create any obligation to grant additional modifications, amendments, consents or waivers or (b) be effective unless made by written mutual agreement of the parties.

3. DEVELOPMENT FEE

3.1 Development Fee. In consideration of Our grant to You of the right to develop JIMBOY'S Restaurants in the Territory as provided for herein, You agree to pay to Us upon execution of this Agreement the Initial Franchise Fee for the first Required Restaurant plus $15,000.00 for each additional Required Restaurant (the "**Development Fee**"). The Development Fee is non-refundable and is fully earned by Us upon Our execution hereof as a result of the grant of rights to You and Our forbearance from developing the Territory Ourselves or through other parties. You will not be entitled to a refund of such fee under any circumstances.

3.2 Amount of Fee. The total Development Fee to be paid by You upon execution of this Agreement is $_______________.

4. DEVELOPMENT PROCEDURES

4.1 Mandatory Compliance. You must at all times remain in compliance with this Agreement and all Franchise Agreements issued for Restaurants developed hereunder. We will not approve any pending franchise application or site approval request by You for additional Restaurant(s) if You are in material breach of any Franchise Agreement.

4.2 Site Approval. You will utilize Your own financial, real estate, construction and any other resources required to develop Restaurants. You agree to comply with the requirements of the Franchise Agreement and any additional requirements provided for in the Manual.

4.3 Franchise Agreements and Fees. You will receive $15,000.00 credit from the Development Fee toward the Initial Franchise Fee for each Required Restaurant, except that the total Initial Franchise Fee for the first Required Restaurant will be included in the Development Fee. You must pay the balance of the Initial Franchise Fee and execute Our then-current form of JIMBOY'S Franchise Agreement for each other Required Restaurant. For the second and each of the other Required Restaurants opened pursuant to Your Development Schedule, the Restaurant's Initial Franchise Fee and Royalties will be the same as those contained in Your first Required Restaurant.

4.4 Confidentiality Agreements. You agree to obtain from each of the Principals and any other or Your representatives a Confidentiality Agreement in the form attached hereto as **Exhibit C** and incorporated herein by reference. You further to comply fully with the terms of such Confidentiality Agreement. A copy of all such signed agreements shall be delivered to Us within one week of their execution.

4.5 Development Principal. The individual named in this Section will devote his or her full time, best efforts and constant personal attention to the development of the Required Restaurants:____. (the "**Development Principal**"), who must be at all times approved by Us and certified by Us as fully trained for development. Any change in the identity of Your Development Principal must be approved by Us in writing.

5. EXISTING RESTAURANTS; ACQUISITIONS

5.1 Company Restaurants. If We or another entity under common control with Us ("**Affiliate**") currently operate JIMBOY'S Restaurants within the Territory, such Restaurants are specified on **Exhibit A** attached hereto and incorporated herein by reference ("**Company Restaurants**") and any present or proposed franchised Restaurants in the Territory are specified on **Exhibit A** as ("**Franchised Restaurants**"). Unless You are purchasing the Company Restaurants or Franchised Restaurants pursuant to separate agreement, You agree that Company Restaurants and Franchise Restaurants may continue to be operated as JIMBOY'S Restaurants notwithstanding their location in the Territory. In any event, such Restaurants will not be included under any circumstances toward meeting Your development obligations hereunder.

5.2 Acquisitions; First Right of Refusal.

(a) We may during the term hereof acquire a chain of restaurants from a third party with the intention of converting some or all of such restaurants to JIMBOY'S Restaurants, in which event You agree that We may so convert any of such restaurants located within the Territory so long as We satisfy the following conditions:

(i) We will first send You a written offer to purchase all such restaurants within the Territory at Our total acquisition cost (including without limitation "soft" costs as defined below) for such restaurants.

(ii) You will have thirty days from the date such offer is sent to accept such offer, and until You have either rejected such offer or such thirty day period has lapsed, no conversion or other offer to third parties will be made by Us.

(iii) Your failure to accept such offer within such thirty day period will constitute a rejection.

(b) If You have accepted the above offer and converted such restaurant(s) to Our satisfaction, such restaurants(s) will apply toward meeting Your development obligations under the Development Schedule. If We convert or franchise another party to convert such restaurants, such restaurants will not have any effect on Your obligations under the Development Schedule.

(c) For purposes herein, "**soft costs**" will mean all internal and external costs incurred by Us in connection with the acquisition. These will include, without limitation, cost of funds, personnel time (e.g., in analyzing, negotiating, approving and permitting the acquisition, etc.), and out-of-pocket expenses (e.g., travel, lodging, meals, professional fees to attorneys, architects, engineers, etc.) in connection with the acquisition as applied pro rata to each restaurant being offered to You.

6. TERM; RENEWAL

6.1 Term; Renewal. (a) The initial term of this Agreement ends _________ years from the date set forth above **or if initialed**, until the following date:

_______________, 20__. ___________ _______________

6.2 Renewal

You may renew this Agreement for one or more additional five (5) year terms so long as all of the following conditions have been met before the end of the current term:

(a) You must give Us written notice of renewal not less than six (6) months or more than twelve (12) months before the end of the current term;

(b) You must not default in any material provision of this Agreement or any other agreement with Us at any time during the last twelve months of the prior term and must have complied with all material terms and conditions of this Agreement during the current Term;

(c) You must have paid all amounts owed to Us and our affiliated companies ("**Affiliates**") and have timely paid all such amounts throughout the current term;

(d) You and We must have agreed upon a new Development Schedule to apply during the next term;

(e) You must pay Us a "**Renewal Development Fee**" equal to $15,000.00 times the number of the Required Restaurants specified in the new Development Schedule; and

(f) You must execute Our form of a general release of any and all claims against Us, the Company and other Affiliates, and Our and their officers, directors, agents and employees.

7. DEFAULT

7.1 Default by You. We will have the right to terminate this Agreement upon thirty (30) days written notice to You if You fail to perform any of Your material obligations contained in this Agreement and fail to cure such failure within thirty (30) days of Your receipt of such notice.

7.2 Deadlines Missed by You. TIME IS OF THE ESSENCE of this Agreement. Your failure to meet any deadline set forth in the Development Schedule will constitute a material default under this Agreement without any opportunity to cure such default or notice under Section 7.1 hereof. If You fail to meet such a deadline, We may at any time thereafter immediately terminate this Agreement effective upon written notice from Us. The termination of this Agreement will have no effect on any franchises previously issued to You or on franchises to be issued for sites where We have already approved the site and the franchise.

7.3 Other Defaults. A default by You under any JIMBOY'S Franchise Agreement developed under this Agreement will constitute a material default under this Agreement, in which event We may terminate this Agreement unless such default is timely cured in accordance with the term of the pertinent Franchise Agreement or applicable law.

8. LEGAL ENTITY; RESTRICTIONS; COVENANTS

8.1 Definition of Principals. For purposes of this Article 8, the term "**Principals**" will include the persons executing this Agreement as Principals, their spouses, minor children or any trust for the benefit of such persons.

8.2 Personal Guarantees. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of the Your obligations under this Agreement and under each and every Franchise Agreement to be entered into pursuant hereto.

8.3 Conflicts of Interest. During the term of this Agreement, neither You nor any Principal will, without Our prior express written consent of, directly or indirectly, engage in, or acquire any financial or beneficial interest in, any Restaurant which is similar to or competitive with the business of JIMBOY'S Restaurants ("**Similar Busines**s")

8.4 Authorized Principal. You and the Principals appoint the following person with full authority (the "**Authorized Principal**") to act on Your behalf and on behalf of the Principals in regard to performing, administering or amending this Agreement and any and all Franchise Agreements related to it: __________________________________ We may deal completely with the Authorized Principal in such regard unless and until Our actual receipt of written notice from You of the appointment of a successor to the Authorized Principal.

YOUR INITIALS: __________

8.5 Form of Legal Entity. (a) If You are organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**"), the Principals must notify Us of the form of such Legal Entity and have received Our written approval and You must comply with this Subsection 7.5 and any other condition which We may require. We will not charge a transfer fee for forming such a Legal Entity.

(b) Unless We provide its prior written consent to the contrary, the Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

(i) The Legal Entity must be closely held with the single purpose of developing and operating JIMBOY'S Restaurants.

(ii) The Principal(s) (as defined in Section 8.1 above) will collectively own and control not less than fifty-one percent (51%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.

(iii) Each person designated as Developer Principal and Authorized Principal must own at least ten percent (10%) of the ownership interests of the Legal Entity.

(iii) Not more than twenty percent (20%) in the aggregate of the voting rights of the Legal Entity will be owned beneficially or of record by institutional firms or publicly-held corporations.

(iv) There will be no public offerings of debt or equity ownership by or in the Legal Entity without Our prior written consent and approval.

(v) Prior to the end of ___ days after the date of this Agreement, at least $100,000 times the number of Required Restaurants ($___________) cash will be invested in Your Legal Entity, which will be its minimum start up capitalization. You agree to furnish Us with written evidence of such investment on or before the above date.

(vi) You must at all times maintain in the Legal Entity (A) positive working capital and (B) a net worth of at least $100,000 multiplied by the number of Required Restaurants developed hereunder.

(c) Throughout the term of this Agreement, the Legal Entity will not make any transfer of value to any of its beneficial or record owners or any affiliate of such owner (**"Owner")** which would create negative working capital or would cause the net worth of the Legal Entity to be less than $100,000.00 multiplied by the number of Required Restaurants to be developed hereunder. Similarly, there will at no time be any transfer of value to any Owner unless You are fully current in all payments to Us and Our Affiliates and all Advertising Cooperatives in the Territory. For purposes herein, "**transfer of value**" will include but not be limited to gifts, bonuses, salaries, benefits or other compensation, dividends of any nature, loans, cancellation of debt, purchases or sales, or similar transfers.

(d) You agree to notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with JIMBOY'S Restaurants or having a known history, reputation or character which is adverse to the interests of JIMBOY'S Restaurants. Our failure to respond timely to such notice will be deemed an approval of the proposed transfer. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(e) Notwithstanding anything to the contrary contained in this Section 8.5, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 8.5 are satisfied and We receive prior written notice of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold approval of any transfer so long as the Principals maintain operational control of Your Legal Entity.

(f) The organization documents of the Legal Entity will contain the restrictions set forth in this Section 8.5. You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"Transfer of ownership in this company is subject to the
terms and conditions of JIMBOY'S
Area Development Agreement and Franchise Agreement(s).
Reference is made to such Agreements and to the restrictive provisions
contained in this company's organization documents."

8.6 Financial Statements. You and the Principals agree that each will furnish Us every year during the term hereof a certified copy of the same form of annual financial statements required of the Franchisee in the Franchise Agreements provided for herein. Such financial statements must be received by Us not later than one hundred twenty (120) days after the last day of each fiscal year. Any amendments to such information will be sent to us promptly. TIME IS OF THE ESSENCE with respect to completion and submission of each such document.

9. MISCELLANEOUS

9.1 Miscellaneous. (a) Each of the parties hereto agrees that the terms and conditions of this Agreement are confidential and restricted to the knowledge of the parties and their respective attorneys, accountants, advisors and only other persons whose knowledge of this Agreement are necessary for the implementation of the transaction contemplated hereby.

(b) The terms hereof are intended only to benefit the parties to this Agreement, and no one else is entitled to any benefits as a result of this Agreement or its terms and conditions.

(c) If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid.

(d) The parties agree that except for conflict of laws issues, the law of the State of Nevada will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto. If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party. Such legal proceeding shall be submitted to a court within the county in which Our corporate headquarters are then located (the "**Home County**"). The parties hereby submit to exclusive jurisdiction and venue in the Home County. As of the date of this Agreement, the Home County is Sacramento County, California.

(e) All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by telefax to such person's telefax number, sent by an established overnight delivery service or mailed by registered or certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight delivery, such notice shall be deemed to have been received the day following sending.

(f) All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. All terms used herein shall have their customary meanings unless specified to the contrary. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Words in bold face are done so for easer of reference only.

(g) Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document. This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. Except as may be expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both parties.

9.2 Acknowledgment. BY INITIALING WHERE INDICATED, YOU EXPRESSLY ACKNOWLEDGE THAT:

(a) YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION, AFTER CONSULTATION WITH AN ATTORNEY OR OTHER ADVISOR(S) OF YOUR CHOICE, AND IN ANY EVENT NOT AS A RESULT OF ANY REPRESENTATIONS OF US, OUR AGENTS, OFFICERS OF EMPLOYEES EXCEPT AS CONTAINED HEREIN AND IN OUR FRANCHISE DISCLOSURE DOCUMENT DELIVERED TO YOU.

YOUR INITIALS:______

(b) THE SUCCESS OF THE FRANCHISED RESTAURANTS WILL BE LARGELY DEPENDENT UPON THE ABILITIES AND EFFORTS OF YOU AND THE PRINCIPALS, AND WE HAVE MADE NO WARRANTY OR GUARANTEE TO YOU THAT THE FRANCHISED RESTAURANTS WILL BE SUCCESSFUL OR PROFITABLE.

YOUR INITIALS:______

(c) YOU HAVE NOT RECEIVED AND ARE NOT RELYING UPON ANY FINANCIAL PROJECTIONS OR SIMILAR INFORMATION OR EARNINGS CLAIMS MADE BY US OR ANYONE ON ITS BEHALF EXCEPT AS CONTAINED IN OUR FRANCHISE DISCLOSURE DOCUMENT.

YOUR INITIALS:______

(d) A COMPLETE COPY OF THIS AGREEMENT AS SIGNED BY YOU WAS RECEIVED BY YOU AT LEAST 7 CALENDAR DAYS PRIOR TO ITS EXECUTION BY YOU, AND A COMPLETE COPY OF OUR FRANCHISE DISCLOSURE DOCUMENT WAS RECEIVED AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT.

YOUR INITIALS:______

(e) IF YOU HAVE ANY EXCEPTIONS OR QUESTIONS REGARDING (a) THROUGH (d), THEY ARE: NONE, EXCEPT ___________________________
____
____

YOUR INITIALS:______

* * * * * * * * * * *

IN WITNESS WHEREOF, the parties have executed the Agreement as of the day, month and year first above written.

____
(a ____________________________)

By___________________________

Title: ________________________

PRINCIPALS:

______________________________ ______________________________

______________________________ ______________________________

JIMBOY'S NORTH AMERICA, LLC

By ____

Title _______________________________________

EXHIBIT A

TERRITORY

Your Name:

Description of Territory:

Existing Restaurants (if any):

APPROVED:

YOU ____________________________

US: _____________________________

EXHIBIT B

DEVELOPMENT SCHEDULE

1. JIMBOY'S Restaurants Development. We have granted to you the right to develop and operate and you agree to develop and operate a minimum number of ________ (__) JIMBOY'S_franchise Restaurants in accordance with the terms of the Agreement.

2. Development Obligations. You agree to have the minimum number of JIMBOY'S Restaurants ("**Restaurants**") open in the Development Area during the Development Periods and in operation at the end of each of the Development Periods listed below:

DEVELOPMENT PERIOD	**RESTAURANTS OPEN AND IN OPERATION DURING AND AT THE END OF THE DEVELOPMENT PERIOD**	
ENDING ON:	DURING DEVELOPMENT PERIOD	CUMULATIVE

APPROVED:

YOU: ___________________________

US: _______________________

EXHIBIT C

CONFIDENTIALITY AGREEMENT

In consideration of receiving information regarding the operation of JIMBOY'S Restaurants (the "**Restaurants**") the undersigned ("**Recipient**") agrees that:

1. Recipient will not (a) make unauthorized copies of, (b) disclose to any unauthorized person or (c) use for Recipient's benefit or a JIMBOY'S competitor's benefit any trade secrets or confidential information, knowledge or know-how about the methods of operating the Restaurants ("**Confidential Information**") except only for information which Recipient can show was known by him or her before receiving such information from JIMBOY'S Franchising, LLC or information which has become a part of the public domain through publication or communication by others.

2. Recipient agrees that any breach of this Confidentiality Agreement will cause JIMBOY'S operators irreparable injury, and agrees that in addition to any other right or remedy provided for by law or equity, JIMBOY'S Franchising, LLC shall be entitled to specific performance of, or an injunction against violation of, this Confidentiality Agreement.

3. Recipient agrees that upon request he or she will return immediately all copies of any JIMBOY'S Manuals and other documents containing Confidential Information to JIMBOY'S Franchising, LLC.

IN WITNESS WHEREOF, the undersigned has executed this document as of the date set forth below.

DATED: ___________________

Print Name:______________________________

Signature: ______________________________

Exhibit
C

EXHIBIT C

CONFIDENTIALITY AGREEMENT (OPERATIONS MANUAL)

This Confidentiality Agreement dated as of ______________________, 201____ by and between the undersigned ("You" and "Your") and Jimboy's North America, LLC ("Franchisor"), with respect to Your request to review its Operations Manual ("Manual") prior to purchasing a franchise.

1. Franchisor agrees to allow You to review the Manual in consideration of Your execution of this Agreement.

2. You agree that the Franchisor considers the Manual to be confidential and proprietary information which may not be disclosed to other parties. Accordingly, You agree that You will not disclose its contents in whole or part to any other person without the prior written consent of the Franchisor. You will not make retain any copies or reproductions of any nature of the Manual.

3. You acknowledge that the restrictions contained in this Agreement are reasonable and necessary to protect Franchisor's legitimate interests in the Manual and that any breach by You of this Agreement will result in irreparable injury to Franchisor for which a remedy at law would be inadequate. Accordingly, You agree that Franchisor shall be entitled to temporary, preliminary and permanent injunctive relief against You, without the necessity of posting bond, in the event of any breach or threatened breach by You of this Agreement, in addition to any other remedy that may be available to Franchisor whether at law or in equity.

AGREED:

____________________________ Printed Name:__________________________

JIMBOY'S NORTH AMERICA, LLC

By: _______________________________

Title: _____________________________

Exhibit D

JIMBOY'S

EXHIBIT "D"
TO THE DISCLOSURE DOCUMENT

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

LIST OF STATE AGENCIES

California

Department of Business Oversight
320 West 4th Street
Los Angeles, California 90013
866-275-2677

Connecticut

Connecticut Dept. of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
860-240-8230

Florida

Florida Department of Agriculture & Consumer Services
Division of Consumer Services
2005 Apalachee Parkway
Tallahassee, FL 32399-6500
850-410-3807

Hawaii

Business Registration Division
Securities Compliance
Dept. of Commerce & Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
808-548-2021

Illinois

Illinois Office of the Attorney General
500 South Second Street
Springfield, IL 62706
217-782-1090

Indiana

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

Kentucky

Kentucky Attorney General
700 Capitol Avenue
Frankfort, Kentucky 40601-3449
502-696-5300

Maine

Bureau of Banking
Securities Division
121 State House Station
Augusta, Maine 04333
207-624-8551

Maryland

Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, MD 21202
410-576-6360

Michigan

Michigan Dept. of Attorney General
Consumer Protection Div.
Antitrust & Franchise Unit
Michigan Dept. of Attorney General
670 Law Building
Lansing, Michigan 48913
517-373-7117

Minnesota

Minnesota Dept. of Commerce
85 7th Place East, Suite 500
Saint Paul, Minnesota 55101
612-296-6328

Nebraska

Nebraska Department of Banking and Finance
1200 N Street – Suite 311
Post Office Box 95006
Lincoln, Nebraska 68509
402-471-3445

New York

Bureau of Investor Protection & Securities
New York State Dept. of Law
120 Broadway, 23rd Floor
New York, New York 10271
212-416-8211

North Carolina

Secretary of State
Legislative Office Building
2 South Salisbury Street
Raleigh, NC 27601-2903
918-807-2000

LIST OF STATE AGENCIES

North Dakota

North Dakota Office of
Securities Commission
600 East Boulevard
Bismarck, ND 58505
701-328-2910

Rhode Island

Rhode Island Department of
Business Regulation
Securities Division
1511 Pontiac Avenue
John Pastore Complex-69-1
Cranston, RI 02920-4407
(401) 462-9527

South Carolina

Secretary of State
1205 Pendleton Street
Suite 525
Columbia, SC 29201
803-734-1087

South Dakota

South Dakota Division of
Securities
445 East Capitol Avenue
Pierre, SD 57501-3185
605-773-4823

Texas

Secretary of State
Statutory Document Section
1718 Brazos
Austin, Texas 78701
512-475-1769

Utah

Department of Commerce
Division of Consumer
Protection
160 East 300 South
Post Office Box 45804
Salt Lake City, Utah
84145-0804
801-530-6601

Virginia

State Corporation
Commission
Division of Securities and
Retail Franchising
1300 East Main Street
Richmond, Virginia 23218
804-371-9051

Washington

Washington Department of
Financial Institutions
Securities Division
PO Box 9033
Olympia, Washington 98507-
9033
360-902-8760

Wisconsin

Wisconsin Department
Financial Institutions
345 West Washington Ave.
Post Office Box 1768
Madison, Wisconsin 53701
608-266-9555

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

California

California Commissioner of Business Oversight
320 West 4th Street
Los Angeles, California 90013
213-576-7500

Connecticut

Commissioner of Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
860-240-8230

Florida

Florida Department of Agriculture & Consumer Services
Division of Consumer Services
2005 Apalachee Parkway
Tallahassee, FL 32399-6500
850-410-3807

Hawaii

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813
808-586-2727

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
217-782-1090

Indiana

Indiana Secretary of State
Room E-111
201 State House
200 W. Washington Street
Indianapolis, Indiana 46204
317-232-6531

Kentucky

Kentucky Attorney General
700 Capitol Avenue
Frankfort, Kentucky 40601-3449
502-696-5300

Maine

Bureau of Banking
Securities Division
121 State House Station
Augusta, Maine 04333
207-624-8551

Maryland

Maryland Securities Commissioner
Securities Division
200 Saint Paul Place
Baltimore, MD 21202-2020
410-576-6360

Michigan

Michigan Dept. of Commerce, Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
517-334-6212

Minnesota

Minnesota Commissioner of Commerce
85 7th Place East, Suite 500
Saint Paul, Minnesota 55101
612-296-4026

Nebraska

Nebraska Department of Banking and Finance
1200 N Street – Suite 311
Post Office Box 95006
Lincoln, Nebraska 68509
402-471-3445

New York

Secretary of State of New York
41 State Street
Albany, New York 12231
518-474-4750

North Carolina

Secretary of State
Legislative Office Building
2 South Salisbury Street
Raleigh, NC 27601-2903
918-807-2000

North Dakota

North Dakota Office of Securities Commission
600 East Boulevard
Bismarck, ND 58505
701-328-2910

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

Rhode Island

Director of Rhode Island
Department of Business
Regulation
1511 Pontiac Avenue
John Pastore
Complex-69-1
Cranston, RI 02920-4407
(401) 462-9527

South Carolina

Secretary of State
1205 Pendleton Street
Suite 525
Columbia, SC 29201
803-734-1087

South Dakota

Director of South Dakota
Division of Securities
445 East Capitol Avenue
Pierre, SD 57501-3185
605-773-4823

Texas

Secretary of State
Statutory Document
Section
1718 Brazos
Austin, Texas 78701
512-475-1769

Utah

Department of Commerce
Division of Consumer
Protection
160 East 300 South
Post Office Box 45804
Salt Lake City, Utah
84145-0804
801-530-6601

Virginia

Clerk, State Corporation
Commission
1300 East Main Street
Richmond, Virginia 23218
804-371-9672

Washington

Director, Department of
Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater WA 98501
360-902-8760

Wisconsin

Wisconsin Department
Financial Institutions
345 West Washington
Ave.
Post Office Box 1768
Madison, Wisconsin
53701
608-266-9555

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

Exhibit E

California Only
State Addenda

APPENDIX TO
JIMBOY'S NORTH AMERICA, LLC
CALIFORNIA FRANCHISE DISCLOSURE DOCUMENT

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

None of the persons identified in Item 2 of the franchise disclosure document ("FDD") is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

CALIFORNIA FRANCHISE REPRESENTATIVE - ITEM 2 AND ITEM 4 DISCLOSURES

ITEM 2: **Michael Freeman, Franchise Representative**

Michael Freeman become Our franchise sales representative for Southern California on April 1, 2015. Mr. Freeman was our Manager of Franchise Development from June, 2011 to March 31, 2015. Mr. Freeman was General Manager of Icon Funding & Realty in Folsom, California from January, 2004, to June, 2011.

ITEM 4:

On November 13, 2008, Michael Freeman filed a personal bankruptcy petition under Chapter 13 of the U.S. Bankruptcy Code (U.S. Bankruptcy Court Eastern District of California, Case No. 08-36596-E-13C), which was later converted into Chapter 7 Case No. 11-48090, and which was discharged on March 19, 2012.

In connection with ITEM 17 of the franchise disclosure document, the following paragraphs are included pursuant to California law:

1. The Franchise Agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

3. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).

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

5. The franchise requires a franchisee to execute a general release of claims upon renewal or transfer of the agreement. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

6. The Agreements require application of the laws of the state where Your Restaurant is located. This provision may not be enforceable under California law.

7. California Corporations Code Section 31125 requires the franchisor to give the franchisee a disclosure document approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.

8. Re: Website: www.jimboystacos.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

Exhibit F

JIMBOY'S

EXHIBIT "F"
TO THE DISCLOSURE DOCUMENT

LIST OF LOCATIONS

List of Franchise Locations
As of March 31, 2017
California

Company Name	Unit Address	Phone
Roper Food Service, Inc.	8670 Elk Grove Blvd. Elk Grove, CA 95624	916-685-1940
Roper Food Service, Inc.	7300 Laguna Blvd. Elk Grove, CA 95758	916-683-2233
Roper Food Service, Inc.	1000 Sunrise Ave. #1A Roseville, CA 95661	916-788-0222
Roper Food Service, Inc.	7401 Fair Oaks Blvd Carmichael, CA 95608	916-489-6226
Roper Food Service, Inc.	1821 Douglas Blvd #C8 Roseville, CA 95678	916-783-3907
Roper Food Service, Inc.	5410 Crossing Drive Ste. 101 Rocklin, CA 96577	916-652-5300
Avalosbiz, Inc.	7215 Greenhaven Drive Sacramento, CA 95831	916-391-4893
Avalosbiz, Inc.	5551 Franklin Blvd Sacramento, CA 95820	916-427-3951
Ladner & Ladner, Inc.	3033 Arden Way Sacramento, CA 95825	916-485-6616
Ladner & Ladner, Inc.	3900 Watt Avenue Sacramento, CA 95821	916-971-1719
Joel Perez	11065 Folsom Blvd. Rancho Cordova, CA 95670	916-852-6076
Davalos Corporation	9500 Greenback Lane #33 Folsom, CA 95630-2091	916-988-2210
Esther Ruiz	535 Wisconsin Avenue Sacramento, CA 95833	916-925-4101
Rapico, Inc.	1420 29th Street Sacramento, CA 95816	916-452-6451
Rapico, Inc.	5085 Stockton Blvd. Sacramento, CA 95820	916-452-6321
Laffoon Brothers, Inc.	2405 Grass Valley Hwy Auburn, CA 95603	530-745-9633
Laffoon Enterprises, Inc.	1937 Nevada City Hwy Grass Valley, CA 95945	530-477-9490
El Llano, Inc.	301 E Street Marysville, CA 95901	530-742-4727
El Llano, Inc.	920 Colusa Unit “D” Yuba City, CA 95991	530-751-7646
Bellagrace, Inc.	13409 Bowman Road Auburn, CA 95603	530-887-8875
Roper Food Service, Inc.	1228 Galleria Blvd. Ste 120 Roseville, CA 95678	916-773-8226
Presidio, Inc.	3845 Elkhorn Blvd. North Highlands, CA 95660	916-344-6045

Company Name	Unit Address	Phone
Presidio, Inc.	7349 Madison Avenue Citrus Heights, CA 95621	916-961-8260
Presidio, Inc.	5707 Watt Avenue North Highlands, CA 95660	916-332-4637
Presidio, Inc.	5874 Antelope Road Antelope, CA 95843	916-726-7528
Presidio, Inc.	3431 Coach Lane Cameron Park, CA 95682-8408	530-677-2411
Presidio, Inc.	1405 Broadway Placerville, CA 95667	530-621-1511
Presidio, Inc.	3230 Arena Blvd. Ste. 220 Sacramento, CA 95834	916-419-7016
Presidio, Inc.	2021 Bronze Star Drive Ste. 100 Woodland, CA 95576	530-661-3485
Presidio, Inc.	3342 N. Texas Street, Suite F Fairfield, CA 94533	707-673-4026
Laurkin, Inc.	27882 Aliso Creek Rd. Aliso Viejo, CA 92656	949-643-8226
Orange County Area Developer: David Angulo & Fraidoon Ali	115 S. Irving Blvd. Los Angeles, CA 90004	323-687-3967

Nevada

Company Name	Unit Address	Phone
DATF, Inc.	700 E. 2nd Street Reno, NV 89502	775-329-8288
DATF, Inc.	1363 Baring Blvd. Sparks, NV 89436	775-331-5656
DATF, Inc.	3280 S. Virginia Street Reno, NV 89502	775-827-2544
Marco Blanquet	1370 Sullivan Lane Sparks, NV 89436	775-358-2337
Marco Blanquet	1999 Selmi Dr. Reno, NV 89521	775-284-8208

LIST OF CORPORATE LOCATIONS

California

Unit Address	Phone
100 Atkinson Street Roseville, CA 95678	916-591-5933
708 E. Bidwell Street Folsom, CA 95630	916-983-6990
1650 South Harbor Blvd. #C Anaheim, CA 92802	714-991-1954

List of Former Franchisees
As of March 31, 2017

None

Exhibit G

JIMBOY’S NORTH AMERICA L.L.C.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR’S REPORT

MARCH 31, 2017 and 2016

JIMBOY'S NORTH AMERICA L.L.C.

CONTENTS

Kenneth R. Cone, CPA
5000 Barnaby Court
Sacramento CA 95834
(916) 649-1040

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
Jimboy's North America L.L.C.

I have audited the accompanying financial statements of Jimboy's North America L.L.C. (a Nevada organization) which comprise the balance sheet as of March 31, 2017 and 2016, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jimboy's North America L.L.C. as of March 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kenneth R Cone, CPA

Kenneth R. Cone, CPA
Sacramento, California

July 13, 2017

JIMBOY’S NORTH AMERICA L.L.C.

Balance Sheets

	March 31, 2017	March 31, 2016
ASSETS		
Current Assets		
Cash & Cash Equivalents	$ 154,680	$ 31,986
Accounts Receivable-net	514,578	554,916
Other current assets		28,099
Total Current Assets	669,258	615,001
Fixed Assets		
Equipment-net	6,877	11,292
Other Assets		
Loans to related parties	1,622,213	799,824
Security Deposit	8,098	6,203
Goodwill	44,075	44,075
Total Other Assets	1,674,386	850,102
Total Assets	$ 2,350,521	$ 1,476,395
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 68,131	$ 89,108
Credit Cards Payable	13,329	30,546
Advertising Funds Available		
Payroll Liabilities & Other Accruals	69,955	62,034
Shart term loan from related party	126,000	
Current Portion of Long-Term Notes	65,490	73,667
Advances from Affiliate		
Total Current Liabilities	342,905	255,355
Long-Term Liabilitites		
Note Payable-Bank	1,510,210	1,078,214
Total Long-Term Liabilites	1,510,210	1,078,214
Total Liabilities	$ 1,853,115	$ 1,333,569
Members' Equity	497,406	142,826
Total Liabilities & Equity	$ 2,350,521	$ 1,476,395

See accompanying notes to financial statements

JIMBOY'S NORTH AMERICA L.L.C.

Statements of Income

		April 1, 2016 March 31, 2017		April 1, 2015 March 31, 2016
Revenue				
Franchise Royalty Income	$	1,061,539	$	1,030,171
Advertising Cooperative Reimbursement		571,709		669,414
Advertising Administration		106,561		122,393
Vendor & other rebates		308,018		0
Franchise Sales & Area Representative Income		160,000		15,000
Interest Income		31,796		-
Other Revenues		45,614		175,705
Total Revenue		2,285,237		2,012,683
Direct Costs of Revenues				
Advertising Expenditures-Cooperative				498,325
Costs of Food Sales				
Total Direct Cost of Revenues		-		498,325
Gross Income		2,285,237		1,514,358
Expenses				
Finance, Administration & IT		535,165		
Operations		237,065		
Marketing		548,464		
Research and Development		64,512		20,638
Sales		119,364		
Development		269,416		
Interest Expense		8,493		-
Bad Debt Expense		2,347		
Depreciation		4,315		4,227
Operating Expenses				
Labor - including load				727,763
Professional Fees		134,152		333,186
Royalties for Intellectual Property		162,100		98,079
Other Administrative Expenses				153,965
Rent - Facility & Equipment		82,630		73,199
Advertising-Corporate				2,464
Total Expenses		2,168,023		1,452,943
Net Income before California Franchise Taxes		117,214		61,415
Provision for state income taxes & LLC fees		4,945		1,400
Net income after taxes	$	112,269	$	60,015

See accompanying notes to financial statements

JIMBOY'S NORTH AMERICA L.L.C.

Statements of Changes in Members' Equity

For the year ended March 31, 2017

	Shares Issued		Amount
Beginning Members' Equity	97,500	$	142,826
Capital Contribution			242,311
Net Income			112,269
Ending Members' Equity	97,500	$	497,406

For the year ended March 31, 2016

	Shares Issued		Amount
Beginning Members' Equity	100,000	$	82,321
Capital Contribution			490
Shares redeemed without valuation	(2,500)		
Net Income			60,015
Ending Members' Equity	97,500	$	142,826

JIMBOY’S NORTH AMERICA L.L.C.

Statements of Cash Flow

		April 1, 2016 March 31, 2017		April 1, 2015 March 31, 2016
Cash flow from Operating Activities:				
Net Income (loss)	$	112,269	$	60,015
Non-cash Adjustments:				
Depreciation		4,315		4,227
(Increase) decrease in net accounts receivable		40,338		262,341
(Increase) decrease in other current assets		28,099		(21,159)
Increase (decrease) in accounts payable		(20,977)		(25,860)
Increase (decrease) in credit cards payable		(17,217)		13,972
Increases in payroll liabilities and other accruals		7,921		(10,039)
Equity Exchanged for Labor				
Net cash used in operating activities	$	154,748	$	283,497
Investing Activities:				
Purchases of equipment	$	100	$	(1,015)
Establishment of security deposit		(1,895)		-
Funds advanced to affiliates		(822,389)		(485,326)
Purchase of goodwill				
Net cash used in investing activities	$	(824,184)	$	(486,341)
Financing Activities:				
Short-term loans from related party	$	126,000		
Change in current portion of long-term debt		(8,177)	$	(9,632)
Long-term financing from related party		431,996		225,292
Funds repaid to related party				
Membership capital contributions		242,311		490
Net cash provided by financing activities	$	792,130	$	216,150
Net cash increase/(decrease) for period	$	122,694	$	13,306
Cash and cash equivalents, beginning of period		31,986		18,680
Cash and cash equivalents, end of period	$	154,680	$	31,986
Cash basis interest and income taxes paid:				
Interest paid	$	8,493	$	39,422
Income taxes paid	$	6,800	$	6,800

JIMBOY'S NORTH AMERICA L.L.C.
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Jimboy's North America L.L.C., (the Company) was incorporated in June 2012 in the state of Nevada. The Company is engaged in the business of franchising Jimboy's Tacos restaurants throughout the world. When the Company was organized it consummated an agreement to take over being the franchisor for existing franchise restaurants.

During the year ended March 31, 2017, one new franchised restaurant opened and one existing store was relocated. 35 franchises were open as of March 31, 2017. These 35 are owned by 16 franchisees. Franchisees own from one to eight restaurants. In addition, at the end of the year ended March 31, 2017 3 corporate owned restaurants were contributing to operational activities: down by two in the fiscal year ended March 31, 2016. Two of the corporate restaurants were sold to franchisees. One corporate store closed. One corporate store was opened. As of March 31, 2017, the combined number of stores being operated by both franchisees and corporate was 38.

During the year ended March 31, 2016, one new franchised restaurant opened. 35 franchises were open as of March 31, 2016. These 35 are owned by 15 franchisees. Franchisees own from one to eight restaurants. In addition, at the end of the year ended March 31, 2016 4 corporate owned restaurants were contributing to operational activities: down by two in the fiscal year ended March 31, 2015. Two of the corporate restaurants were sold to existing franchisees. One corporate store closed. As of March 31, 2016, the combined number of stores being operated by both franchisees and corporate was 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is prepared to assist in understanding the Company's financial statements. The financial statements and related notes are representations of the Company's management. Management is responsible for these the integrity and objectivity of these statements and notes.

Basis of Accounting
The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimated.

Fair Value of Financial Instruments
The Company had no financial instruments at the balance sheet date.

Cash and Cash Equivalents
Cash and cash equivalents include cash in checking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable
The Company's primary operating receivables are comprised of franchise sales fees, area sales representative fees, royalty fees, advertising and advertising administration based on reported sales by franchisees in the month of activity that have not yet been collected.

At March 31, 2017 and 2016, $11,644 and $48,785, respectively, of accounts receivable are due from an affiliate. The affiliate is well financed. Management believes these funds are fully collectible.

Notes Receivable from Affiliates
At March 31, 2017 and 2016, $449,162 and $431.498, respectively, of notes receivable are due from affiliates. The affiliates are well financed. Management believes these funds are fully collectible.

Interest income on notes receivable during the fiscal years ended March 31, 2017 and 2016 were $31,796, and $9,149, respectively.

Policy for Charging Off Uncollectible Receivables

The Company writes off uncollectible receivables when a restaurant closes or upon negotiation of debt forgiveness. Management believes that all receivables as of March 31, 2017 are collectible. For the fiscal year ended March 31, 2016, the 2015 reserve was used to absorb a write off of a new franchisee's purchase of stores when he could not fulfill his contract.

Fixed Assets
Property and equipment are stated at cost. Depreciation is computed on property and equipment using the straight-line method over the expected useful lives of these assets.

Intangible Assets
Intangible assets consist of goodwill. Goodwill has been evaluated for its future utility. Management believes that goodwill is not impaired.

Franchise Operations
When new franchises are sold, income is recognized in the period earned. Franchise fees are based upon individual franchise agreements. Management's financial obligation to franchisees subsequent to sale of the franchise is a function of advertising commitments.

Royalty fees are charged to franchisees based upon an agreed upon rate of their monthly sales, net of sales tax. Advertising coop fees are charged to California franchisees. Non California franchisees do not pay coop fees during the current development phase. When sufficient franchises have been established, then coop fees are expected to be charged.

JIMBOY'S NORTH AMERICA L.L.C.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition
The Company's primary revenues consist of royalties and advertising cooperative fees from the franchisees. Initial fees and royalties from franchisees are recognized in the period earned. Advertising coop fees are recognized in the month earned in the same manner as royalties are recognized.

Advertising Costs
The Company expenses its costs for advertising when incurred. Such costs are included in operating expenses.

Income Taxes
The Company is organized as a limited liability company taxed as a partnership. Accordingly, there are no federal income taxes. California does charge a combination of the minimum franchise tax, $800 per year, and its peculiar gross income tax on revenues in excess of $250,000.

3. FRANCHISE FEE REVENUES

The Company's obligation resulting from franchise agreements is to provide operating procedures, initial training, location, and construction assistance. The Company considers that its obligations are substantially completed when the agreement is signed by the new franchisee.

Franchise fees are negotiated for master franchise agreements.

Fees are payable immediately upon agreement.

4. CONCENTRATION OF CREDIT RISK

Management is not aware of any particular credit risk with respect to independent franchisees. There is not an abundance of cash concentrated in any one financial institution.

5. RELATED-PARTY TRANSACTIONS

The company has the following types of related-party transactions:

1. Inter-company activity from management staff that works at corporate owned restaurants and gets paid through the Company. Corporate owned restaurants are family owned. The corporate owned stores and the company engage in comingled commerce. These costs are allocated on a rational basis to the benefiting units.
2. For the years ended March 31, 2017 and 2016, corporate owned restaurants paid royalties of $21,793 and $166,486, respectively.
3. Executive staff that are paid by the Company but spend parts of each day working on projects that may benefit one, some or all of the affiliated entities. Jimboy's Tacos, Inc. (JTI) is owned by several family members of the founder.
4. During the year ended March 31, 2017 and 2016 the company advanced or converted from accounts receivable to notes receivable $822,389 and $485,326, respectively to related party restaurants. Interest recognized in the years ended March 31, 2017 and 2016 were $31,796 and $9,149 respectively.
5. During the years ended March 31, 2016 a 2.5 percent owner returned his shares to the LLC in exchange for the opportunity to purchase the rights to develop a new territory. No value was assigned to the opportunity.
6. On March 31, 2015, a family member signed an agreement to purchase the right to be the area representative for southern California. At March 31, 2017 and 2016, this resulted in $714,555 and $353,329, respectively owed to the company. Management considers this to be entirely collectible.
7. JTI owns intellectual property and certain other valuables. During the period ended March 31, 2017 and 2016 royalties and management fees were blended and all categorized as royalty payments. Total payments paid or accrued equal $162,100 and $98,079, respectively.
8. As explained in Note 10, there is a note payable to a prominent family member which is set at arm's length within IRS guidelines.

6. COMMITMENTS AND CONTINGENCIES

Jimboy's North America, LLC ("JNA"), and its predecessor(s) have historically issued franchises through Jimboy's Marketing, Inc. ("JMI"). JMI, in turn, managed the franchisees. In 2012, JNA did not renew the JMI Master Franchise Agreement, took over management of third-party franchisees directly, and entered into a transition agreement and a short-term management consulting contract (the "Consulting Agreement") with JMI. The Consulting Agreement had an initial term of 1 year, with an automatic renewal for a second year. Prior to the end of the fourth year (and fourth term), JNA gave notice to JMI that the Consulting Agreement would not be renewed. JMI has asserted that the Consulting Agreement automatically renews absent a breach of JMI's obligations under the Consulting Agreement. JMI has commenced a lawsuit in the Sacramento Superior Court (Case No. 34-2016-00194586) in May of 2016 alleging a breach of the Consulting Agreement as a result of JNA's termination (the "Lawsuit").

6. COMMITMENTS AND CONTINGENCIES (continued)

The Lawsuit also brought actions for fraud and conspiracy and named officers of JNA for individual liability. Those claims were dismissed from the Lawsuit as were the named officers. JNA has filed an answer as to the remaining claims of breach of the Consulting Agreement and a challenged to the legal sufficiency of a franchise termination notice sent by JNA to Bellagrace, Inc., a franchisee operated by principals related to JMI.

The Lawsuit is currently in a discovery phase. Legal advisors anticipate that they will file a motion for summary judgment to have the court decide as a matter of law whether failure to renew the Consulting Agreement was breach and whether termination of the Bellagrace, Inc. franchise was legally sufficient. Legal counsel is unable to express the likelihood of an unfavorable outcome or any amount or range of possible loss at this time.

7. FIXED ASSETS

Fixed assets are comprised of the following at:

	March 31, 2017	March 31, 2016
Computers and technology equipment	$21,521	$21,621
Accumulated Depreciation	(14,644)	(10,329)
Net fixed Assets	$6,877	$11,292

Management considers fixed assets to be stated at their highest and best use value, which is equal to their cost.

Depreciation expense for the period ended March 31, 2017 and 2016 totaled $4,315 and $4,227, respectively. Depreciation on computers and technology equipment is recorded on the straight line basis over five years.

8. LEASES

Future minimum lease commitments are as follows:

Fiscal Year Ending:	Amount
3/31/18	$ 84,277
3/31/19	87,057
3/31/20	89,624
3/31/21	7,487
Beyond 3/31/2021	None
Total	$268,445

9. INTANGIBLE ASSETS

Intangible assets are comprised of the following at March 31, 2017 and 2016:

Goodwill, at cost	$44,075

Under the rules of Fair Value Accounting, goodwill is a level three asset. Management believes that goodwill is not impaired.

10. NOTES PAYABLE

The note payable with the principal financial backer is 2.8 percent per annum, maturing in November 2023. The note is not collateralized; and, there are no restrictive covenants. The note is being amortized through fixed monthly payments. The note value changes from time to time with additional advances or supplemental payments. The note has occasional additional offsets from time to time.

All interest paid was expensed.

The combined aggregate amounts of maturities over the next five years:

Fiscal year ending	3/31/2018	$ 65,490
	3/31/2019	67,313
	3/31/2020	69,188
	3/31/2021	71,115
	3/31/2022	73,095
	Total	$346,201

11. INCOME TAXES

The provision for income taxes consists of the state minimum tax imposed on corporations plus the state gross income tax on limited liability companies.

Accounting principles generally accepted in the United States of America require disclosure of positions taken by an organization in its tax returns that might be uncertain. Management considers that its tax positions taken on federal and California tax returns are more likely than not to be sustained on examination. Years for which the Company could have its tax returns examined are all periods dating back to the period ended March 31, 2013**,** the initial year of operation. Management is not aware of any plans by the government to perform an examination.

12. UNPAID COMPENSATED ABSENCES

For the years ended March 31, 2017 and 2016, unpaid compensated absences were calculated at $34,483 and $29,899, respectively.

13. INTEREST EXPENSE

All interest paid was expensed during the years. No interest was capitalized.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 13, 2017, the date the financial statements were available to be issued. Except as described at Note 6, contingencies, there are no issues to report.

15. CHANGE IN CONSISTENCY OF PRESENTATION

Due to a reorganization of the profit and loss accounts, expenses are not consistently presented with past years. All other aspects of the income statement are comparable. That is, the timing and methodology for recognizing expenses has not changed.

JIMBOY’S NORTH AMERICA L.L.C.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR’S REPORT

MARCH 31, 2016 and 2015

JIMBOY'S NORTH AMERICA L.L.C.

CONTENTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
Jimboy's North America L.L.C.

I have audited the accompanying financial statements of Jimboy's North America L.L.C. which comprise the balance sheet as of March 31, 2016 and 2015, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jimboy's North America L.L.C. as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kenneth R Cone, CPA

Kenneth R. Cone, CPA
Sacramento, California

November 21, 2016

JIMBOY'S NORTH AMERICA L.L.C.

Balance Sheets

	March 31, 2016	March 31, 2015
ASSETS		
Current Assets		
Cash & Cash Equivalents	$ 31,986	$ 18,680
Accounts Receivable-net	554,916	817,257
Other current assets	28,099	6,940
Total Current Assets	615,001	842,877
Fixed Assets		
Technology Equipment-net	11,292	14,504
Other Assets		
Goodwill	44,075	44,075
Security Deposit	6,203	6,203
Loans to related parties	799,824	314,498
Total Other Assets	850,102	364,776
Total Assets	$ 1,476,395	$ 1,222,157
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 89,108	$ 114,968
Credit Cards Payable	30,546	16,574
Payroll Liabilities & Other Accruals	62,034	72,073
Current Portion of Long-Term Notes	73,667	83,299
Total Current Liabilities	255,355	286,914
Long-Term Liabilitites		
Note Payable-Bank	1,078,214	852,922
Total Long-Term Liabilites	1,078,214	852,922
Total Liabilities	$ 1,333,569	$ 1,139,836
Members' Equity	142,826	82,321
Total Liabilities & Equity	$ 1,476,395	$ 1,222,157

See accompanying notes to financial statements

JIMBOY'S NORTH AMERICA L.L.C.

Statements of Income

	April 1, 2015 through March 31, 2016	April 1, 2014 through March 31, 2015
Revenue		
Franchise Royalty Income	$ 1,030,171	$ 913,148
Advertising Administration	122,393	100,055
Advertising Cooperative Reimbursement	669,414	572,287
Franchise Sales & Area Representative Income	15,000	595,000
Other Revenues	175,705	397,673
Total Revenue	2,012,683	2,578,163
Direct Costs of Revenues		
Advertising Expenditures-Cooperative	498,325	529,036
Costs of Food Sales		6,988
Total Direct Cost of Revenues	498,325	536,024
Gross Income	1,514,358	2,042,139
Operating Expenses		
Labor - including load	727,763	993,408
Professional Fees	333,186	336,436
Royalties for Intellectual Property	98,079	181,000
Other Administrative Expenses	153,965	120,156
Research and Development	20,638	54,648
Rent - Facility & Equipment	73,199	36,548
Interest Expense	39,422	32,966
Advertising-Corporate	2,464	19,705
Bad Debts & Remodeling Incentives	-	235,110
Depreciation	4,227	3,355
Total Expenses	1,452,943	2,013,332
Net Income before California Franchise Taxes	61,415	28,807
Provision for state income taxes & LLC fees	1,400	13,816
Net income after taxes	$ 60,015	$ 14,991

JIMBOY’S NORTH AMERICA L.L.C.

Statements of Changes in Members' Equity

For the year ended March 31, 2016

	Shares Issued		Amount
Beginning Members' Equity	100,000	$	82,321
Capital Contribution			490
Shares redeemed without valuation	(2,500)		
Net Income			60,015
Ending Members' Equity	97,500	$	142,826

For the year ended March 31, 2015

	Shares Issued		Amount
Beginning Members' Equity	100,000	$	47,330
Capital Contribution			20,000
Net Income			14,991
Ending Members' Equity	100,000	$	82,321

See accompanying notes to financial statements

JIMBOY'S NORTH AMERICA L.L.C.

Statements of Cash Flow

	April 1, 2015 through March 31, 2016	April 1, 2014 through March 31, 2015
Cash flow from Operating Activities:		
Net Income (loss)	$ 60,015	$ 14,991
Non-cash Adjustments:		
Depreciation	4,227	3,355
(Increase) decrease in net accounts receivable	262,341	72,297
(Increase) decrease in other current assets	(21,159)	3,981
Increase (decrease) in accounts payable	(25,860)	(149,848)
Increase (decrease) in credit cards payable	13,972	16,574
Increases in payroll liabilities and other accruals	(10,039)	30,733
Net cash used in operating activities	$ 283,497	$ (7,917)
Investing Activities:		
Purchases of equipment	$ (1,015)	$ (7,302)
Establishment of security deposit	-	(6,203)
Funds advanced to affiliates	(485,326)	(196,498)
Net cash used in investing activities	$ (486,341)	$ (210,003)
Financing Activities:		
Short-term loans from related party	$ (9,632)	$ 83,299
Long-term financing from related party	225,292	852,922
Short-term loans from (paid back to) bank	-	(200,000)
Long-term financing from (paid back to) bank	-	(590,000)
Membership Capital Sold	490	20,000
Net cash provided by financing activities	$ 216,150	$ 166,221
Net cash increase/(decrease) for period	$ 13,306	$ (51,699)
Cash and cash equivalents, beginning of period	18,680	70,379
Cash and cash equivalents, end of period	$ 31,986	$ 18,680
Cash basis interest and income taxes paid:		
Interest paid	39,422	32,966
Income taxes paid	6,800	14,016

See accompanying notes to financial statements

JIMBOY'S NORTH AMERICA L.L.C.
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Jimboy's North America L.L.C., (the Company) was incorporated in June 2012 in the state of Nevada. The Company is engaged in the business of franchising Jimboy's Tacos restaurants throughout the world. When the Company was organized it consummated an agreement to take over being the franchisor for existing franchise restaurants.

During the year ended March 31, 2016, one new franchised restaurant opened. 35 franchises were open as of March 31, 2016. These 35 are owned by 15 franchisees. Franchisees own from one to eight restaurants. In addition, at the end of the year ended March 31, 2016 4 corporate owned restaurants were contributing to operational activities: down by two in the fiscal year ended March 31, 2015. Two of the corporate restaurants were sold to existing franchisees. One corporate store closed. As of March 31, 2016 the combined number of stores being operated by both franchisees and corporate was 39.

During the year ended March 31, 2015, two franchised restaurants closed. 31 franchises were open at March 31, 2015. These 31 restaurants are owned by 14 franchisees. Franchisees own from one to eight restaurants. In addition, at the end of the year ended March 31, 2015, six corporate owned stores were contributing to operational activities; up from four in the fiscal year ended March 31, 2014. As of March 31, 2015 the combined number of stores being operated by both franchisees and corporate was 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is prepared to assist in understanding the Company's financial statements. The financial statements and related notes are representations of the Company's management. Management is responsible for these the integrity and objectivity of these statements and notes.

Basis of Accounting
The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimated.

Fair Value of Financial Instruments
The Company had no financial instruments at the balance sheet date.

Cash and Cash Equivalents
Cash and cash equivalents include cash in checking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable
The Company's primary operating receivables are comprised of franchise sales fees, area sales representative fees, royalty fees, advertising and advertising administration based on reported sales by franchisees in the month of activity that have not yet been collected.

At March 31, 2016 and 2015, $48,785 and $298,868, respectively, of accounts receivable are due from an affiliate. The affiliate is backed by ownership that has millions of dollars in reserve. Management believes these funds are fully collectible because of the wealth and family relationship.

Notes Receivable from Affiliates
At March 31, 2016 and 2015, $431.498 and $314,498, respectively, of notes receivable are due from affiliates. The affiliates are backed by ownership that has millions of dollars in reserve. Management believes these funds are fully collectible because of the wealth and family relationship.

Policy for Charging Off Uncollectible Receivables

The Company writes off uncollectible receivables when a restaurant closes or upon negotiation of debt forgiveness. For the fiscal year ended March 31, 2016, the 2015 reserve was used to absorb a write off of a new franchisee's purchase of stores when he could not fulfill his contract due to economic challenges not foreseen at the time the 2015 financial statements were available to be issued. In the meantime, 2016 activity with respect to 2015 uncertainty, described next, has demonstrated to management that the full $350,000 receivable should be collectible. For the fiscal year ended March 31, 2015, a reserve of $175,000 was set up as more fully described in Note 5, sub-paragraph 7. The reserve was related to the speculative nature of the new opportunity offered to an area sales representative. The concept is not new to the industry. However, the Company had never participated in this type of situation.

Fixed Assets
Property and equipment are stated at cost. Depreciation is computed on property and equipment using the straight-line method over the expected useful lives of these assets.

Intangible Assets
Intangible assets consist of goodwill. Goodwill has been evaluated for its future utility. Management believes that goodwill is not impaired.

Franchise Operations
When new franchises are sold, income is recognized in the period earned. Franchise fees are based upon individual franchise agreements. Management's financial obligation to franchisees subsequent to sale of the franchise is a function of advertising commitments.

Royalty fees are charged to franchisees based upon an agreed upon rate of their monthly sales, net of sales tax. Advertising coop fees are charged to California franchisees. Non California franchisees do not pay coop fees during the current development phase. When sufficient franchises have been established, then coop fees are expected to be charged.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition
The Company's primary revenues consist of royalties and advertising cooperative fees from the franchisees. Initial fees and royalties from franchisees are recognized in the period earned. Advertising coop fees are recognized in the month earned in the same manner as royalties are recognized.

Advertising Costs
The Company expenses its costs for advertising when incurred. Such costs are included in operating expenses.

Income Taxes
The Company is organized as a limited liability company taxed as a partnership. Accordingly, there are no federal income taxes. California does charge a combination of the minimum franchise tax, $800 per year, and its peculiar gross income tax on revenues in excess of $250,000.

3. FRANCHISE FEE REVENUES

The Company's obligation resulting from franchise agreements is to provide operating procedures, initial training, location, and construction assistance. The Company considers that its obligations are substantially completed when the agreement is signed by the new franchisee.

Franchise fees are negotiated for master franchise agreements.

Fees are payable immediately upon agreement.

4. CONCENTRATION OF CREDIT RISK

Management is not aware of any particular credit risk with respect to independent franchisees. Starting with the fiscal year ended March 31, 2014, the family owned affiliate that owns corporate restaurants contractually agreed to pay royalties and advertising coop fees that are comparable to the franchisees. In addition, the affiliate receives significant benefits from shared management and other resources. As of March 31, 2016 and 2015 these shared costs have resulted in $848,609 and $608,367, respectively, of concentrated credit risk with respect to a related party. As the affiliate is backed by a family member with access to millions of dollars of wealthy reserves, management believes the credit risk will not result in losses. Sales are reasonably spread over more than 30 franchisees and four corporate stores. There is not an abundance of cash concentrated in any one financial institution.

At March 31, 2016, a member of the extended family owes the company $353,329. Management considers this to be entirely collectible.

5. RELATED-PARTY TRANSACTIONS

The company has the following types of related-party transactions:

1. Inter-company activity from management staff that works at corporate owned restaurants and gets paid through the Company. Corporate owned restaurants are owned by the family of a single heir to the founder of Jimboy's Tacos. The corporate owned stores and the company both engage in comingled commerce. These amounts are then sorted out and applied back and forth as accounts receivable and payable.
2. Beginning with the year ended March 31, 2014 the corporate owned stores began to pay royalties and advertising copays to the Company on a basis comparable to franchisees. For the years ended March 31, 2016 and 2015, this total amounted to $166,486 and $237,721, respectively. During the years ended March 31, 2016 and 2015, billable services provided to corporate owned restaurants were none and $25,550, respectively.
3. Executive staff that are paid by the Company but spend parts of each day working on projects that may benefit one, some or all of the affiliated entities. Jimboy's Tacos, Inc. (JTI) is owned by several family members of the founder.
4. During the year ended March 31, 2016 and 2015 the company advanced or converted from accounts receivable to notes receivable none and $196,498, respectively to the corporate owned restaurants. Interest recognized in the years ended March 31, 2016 and 2015 were $9,149 and $4,157, respectively.
5. During the years ended March 31, 2016 a 2.5 percent owner returned his shares to the LLC in exchange for the opportunity to purchase the rights to develop a new territory. No value was assigned to the opportunity. During the year ended March 31, 2015 there was no change in ownership.
6. On March 31, 2015, a family member signed an agreement to purchase the right to be the area representative for southern California. At March 31, 2016, this resulted in $353,329 owed to the company. Management considers this to be entirely collectible.
7. JTI owns intellectual property and certain other valuables. During the period ended March 31, 2016 and 2015 royalties and management fees were blended and all categorized as royalty payments. Total payments paid or accrued equal $98,079 and $181,000, respectively. The company has an agreement in place that started April 1, 2014.
8. As explained in Note 10, there is a note payable to a prominent family member which is set at arm's length within IRS guidelines.

6. COMMITMENTS AND CONTINGENCIES

There are no known disputes or legal proceedings against the Company that management is aware of. There are no commitments that are not already expressed in the financial statements that management has made.

7. FIXED ASSETS

Fixed assets are comprised of the following at:

	March 31, 2016	March 31, 2015
Computers and technology equipment	$21,621	$20,605
Accumulated Depreciation	(10,329)	(6,102)
Net fixed Assets	$11,292	$14,504

Management considers fixed assets to be stated at their highest and best use value, which is equal to their cost.

Depreciation expense for the period ended March 31, 2016 and 2015 totaled $4,227 and $3,355, respectively. Depreciation on computers and technology equipment is recorded on the straight line basis over three years.

8. LEASES

Future minimum lease commitments are as follows:

Fiscal Year Ending:	Amount
3/31/17	$ 79,143
3/31/18	84,277
3/31/19	87,057
3/31/20	89,624
3/31/21	7,487
Beyond five years	None
Total	$347,588

9. INTANGIBLE ASSETS

Intangible assets are comprised of the following at March 31, 2016 and 2015:

Goodwill, at cost	$44,075

Under the rules of Fair Value Accounting, goodwill is a level three asset. Management believes that goodwill is not impaired.

10. NOTES PAYABLE

The note payable with the principal financial backer is 2.8 percent per annum, maturing in November 2023. The note is not collateralized; and, there are no restrictive covenants. The note is being amortized through fixed monthly payments. The note is added to from time to time with additional advances. The note has occasional additional offsets from time to time.

All interest paid was expensed.

The combined aggregate amounts of maturities over the next five years:

Fiscal year ending	3/31/2017	$ 73,667
	3/31/2018	76,670
	3/31/2019	78,806
	3/31/2020	81,000
	3/31/2021	83,256
	Total	$393,399

11. INCOME TAXES

The provision for income taxes consists of the state minimum tax imposed on corporations plus the state gross income tax on limited liability companies.

Accounting principles generally accepted in the United States of America require disclosure of positions taken by an organization in its tax returns that might be uncertain. Management considers that its tax positions taken on federal and California tax returns are more likely than not to be sustained on examination. Years for which the Company could have its tax returns examined are all periods dating back to the period ended March 31, 2013**,** the initial year of operation. Management is not aware of any plans by the government to perform an examination.

12. UNPAID COMPENSATED ABSENCES

For the years ended March 31, 2016 and 2015, unpaid compensated absences were calculated at $29,899 and $37,769, respectively.

13. INTEREST EXPENSE

All interest paid was expensed during the years. No interest was capitalized.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 21, 2016, the date the financial statements were available to be issued.

The only issue that is material concerns a lawsuit described as provided by legal counsel:

> Jimboy's North America, LLC ("JNA"), and its predecessor(s) have historically issued franchises through Jimboy's Marketing, Inc. ("JMI"), who in turn had managed the franchisees. In 2012, JNA did not renew the JMI Master Franchise Agreement, took over management of third-party franchisees directly, and entered into a transition agreement and a short-term management consulting contract (the "Consulting Agreement") with JMI. The Consulting Agreement had an initial term of 1 year, with an automatic renewal for a second year. Prior to the end of the fourth year (and fourth term), JNA gave notice to JMI that the Consulting Agreement would not be renewed. JMI has asserted that the Consulting Agreement automatically renews absent a breach of JMI's obligations under the Consulting Agreement. JMI has commenced a lawsuit in the Sacramento Superior Court (Case No. 34-2016-00194586) in May of 2016 alleging a breach of the Consulting Agreement as a result of JNA's termination (the "Lawsuit").
>
> The Lawsuit also brings actions for fraud and conspiracy and names officers of JNA for individual liability. The Lawsuit is still in the preliminary pleading stage. JNA has successfully defeated a motion for a preliminary injunction that sought to require JNA to make payments under the terms of the Consulting Agreement during the litigation. No answer has been filed to date as the court has now twice sustained JNA's demurrers to the allegations made in the Lawsuit. In addition to claims on the Consulting Agreement, the Lawsuit also challenges the legal sufficiency of a franchise termination notice sent by JNA to Bellagrace, Inc., a franchisee operated by principals related to JMI.
>
> We believe the court will reject the causes of action on fraud and conspiracy and in the coming months direct JMI to file an amended complaint limited to the issues of breach of contract. We then anticipate we will file a motion for summary judgment to have the court decide as a matter of law whether failure to renew the Consulting Agreement was breach and whether termination of the Bellagrace, Inc. franchise was legally sufficient. We are unable to express the likelihood of an unfavorable outcome or any amount or range of possible loss at this time.

JIMBOY’S NORTH AMERICA L.L.C.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR’S REPORT

MARCH 31, 2015 and 2014

JIMBOY'S NORTH AMERICA L.L.C.

CONTENTS

Kenneth R. Cone, CPA
5000 Barnaby Court
Sacramento CA 95834
(916) 649-1040

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
Jimboy's North America L.L.C.

I have audited the accompanying financial statements of Jimboy's North America L.L.C. which comprise the balance sheet as of March 31, 2015 and 2014, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jimboy's North America L.L.C. as of March 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kenneth R Cone, CPA

Kenneth R. Cone, CPA
Sacramento, California

August 28, 2015

JIMBOY’S NORTH AMERICA L.L.C.

Balance Sheet

March 31, 2014

		March 31, 2015		March 31, 2014
ASSETS				
Current Assets				
Cash & Cash Equivalents	$	18,680	$	70,379
Accounts Receivable-net		817,257		889,554
Other current assets		6,940		10,921
Total Current Assets		842,877		970,854
Fixed Assets				
Technology Equipment-net		14,504		10,557
Other Assets				
Goodwill		44,075		44,075
Security Deposit		6,203		
Loans to related parties		314,498		118,000
Total Other Assets		364,776		162,075
Total Assets	$	1,222,157	$	1,143,486
LIABILITIES AND MEMBERS' EQUITY				
Current Liabilities				
Accounts Payable	$	114,968	$	264,816
Credit Cards Payable		16,574		-
Payroll Liabilities & Other Accruals		72,073		41,340
Current Portion of Long-Term Notes		83,299		200,000
Total Current Liabilities		286,914		506,156
Long-Term Liabilitites				
Note Payable-Bank		852,922		590,000
Total Long-Term Liabilites		852,922		590,000
Total Liabilities	$	1,139,836	$	1,096,156
Members' Equity		82,321		47,330
Total Liabilities & Equity	$	1,222,157	$	1,143,486

See accompanying notes to financial statements

JIMBOY’S NORTH AMERICA L.L.C.

Statement of Income

For the periods:

	April 1, 2014 through March 31, 2015	April 1, 2013 through March 31, 2014
Revenue		
Franchise Royalty Income	$ 913,148	$ 907,644
Advertising Administration	100,055	86,481
Advertising Cooperative Reimbursement	572,287	465,152
Franchise Sales & Area Representative Income	595,000	215,000
Other Revenues	397,673	359,995
Total Revenue	2,578,163	2,034,272
Direct Costs of Revenues		
Advertising Expenditures-Cooperative	529,036	503,211
Costs of Food Sales	6,988	15,352
Total Direct Cost of Revenues	536,024	518,563
Gross Income	2,042,139	1,515,709
Operating Expenses		
Labor - including load	993,408	1,011,451
Professional Fees	336,436	254,714
Bad Debts & Remodeling Incentives	235,110	8,091
Royalties for Intellectual Property	181,000	171,500
Other Administrative Expenses	120,156	146,385
Research and Development	54,648	4,542
Rent - Facility & Equipment	36,548	5,419
Interest Expense	32,966	15,603
Advertising-Corporate	19,705	18,363
Depreciation	3,355	2,561
Total Expenses	2,013,332	1,638,629
Net Income before California Franchise Taxes	28,807	(122,920)
Provision for state income taxes & LLC fees	13,816	8,243
Net income after taxes	$ 14,991	$ (131,163)

See accompanying notes to financial statements

JIMBOY'S NORTH AMERICA L.L.C.

Statement of Changes in Members' Equity

For the year ended March 31, 2015

	Shares Issued		Amount
Beginning Members' Equity	100,000	$	47,330.00
Capital Contribution			20,000
Net Income			14,991
Ending Members' Equity	100,000	$	82,321

For the year ended March 31, 2014

	Shares Issued		Amount
Beginning Members' Equity	100,000	$	178,493.00
Net Loss			(131,163)
Ending Members' Equity	100,000	$	47,330

See accompanying notes to financial statements

JIMBOY'S NORTH AMERICA L.L.C.

Statement of Cash Flow

For the periods:		April 1, 2014 through March 31, 2015		April 1, 2013 through March 31, 2014
Cash flow from Operating Activities:				
Net Income (loss)	$	14,991	$	(131,163)
Non-cash Adjustments:				
Depreciation		3,355		2,561
(Increase) decrease in net accounts receivable		72,297		(689,037)
(Increase) decrease in other current assets		3,981		(10,921)
Increase (decrease) in accounts payable		(149,848)		183,214
Increase (decrease) in credit cards payable		16,574		
Increase (decrease) in accrued advertising funds		-		(60,459)
Increases in payroll liabilities and other accruals		30,733		32,868
Net cash used in operating activities	$	(7,917)	$	(672,937)
Investing Activities:				
Purchases of equipment	$	(7,302)	$	(1,639)
Establishment of security deposit		(6,203)		
Funds advanced to affiliates		(196,498)		(118,000)
Net cash used in investing activities	$	(210,003)	$	(119,639)
Financing Activities:				
Short-term loans from related party	$	83,299		
Long-term financing from related party		852,922		
Short-term loans from (paid back to) bank		(200,000)	$	200,000
Long-term financing from (paid back to) bank		(590,000)		590,000
Funds repaid to related party				(112,000)
Membership Capital Sold		20,000		
Net cash provided by financing activities	$	166,221	$	678,000
Net cash increase/(decrease) for period	$	(51,699)	$	(114,576)
Cash and cash equivalents, beginning of period		70,379		184,955
Cash and cash equivalents, end of period	$	18,680	#	70,379
Cash basis interest and income taxes paid:				
Interest paid		32,966		14,936
Income taxes paid		14,016		$8,243

See accompanying notes to financial statements

JIMBOY'S NORTH AMERICA L.L.C.
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Jimboy's North America L.L.C., (the Company) was incorporated in June 2012 in the state of Nevada. The Company is engaged in the business of franchising Jimboy's Tacos restaurants throughout the world. When the Company was organized it consummated an agreement to take over being the franchisor for 34 existing franchise restaurants. During the year ended March 31, 2015, two franchised restaurants closed. 31 franchises were open at March 31, 2015. These 31 restaurants are owned by 14 franchisees. The number of restaurants owned by franchisees ranges from one to eight. In addition, at the end of the year ended March 31, 2015, six corporate owned stores were contributing to operational activities; up from four in the fiscal year ended March 31, 2014. During the year ended March 31, 2014, two franchised restaurants closed. 33 franchises were open at March 31, 2014. Some of the corporate stores are in the process of being sold to new or existing franchisees. As of March 31, 2015 the combined number of stores being operated by both franchisees and corporate was 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is prepared to assist in understanding the Company's financial statements. The financial statements and related notes are representations of the Company's management. Management is responsible for these the integrity and objectivity of these statements and notes.

Basis of Accounting
The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Going Concern
Since its inception, the Company spent its initial period aggressively preparing the infrastructure for expansion. In order to fund these programs, the Company obtained funding from its controlling family members as needed to meet its short-term financial requirements. Accordingly, management is confident that the company is a viable going concern for the foreseeable future.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimated.

Fair Value of Financial Instruments
The Company had no financial instruments at the balance sheet date.

Cash and Cash Equivalents
Cash and cash equivalents include cash in checking and savings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable
The Company's primary operating receivables are comprised of franchise sales fees, area sales representative fees, royalty fees, advertising and advertising administration based on reported sales by franchisees. Other than the reserve set aside for possibly uncollectible fees, management believes the receivables are collectible.

At March 31, 2015 and 2014, $298,868 and $524,002, respectively, of accounts receivable are due from an affiliate. The affiliate is backed by ownership that has millions of dollars in reserve. Management believes these funds are fully collectible because of the wealth and family relationship.

Notes Receivable from Affiliates
At March 31, 2015 and 2014, $314,498 and $118,000, respectively, of notes receivable are due from affiliates. The affiliates are backed by ownership that has millions of dollars in reserve. Management believes these funds are fully collectible because of the wealth and family relationship.

Policy for Charging Off Uncollectible Receivables

The Company writes off uncollectible receivables when a restaurant closes or upon negotiation of debt forgiveness. For the fiscal year ended March 31, 2015, a reserve of $175,000 was set up as more fully described in Note 5, sub-paragraph 7. The reserve is related to the speculative nature of the new opportunity offered to an area sales representative. The concept is not new to the industry. However, the Company has never participated in this type of situation.

Fixed Assets
Property and equipment are stated at cost. Depreciation is computed on property and equipment using the straight-line method over the expected useful lives of these assets.

Intangible Assets
Intangible assets consist of goodwill. Goodwill has been evaluated for its future utility. Management believes that goodwill is not impaired.

Franchise Operations
When new franchises are sold, income is recognized in the period earned. Franchise fees are based upon individual franchise agreements. Management's financial obligation to franchisees subsequent to sale of the franchise is a function of advertising commitments.

Royalty fees are charged to franchisees based upon an agreed upon rate of their monthly sales, net of sales tax. Advertising coop fees are charged to California franchisees. Non California franchisees do not pay coop fees during the current development phase. When sufficient franchises have been established, then coop fees are expected to be charged.

Revenue Recognition
The Company's primary revenues consist of royalties and advertising cooperative fees from the franchisees. Initial fees and royalties from franchisees are recognized in the period earned. Advertising coop fees are recognized in the month earned in the same manner as royalties are recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Advertising Costs
The Company expenses its costs for advertising when incurred. Such costs are included in operating expenses.

Income Taxes
The Company is organized as a limited liability company taxed as a partnership. Accordingly, there are no federal income taxes. California does charge a combination of the minimum franchise tax, $800 per year, and its peculiar gross income tax on revenues in excess of $250,000.

3. FRANCHISE FEE REVENUES

The Company's obligation resulting from franchise agreements is to provide operating procedures, initial training, location, and construction assistance. The Company considers that its obligations are substantially completed when the agreement is signed by the new franchisee.

Franchise fees are negotiated for master franchise agreements.

At March 31, 2014 $10,424 of costs were deferred with respect to the sale of franchises. No revenues were deferred. At March 31, 2015 there were no deferrals.

Fees are payable immediately upon agreement.

4. CONCENTRATION OF CREDIT RISK

Management is not aware of any particular credit risk with respect to independent franchisees. Starting with the fiscal year ended March 31, 2014, the family owned affiliate that owns corporate restaurants contractually agreed to pay royalties and advertising coop fees that are comparable to the franchisees. In addition, the affiliate receives significant benefits from shared management and other resources. As of March 31, 2015 and 2014 these shared costs have resulted in $608,367 and$524,002, respectively, of concentrated credit risk with respect to a related party. As the affiliate is backed by a family member with access to millions of dollars of wealthy reserves, management believes the credit risk will not result in losses. Sales are reasonably spread over more than 30 franchisees and four corporate stores. There is not an abundance of cash concentrated in any one financial institution.

On March 31, 2015 an Area Development Agreement was sold to an alien investor who is committed to immigrating to the USA. Since the balance sheet date, the investor's home nation has developed a troubled political situation. Management believes that the receivable of $175,000 will still be collected during the fiscal year ended March 31, 2016. However, it is reasonably possible that changes in this estimate will occur during the year. See, also note 14, subsequent events.

5. RELATED-PARTY TRANSACTIONS

The company has the following types of related-party transactions:

1. Inter-company activity from management staff that works at corporate owned restaurants and gets paid through the Company. Corporate owned restaurants are owned by the family of a single heir to the founder of Jimboy's Tacos. The corporate owned stores and the company both engage in comingled commerce. These amounts are then sorted out and applied back and forth as accounts receivable and payable.
2. Beginning with the year ended March 31, 2014 the corporate owned stores began to pay royalties and advertising copays to the Company on a basis comparable to franchisees. This total amounted to $237,721 and $116,756 for the years ended March 31, 2015 and 2014, respectively. During the years ended March 31, 2015 and 2014, billable services provided to corporate owned restaurants were $25,550 and $247,085, respectively.
3. Executive staff that are paid by the Company but spend parts of each day working on projects that may benefit one, some or all of the affiliated entities. Jimboy's Tacos, Inc. (JTI) is owned by several family members of the founder.
4. During the year ended March 31, 2015 and 2014 the company advanced or converted from accounts receivable to notes receivable $196,498 and $118,000, respectively to the corporate owned restaurants. Interest recognized in the year ended March 31, 2015 $4,157was recorded. During the year ended March 31, 2014 interest income was not recognized on these loans.
5. During the years ended March 31, 2015 and 2014 there were no changes in ownership. As part of the area representation sale described in sub-paragraph 7, below, one of the Company members has agreed to sell his shares back to the Company. As of the date the financial statements were available to be issued, the final terms of this buy back have not been agreed to. Any appreciation in the membership value that the family member enjoys is expected to be applied to the account receivable that was established at the time of sale.
6. On March 31, 2015, a family member signed an agreement to purchase the right to be the area representative for southern California. The company investigated through survey of other franchisors and legal counsel a fair market value for this transaction. As this type of transaction is new to the Company, a bad debt reserve of 50 percent of the purchase price, $175,000 out of the price of $350,000 was set up. Management believes this reserve is conservative. Management believes it will collect at least the 50 percent of the purchase price that is not reserved during the current fiscal year, ending March 31, 2016. It is reasonably possible that circumstances will occur that this assessment will change as the year progresses.
7. JTI owns intellectual property and certain other valuables. During the period ended March 31, 2015 and 2014 royalties and management fees were blended and all categorized as royalty payments. Total payments paid or accrued equal $181,000 and $171,500, respectively. The company has an agreement in place that started April 1, 2014. The agreement requires a royalty fee to JTI of one percent of chain restaurant sales. The amount of royalties has not been calculated.

6. COMMITMENTS AND CONTINGENCIES

There are no known disputes or legal proceedings against the Company that management is aware of. There are no commitments that are not already expressed in the financial statements that management has made.

7. FIXED ASSETS

Fixed assets are comprised of the following at:

	March 31, 2015	March 31, 2014
Computers and technology equipment	$20,605	$13,304
Accumulated Depreciation	(6,102)	(2,747)
Net fixed Assets	$14,504	$10,557

Management considers fixed assets to be stated at their highest and best use value, which is equal to their cost.

Depreciation expense for the period ended March 31, 2015 and 2014 totaled $3,355 and $2,561, respectively. Depreciation on computers and technology equipment is recorded on the straight line basis over three years.

8. LEASES

Future minimum lease commitments are as follows:

Fiscal Year Ending:	Amount
3/31/16	$67,881
3/31/17	86,163
3/31/18	91,297
3/31/19	94,077
3/31/20	96,644
Beyond five years	10,412
Total	$446,474

The copier lease is subject to page restrictions on a monthly basis. Accordingly, the price could increase if paper usage exceeds the agreed to volume.

9. INTANGIBLE ASSETS

Intangible assets are comprised of the following at March 31, 2015 and 2014:

Goodwill, at cost	$44,075

Under the rules of Fair Value Accounting, goodwill is a level three asset. Management believes that goodwill is not impaired.

10. NOTES PAYABLE

As of March 31, 2015 the Company refinanced the 2014 Wells Fargo Bank note with family financing. Interest and principal are being paid in accordance with the terms of the note.

As of March 31, 2014 the Company has two loans with Wells Fargo Bank; a credit card with a balance under $1,000 and a short-term, unsecured line of credit. The line of credit availability period ended on April 1, 2014 with an interest rate of 4 percent. That was fully utilized on April 1, 2014 giving it a total balance of $1,000,000. The loan was then converted to an amortizing loan with the final payment due April 1, 2019. The line of credit is in the process of being refinanced through a family member with interest rate and repayment plan being negotiated.

11. INCOME TAXES

The provision for income taxes consists of the state minimum tax imposed on corporations plus the state gross income tax on limited liability companies.

Accounting principles generally accepted in the United States of America require disclosure of positions taken by an organization in its tax returns that might be uncertain. Management considers that its tax positions taken on federal and California tax returns are more likely than not to be sustained on examination. Years for which the Company could have its tax returns examined are all periods dating back to the period ended March 31, 2013**,** the initial year of operation. Management is not aware of any plans by the government to perform an examination.

12. UNPAID COMPENSATED ABSENCES

Unpaid compensated absences were calculated at $37,769 and $17,700 for the years ended March 31, 2015 and 2014, respectively.

13. INTEREST EXPENSE

All interest paid was expensed during the years. No interest was capitalized.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2015, the date the financial statements were available to be issued. A material account receivables that results from the sale of an Area Development Agreement has been reopened for negotiation. Management remains confident that any re-negotiation will not have a negative effect on current operations. The issue is related to timing and possible refocusing of the development strategy.

15. CHANGES IN PRESENTATION OF COMPARATIVE STATEMENTS

Starting with the fiscal year ended March 31, 2015, the following disclosures have changed:

1. Research and development, primarily of menu items, is now a separate line item on the face of the financial statement. The amount for the year ended March 31, 2014 was not previously disclosed.
2. Beginning with January 1, 2015 certain costs which consist primarily of wages plus labor load of expenses paid by the company on behalf of the sister company, the Willowrock Group, LLC, are being accounted for as inter-company activities on the balance sheet. Until December 31, 2014, these costs were accounted for as costs of the company with approximately offsetting revenues charged to the Willowrock Group, LLC. The effect of this change is that approximately $139,000 of expenditures that would have been reported as expenses were included on the balance sheet instead. These were then offset by approximately $33,000 of credits from various activities.

Exhibit H

JIMBOY'S

EXHIBIT "H"
TO THE DISCLOSURE DOCUMENT

RECEIPT

RECEIPT

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

If Jimboy's North America L.L.C. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York, Oklahoma and Rhode Island law requires that Jimboy's North America L.L.C. provide 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. Michigan, Oregon, and Wisconsin law requires that Jimboy's North America L.L.C. provide this franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Jimboy's North America L.L.C. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and appropriate state agency listed in Exhibit "D". Jimboy's North America LLC's registered agents authorized to receive service of process are listed in Exhibit "D".

<table>
<tr><td colspan="3">The name, principal business address and telephone number of each franchise seller offering the franchise is:</td></tr>
<tr><td>Karen Freeman</td><td>Erik Freeman</td><td>James Freeman</td></tr>
<tr><td colspan="3">The principal business address and telephone number for the individuals listed above is: Jimboy's North America L.L.C., 80 Iron Point Circle, Suite 105, Folsom, California 95630, 1-916-934-5100</td></tr>
<tr><td colspan="3">Additional Franchise Seller: (if applicable)</td></tr>
</table>

Date of Issuance: July 14, 2017
I received a disclosure document dated July 14, 2017, that included the following Exhibits:

A. FRANCHISE AGREEMENT WITH PERSONAL GUARANTY
B. AREA DEVELOPMENT AGREEMENT
C. CONFIDNTIALLY AGREEMENT
D. STATE AGENCIES AND LIST OF STATE AGENTS FOR SERVICE OF PROCESS
E. STATE ADDENDA
F. CURRENT AND FORMER FRANCHISEES
G. FINANCIAL STATEMENTS
H. RECEIPT

Date:____

Individually and/or as an officer or partner of: Name of Business Entity: ____________________

By: ____________________________

Its: ___________________________ (Title)

Signed: ____

Print Name: ____

FRANCHISEE'S COPY

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Date:____

Individually and/or as an officer or partner of: Name of Business Entity: ____________________

By: ____________________________

Its: ____________________________ (Title)

Signed: ____

Print Name: ____

FRANCHISOR'S COPY