Goodcents®

# FRANCHISE DISCLOSURE DOCUMENT
# UNIT/MULTI-UNIT

**www.goodcentssubs.com**

# FRANCHISE DISCLOSURE DOCUMENT

**MR. GOODCENTS FRANCHISE SYSTEMS, INC.**
**A Kansas Corporation**
**8997 Commerce Drive**
**De Soto, Kansas 66018**
**(913) 583-8400**
**1-800-648-CENT**
**compliance@goodcentssubs.com**
**www.goodcentssubs.com**

Franchisee will operate a GOODCENTS® RESTAURANT(S) ("Restaurant(s)"), selling sandwiches and conveniently packaged balanced meals at competitive pricing.

The total investment necessary to begin operation of a leased inline unit GOODCENTS RESTAURANT is from $333,300 to $509,100. This includes $27,500 to $52,500 that must be paid to the franchisor or affiliate(s).

The total investment necessary to begin operation as a Developer under a Multi-Unit Agreement is from $60,000 to $150,000, of which all must be paid to the franchisor or its affiliate(s). To qualify for a Multi-Unit Agreement, you must agree to develop a minimum of three Restaurants.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact the Compliance Officer, at 8997 Commerce Drive, De Soto, Kansas 66018, and phone: (913) 583-8400.

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

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

FTC issuance date of this disclosure document is: February 28, 2023.

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit A includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only Goodcents® Restaurant in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be a Goodcents® Franchisee?** | Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

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

2. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

## MICHIGAN

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

i. the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

ii. the fact that the proposed transferee is a competitor of us or our sub franchisor.

iii. the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

iv. your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

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## ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "we", "us", "our" or "GOODCENTS" means MR. GOODCENTS FRANCHISE SYSTEMS, INC., the Franchisor. "You" means the person that buys the franchise, or in certain provisions of this Franchise Disclosure Document will also apply to your designee. If you are a corporation or limited liability company, certain provisions of this Franchise Disclosure Document also apply to your owners and will be noted.

MR. GOODCENTS FRANCHISE SYSTEMS, INC. is a Kansas corporation and was incorporated on March 20, 1991. Our principal business address is 8997 Commerce Drive, De Soto, Kansas 66018.

We do not have a parent company.

Our affiliated company, Custom Foods, Inc., is a corporation formed under the laws of Kansas, whose principal business address is 9101 Commerce Drive, De Soto, Kansas 66018. Custom Foods, Inc. is the approved manufacturer of frozen bread dough and cookies which are sold to the approved suppliers.

Our affiliated company, Profit Plus Business Solutions, LLC, is a limited liability company formed under the laws of Kansas, whose principal business address is 8997 Commerce Drive, De Soto, Kansas 66018. One of our officers owns an interest in Profit Plus Business Solutions, LLC. For the year ending December 31, 2022, Profit Plus Business Solutions, LLC's revenue from providing accounting services to franchisees was $33,250.00.

Our affiliated company, InfoKING Systems, LLC, is a Kansas limited liability company formed under the laws of Kansas, whose principal place of business is 8997 Commerce Drive, De Soto, KS 66018. InfoKING Systems, LLC provides proprietary software and computer system hardware to franchisees on a subscription basis.

Neither GOODCENTS, nor its predecessors or affiliates, sell franchises in any other types of business.

Our agents for service of process in certain states are listed in Exhibit D and GOODCENTS registered agent for service of process in the state of Kansas is Joseph J. Bisogno, 8997 Commerce Drive, De Soto, Kansas 66018.

In 1991, we began offering franchises to establish and operate MR. GOODCENTS RESTAURANTS under certain proprietary trademarks, service marks, domain names and other commercial symbols (the "Licensed Marks") and the System, according to the terms of the Franchise Agreement (the "Franchise"). The Franchise offered is for the right to establish and operate a GOODCENTS RESTAURANT ("Restaurant" or "GOODCENTS RESTAURANT"). The Restaurant will feature sandwiches and conveniently packaged balanced meals, appealing to cost-conscious and health-oriented guests. The form of Franchise Agreement for the Restaurant to be established is attached as Exhibit C to this Franchise Disclosure Document.

The "System" includes distinctive signage; interior and exterior design; decor and color schemes; special recipes and menu items, including proprietary ingredients; uniform standards; specifications and procedures for operation; quality and uniformity of products and services offered; training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop in our discretion.

If you qualify, we may offer you a Multi-Unit Agreement in the form attached as Exhibit B and you would be granted the right to develop multiple Restaurants within a described geographic area ("Development Area"). We may withdraw the offer of Multi-Unit Agreements at any time in our sole discretion. If you are granted a Multi-Unit Agreement, you must establish a specific number of Restaurants within the Development Area according to the Development Schedule ("Development Schedule"). Upon establishing each additional outlet under the Development Schedule, you may be required to sign a then-current Franchise Agreement which may differ from the current Franchise Agreement included with this FDD. The

size of the Development Area will be defined in Schedule A of the Multi-Unit Agreement based on local market demographics, competition, drive times, etc. and the number of Restaurants to be developed, as we may establish, will be at our sole discretion.

GOODCENTS' offers Area Representative franchises under a separate FDD as a separate line of business. An Area Representative will (i) solicit, recruit, screen, and interview prospective unit franchisees and Franchise operations for us and (ii) provide support and assistance to the unit franchisees in the operation of their GOODCENTS Restaurant. Currently, there are three Area Representatives (see Exhibit F).

GOODCENTS' Chairman of the Board owns one GOODCENTS RESTAURANT, which are substantially similar to the Franchise offered you.

GOODCENTS first operated a Restaurant of the type to be operated by you in March 1989.

The market for sandwiches and balanced meals is highly competitive, as is the market for obtaining locations for Restaurants. However, we believe we have a unique product and offer a unique opportunity in the Restaurant industry. We plan to continue expansion into markets that can support the Restaurants to improve name recognition and the reputation of the System through franchised Restaurants. Your competition will include other casual dining segments of the restaurant industry and other sandwich and pasta restaurants appealing to families, young adults, and seniors.

A GOODCENTS RESTAURANT appeals to the general public as a family restaurant and is attractive to young people and college age students and adults. A GOODCENTS RESTAURANT is particularly appealing to health-conscious diners.

**Industry Regulations**

In addition to laws and regulations that apply to businesses generally, your business will be subject to federal, state, and local regulations and guidelines governing the food service industry The Food and Drug Administration, the United States Department of Agriculture and other governmental agencies established rules affecting the restaurant business. You must investigate and comply with all applicable laws and regulations, federal, state, county and local health and consumer protection laws and regulations concerning food preparation, handling, and storage, "Truth in Menu" concerning menu items names and product labeling, nutritional claims, and access to your GOODCENTS RESTAURANT by persons with disabilities (under the Federal Americans with Disabilities Act). You must also be aware of federal, state, and local labor and employment laws and regulations, including minimum age, and minimum wage and overtime laws and laws prohibiting harassment, discrimination, and retaliation. Local zoning rules must be investigated because they may limit where you can locate your GOODCENTS RESTAURANT and may affect design features, including the facade and signage. You must be aware of federal, state, and local environmental laws, which may affect disposal of waste materials and the packaging you may use. The details of state, county, and local regulations and requirements vary from place to place. You are responsible for compliance with all state laws and regulations.

## ITEM 2: BUSINESS EXPERIENCE

**Chairman of the Board and CEO: Joseph J. Bisogno**

Mr. Bisogno has been Chairman of the Board for GOODCENTS since June 2010. From March 1989 to present, Mr. Bisogno also serves as CEO for GOODCENTS.

**Vice President of Franchise Development: Jami Bond**

Mrs. Bond has been the Vice President of Franchise Development for GOODCENTS since September 2020. Mrs. Bond was the Director of Franchise Development from November 2019 to September 2020 and the Director of Field Marketing from January 2016 through November 2019. Prior to GOODCENTS, Mrs. Bond supported field marketing efforts for Pizza Hut, Applebee's, and Slim Chickens.

**Vice President of Marketing: Rebecca Murray**

Miss Murray has been the Vice President of Marketing for GOODCENTS since October 2022. Prior to GOODCENTS, Miss Murray directed marketing communication efforts for Pryor Learning, The University of Kansas, Andrews McMeel Publishing and Penguin Random House.

**Chief Financial Officer: John Bickimer, CPA**

Mr. Bickimer has been Chief Financial Officer for GOODCENTS since January 2023. Prior to GOODCENTS, Mr. Bickimer was Chief Financial Officer at Bickimer Construction, Inc. in Lenexa, KS from March 2021 to January 2023 and Senior Project Finance Manager for IQVIA in Overland Park, KS from January 2018 to February 2021.

**Sr. Director of Operations and Training: Keith Lake**

Mr. Lake has been the Sr. Director of Operations and Training for GOODCENTS since June 2021. Prior to GOODCENTS, Mr. Lake was the Assistant Director of Dining at the University of Kansas from 2007-2021. Additionally, Mr. Lake was also a multi-unit Area Manager for a GOODCENTS franchisee from 1997 to 2007.

**Director of Operational Support: Rick Frederick**

Mr. Frederick has been the Director of Operational Support for GOODCENTS since December 2021. Prior, Mr. Frederick was the Director of Operations for GOODCENTS since September 2018. Mr. Frederick has been with the GOODCENTS organization since 1997, serving in roles ranging from a single store General Manager, Director of Training, Systems Information Specialist, and a multi-unit Director of Operations. Prior to GOODCENTS, Mr. Frederick worked for Gilbert Robinson and Creative Restaurant Management.

## ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5: INITIAL FEES

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. The initial franchise fee is $30,000 for a single unit.

If you enter into a Multi-Unit Agreement with us, you must pay us an initial Multi-Unit franchise fee in an amount equal to the sum of the $30,000 for the first Restaurant and $15,000 for each additional Restaurant you intend to develop under the Development Schedule in the Multi-Unit Agreement, with a minimum of three Restaurants. You must also pay us an initial development fee of $10,000 for each Restaurant you agree to establish pursuant to the Development Schedule in the Multi-Unit Agreement. There is a credit against the initial franchise fee for the applicable initial development fee paid for that Restaurant.

**VetFran**

GOODCENTS is a member of the International Franchise Association ("IFA") and participates in the IFA's VetFran Program, which provides a $5,000 discount on the initial franchise fee for veterans of the U.S. Armed Forces who meet the requirements of the VetFran Program.

**Computer System Hardware Costs**

You must pay our affiliate, InfoKING Systems, LLC ("InfoKING") between $11,500 to $20,000 (varies based on configuration) for the Computer System (defined in Item 11) at the time you sign the InfoKING Systems, LLC Point of Sale Restaurant Solution Agreement.

Except as stated above, the initial fees are due and payable before you open your Restaurant for business and are not refundable under any circumstance.

## ITEM 6: OTHER FEES

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty | 6% of Gross Sales[2] | Payable Weekly | Gross Sales means all revenue related to the franchised business except taxes and refunds. Royalty fees must be paid by Electronic Funds Transfer, as Franchisor may determine in its sole discretion. |
| National Marketing and Promotional Fund | 3.5% of Gross Sales[2] | Payable Weekly | Gross Sales means all revenue related to the franchised business except taxes and refunds. Contributions to the Fund must be paid by Electronic Funds Transfer, as Franchisor may determine in its sole discretion. |
| Advertising Cooperative[3] | As determined by Advertising Cooperative. | As Advertising Cooperative requires | Contributions to Advertising Cooperative are credited to your requirement to spend up to 3% of Gross Sales on local advertising. Company owned restaurants have the same voting power as you in the Advertising Cooperative. |
| Local Advertising | Up to 3% of Gross Sales[2] | Payable according to invoice terms from local advertising entities | You must spend up to 3% of Gross Sales each month to publicize the operation of your Restaurant in your market, upon written notice from GOODCENTS. |
| PCI Assist and PCI Breach Assist Fees | From $20 to $75 | Payable Monthly | Payable to the approved PCI compliance vendor; includes indemnification of up to $100,000 for costs associated with a data breach. |
| Liquidated Damages[4] | $100,000 | Within 15 days of termination | You agree to pay us liquidated damages in the amount of $100,000 within 15 days of termination of the Franchise Agreement. |
| Income Taxes | Will vary under circumstances. | As Incurred | You must reimburse us for any taxes we must pay to any state taxing authority on account of either your operation or your payments to us. |
| Late Payment Fee | 10% of payment due | Upon demand | Incurred if royalty or advertising fee is late as outlined in the Franchise Agreement. |
| Interest | Greater of 1.5% per month or 3% over prime rate per annum not to exceed max allowed by state law | Upon demand | Paid on any amount due to GOODCENTS which is past due. |
| Audit Costs | Cost of audit plus interest | Immediately upon determination by audit | Payable if audit shows understatement of Gross Sales for any month or if you fail to provide all required information to conduct the audit. Payable if Franchisee has not provided financial statements for a period of 3 months within a 12-month period. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Training[5] | Up to $500 per person per day plus all travel expenses | Before commencement of additional training | Payable if you request or are required to have any personnel complete additional training after your initial training. |
| Renewal | 50% of the then-current initial franchise fee | One year prior to renewal | Payable if you wish to renew your franchise agreement for an additional 10-year period. |
| Assignment or Transfer | Equal to the initial franchise fee established in the then-current Franchise Agreement | Before transfer or assignment | Payable when you request approval of a transfer or assignment of your Franchise or for the sale of assets. |
| Relocation | $5,000 | Before relocation will be approved | Payable when you request approval of a relocation. |
| Information Management | Up to 2% of Gross Sales | Same as royalty payment after written notice from GOODCENTS | While we do not currently charge this fee, we may begin collecting it on 30 days' prior written notice to you. Payable for services we may provide including data warehousing, software support, documentation support, software training, accounting, or financial support. |
| Computer Systems, Maintenance, and Support | $349 - $439 per month | Payable monthly | Payable to InfoKING for use of the Computer System. Includes $250/month Software License, $50/month KDS Software Subscription and $99/month maintenance service agreement and help desk. Fee subject to change. |
| Online Ordering Services | $59 - $250 per month based on online sales volume | Payable monthly | Payable for online ordering services. Additionally, there is an activation fee of $250/location or transfer fee of $100/location for existing locations transferring to new ownership. |
| Goodcents Rewards Program | $150 - $250 per month | Payable monthly | Payable for services that provide access to online and app-based rewards program. |
| Online Training Program | $75-$125 per month | Payable monthly | Payable for services that provide access to online training content. |
| Indemnification | Will vary under circumstances | As incurred | You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Goodcents Business, Franchise, or the operation of your franchise. |
| Guest Feedback & Complaint Resolution | $40-$75 per month | Payable Monthly | Payable for services that provide Guest Feedback and Complaint Resolution. |
| Bookkeeping Services | $100 per hour | When Billed | Payable if you fail to provide timely financial reports twice in a 24-month period and we require you to use a bookkeeping service. |
| Cost & Attorneys' Fees[6] | Will vary under circumstances | As Incurred | You will be required to pay any costs that we incur as a result of any breach or termination of your Franchise Agreement. |
| Non-Compliance Fee | $250 to $1,000 for deviations from operational requirements/brand standards | When billed | Due, at our option, if you deviate from systems requirements for operations or Brand Standards. |
| New Supplier Approval | Reasonable costs and expenses incurred in approving supplier. | When billed | We may require you to pay us for your reasonable costs and expenses if we evaluate a request. See Item 8. |
| Business Interruption/Loss of Revenue Insurance | Will vary under circumstances | As incurred | You must pay us 6% of the insurance proceeds of any business interruption or loss of revenue insurance proceeds that you received in the case of fire or other |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Proceeds | | | event that results in damage or destruction of the Franchised Business. If you do not repair or rebuild the Franchised Business in a prompt and timely manner, your Franchise Agreement will automatically terminate. (Franchise Agreement, Section 13) |

**Notes:**

1. All fees are uniformly imposed on all franchisees and are collected by and payable to us. All fees are non-refundable under any circumstance. Unless otherwise negotiated with you, all fees outlined in Item 6 are uniformly imposed on franchises. You may not withhold all or part of the fees due to us or any buying group on the grounds of nonperformance.
2. The term "Gross Sales" means all revenue received by you from the operation of the Restaurant, including sales of merchandise, products, services and other items from in-store dining, carry-out, online orders, delivery, third party sales, catering and otherwise, including redemption of gift cards, and merchandise and all other income and consideration of every kind and nature related to the GOODCENTS Business or GOODCENTS Business operations (including all proceeds from any business interruption insurance). Gross Sales will not include sales tax, approved promotional giveaways, and refunds.
3. If an Advertising Cooperative is established for a market area that includes your Restaurant, you must contribute to it. Contributions to the Advertising Cooperative are credited to your obligation to spend up to 3% of Gross Sales for local advertising.
4. If Franchisor terminates this Agreement for good cause under Section 20 of the Franchise Agreement, Franchisee acknowledges and agrees that (i) the actual or anticipated damages suffered by Franchisor, including, but not limited to the lost royalties and related fees, would be difficult if not impossible to calculate. Therefore, if Franchisee terminates this Agreement under Section 20, Franchisee must pay to Franchisor an amount equal to $100,000 (hereinafter referred to as a "Liquidated Damages Payment"). Such amount shall be paid by Franchisee to Franchisor promptly, but in no event later than 15 days after the effective date of the termination of this Agreement.
5. The fee for 2 people to attend the full initial training program before the Restaurant opens is included in the initial franchise fee. We provide the Franchisee and a second attendee a full initial training program at a designated GOODCENTS training restaurant. If the Franchisee will not be the Restaurant's full-time general manager, we will require at least 2 other people with primary responsibility for operating your Restaurant to attend training. If we determine that the required attendees cannot complete initial training to our satisfaction, we have the right to postpone the Restaurant's opening or transfer of ownership until 2 trained candidates are available. We also have the right to postpone the Restaurant's opening if we determine that a person in our training program (a) falsified any documentation, (b) made any material misrepresentation, (c) was not approved under our standard application procedures, (d) failed to complete all the training hours in our training program or (e) failed to pass our training program examination. You must pay any damages we experience due to this delay and will be charged for then-current training costs. You must pay salaries, benefits, travel, lodging, meals, and other associated expenses incurred by you and your trainees/attendees. If you request our trainers to provide additional or supplemental training at your location and we have the resources to accommodate this request, fees you will incur include a fee of up to $1,000 per day of training and you will be invoiced for travel related expenses (flight, car, hotel, per diem) and other associated expenses.
6. You will be required to pay any costs that we incur as a result of any breach or termination of your Franchise Agreement. This fee will include a min administrative cost of $2,500 to cover our expenses.

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## ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT
## INLINE RESTAURANT 1,500 – 1,750 sq ft

| Type of Expenditure[1] | Amount | | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|---|
| Initial Franchise Fee[2] | $ 15,000 | $ 30,000 | Lump sum | Upon execution of Franchise Agreement | GOODCENTS |
| New Store Opening Project Management Fee[3a] | $ 5,000 | $ 15,000 | As agreed | Payable before opening of business | GOODCENTS or Suppliers |
| Site Analysis Fee[3b] | $ 1,000 | $ 2,500 | As agreed | Payable before opening of business | GOODCENTS or Suppliers |
| Architectural Fees | $ 4,000 | $ 12,000 | As agreed | Payable before opening of business | Architect you select |
| Leasehold Improvements[4] | $ 125,000 | $ 170,000 | As agreed | Payable before opening of business | Contractors, Suppliers |
| Equipment (includes freight, décor, fixtures, furnishings, and smallwares) | $ 123,500 | $ 171,500 | As agreed | Payable before opening of business | Contractors, Suppliers |
| Signage[5] | $ 7,500 | $ 15,000 | As agreed | Payable before opening of business | Vendor |
| Insurance[6] | $ 1,500 | $ 5,000 | As agreed | Payable before opening of business | Insurance carrier |
| Travel & living expenses while training | $ 500 | $ 5,000 | As agreed | As incurred | Vendors |
| Miscellaneous Restaurant Supplies[7] | $ 300 | $ 800 | As agreed | Payable before opening of business | Supplier |
| Uniforms | $ 500 | $ 1,500 | As agreed | Payable before opening of business | Supplier |
| Initial inventory - Food & Paper | $ 5,500 | $ 7,800 | As agreed | Payable before opening of business | Vendors |
| Security deposits, licenses [8, 9, 10] | $ 5,000 | $ 8,000 | As agreed | Payable before opening of business | Landlord, utilities, Governmental agencies |
| Additional Funds – 3 months[11] | $ 20,000 | $ 30,000 | As agreed | Payable before opening of business | Taxes, suppliers, payroll, training support, misc. |
| GOODCENTS Computer System[12] | $ 11,500 | $ 20,000 | As agreed | Payable before opening of business | Software/Hardware Vendors |
| Marketing Expenses[13] | $ 7,500 | $ 15,000 | Escrowed as agreed | Upon execution of lease | Employees, Vendors, Suppliers |
| **TOTALS** | $ 333,300 | $ 509,100 | | | |

**Notes:**

1. Each payment is non-refundable, unless otherwise noted. GOODCENTS does not finance any part of the initial investment.
2. You must pay an initial franchise fee to us which is non-refundable under any circumstance.
3. You may be required to pay:
    a. A new store opening project management fee that is a service that facilitates and assists you in sourcing your real estate and building contractors to open your restaurant more effectively and efficiently.
    b. A site analysis fee that is a service that assists you in analyzing potential sites and provides demographic information that will be utilized by you and the GOODCENTS marketing team to create your individualized marketing plan.
4. We have assumed that you will lease the space for your Restaurant. The construction costs will vary depending upon numerous factors including the cost of materials and labor, and the amount of landlord

contribution. Our current prototype Restaurant contains 1,500 to 1,750 square feet and assumes a white box standard which includes the following key elements: 1. Demising walls meet local firewall codes; 2. HVAC is provided; 3. Grease trap is provided (if required by local ordinances); 4. 400-amp, 3 phase electrical service with meter box; and 5. Completed restrooms.

5. These amounts represent your costs for an exterior sign package.
6. You must obtain and maintain certain types and amounts of insurance (see Section 13 of Franchise Agreement).
7. Miscellaneous Restaurant Supplies include printer ink and paper, pens/pencils/markers, notebooks/ dividers, staples/stapler, & other misc supplies necessary for day-to-day operations of a business.
8. Lessor and utility companies may require that you place a deposit prior to occupation of the premises and prior to installing telephone, gas, electricity, and related utility services. These deposits may be refundable based upon the agreements made with the lessor and utility companies.
9. There may be special sewer hookup, wastewater, and/or similar fees and charges associated with the restaurant in some localities.
10. Security deposits and other prepaid expenses will vary according to the particular circumstances of a given GOODCENTS RESTAURANT. Security deposits or prepaid expenses are generally encountered with utilities, real property, and personal property. Various permits and licenses are required by governmental regulations as either isolated or recurring expenditures. Typical of these permits and licenses are those from health departments, fire departments, regulatory agencies, labor departments, other similar state sales tax bureaus and/or local governmental agencies. Those fees are determined by governmental authorities and are paid to them directly by you as prescribed.
11. Sometimes referred to as working capital, these estimates are your initial expenses for three months from the date you open for business. These expenses include payroll costs and are estimates, and GOODCENTS cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors including how closely you follow GOODCENTS methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for GOODCENTS' products; the prevailing wage rate; competition; and the sales level reached during the initial period. You must also pay royalty and other fees as described in Item 6 of this FDD.
12. You are required to subscribe for the Computer System (defined in Item 11) from GOODCENTS' affiliate, InfoKING. You must enter into an InfoKING Systems, LLC Point of Sale Restaurant Solution Agreement with InfoKING prior to opening your restaurant. Currently, the first month's subscription fee and deposit of $439 and the installation fee of $1,750 must be paid to InfoKING at the time you sign the InfoKING Systems, LLC Point of Sale Restaurant Solution Agreement, and minimum of five weeks prior to opening. The monthly subscription fee includes the maintenance service agreement and help desk support for the Computer System. See Item 11 for more information on the costs associated with the subscription program.
13. GOODCENTS requires marketing activities for the Restaurant starting prior to the initial opening of the Restaurant, which includes the pre and grand opening events and all marketing materials needed to open the restaurant and perform local store marketing (LSM) activities for at least the first 90-120 days. These monies will be held in escrow upon site approval and franchisee will work with GOODCENTS Marketing Team to spend according to the individual restaurant's marketing plan.

If you open a drive thru/pick-up window location, costs will be higher than the table above, particularly in areas such as Leasehold Improvements, Equipment, Signage and Computer System.

## YOUR ESTIMATED INITIAL INVESTMENT

### Multi-Unit Agreement

| Type of Expenditure | Amount | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|
| Initial Multi-Unit Fee[1] | $30,000 for first Restaurant, $15,000 for each subsequent Restaurant (minimum of 3 restaurants) | As agreed | Upon Execution of the Multi-Unit Agreement | GOODCENTS |
| Total [2, 3] | $60,000 - $150,000 | | | |

**Notes:**

1. The initial multi-unit fee is payable to GOODCENTS and is more fully described in Item 5. Generally, you will be required to open a minimum of 3 Restaurants under a Multi-Unit Agreement in a new market.
2. The development fee of $60,000 ($30,000 for the first restaurant and $15,000 each for the second and third restaurants) is payable to GOODCENTS at the time of signing the Multi-Unit Agreement.
3. The total above does not include costs for opening a Restaurant. Please refer to Item 7 Estimated Initial Investment table above for additional detail.

None of the fees described above in the Item 7 charts are refundable under any circumstance.

GOODCENTS relied on its previous experience and the costs of franchisees for the construction of their Restaurants in determining the initial investment ranges.

## ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To maintain the uniformity and quality of products and services offered by your Restaurant, you must purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or comparable items related to establishing or operating the Restaurant from us, our affiliates or suppliers approved by us that meet our standards and specifications. You must operate your Restaurant in strict conformity with our standards and specifications.

We or our affiliated companies may be designated, in our sole discretion, as an approved supplier or the only approved supplier of food and related products and services.

At the present time, we are not an approved supplier of food and related products.

Our affiliate, Custom Foods, Inc., is the only approved manufacturer of frozen bread dough and cookies for the System.

Our affiliate, InfoKING Systems, LLC, is the only approved supplier of the Computer System.

Our affiliate, Profit Plus Business Solutions, LLC, was an approved supplier of accounting services.

One of our officers owns an interest in Custom Foods, Inc., InfoKing Systems, LLC and Profit Plus Business Solutions, LLC.

If you want to buy or lease any item or service that we have not yet evaluated or approved or want to buy or lease from the supplier that we have not yet approved or designated, you must submit to us a written request to approve the proposed supplier, with evidence of consistent conformity with our specifications and standards as we may reasonably require.

Supplier approval might depend on product quality, delivery frequency and reliability or on service standards or financial capability or customer relation or concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliate for the right to do business with our system.

We will have the right to require that our representatives be permitted to inspect the proposed supplier's facilities and that the product samples be delivered to us or to our designee for testing or to an independent testing facility we designate. We may charge you or the supplier a reasonable fee for the valuation and decide within a reasonable time (generally no more than 30 days) whether or not we approve or disapprove the item or service. We periodically will establish procedures for your request and may limit the number of approved items, services or suppliers, as we determine in our sole discretion.

We may inspect a proposed supplier's facilities during or after the approval process to make sure that the

supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, or for a new product or service.

In addition to the designated and approved suppliers described above, we have the right to identify additional designated and approved suppliers in the future in written communications to you or in the Operations Manual, as we determine in our sole and absolute discretion.

We issue standards and specifications and any modifications to the System to you in the Operations Manual and otherwise, including, without limitation, in writing and by e-mail.

We or our affiliates may derive revenue or other material consideration from required purchases or leases by you.

The precise basis of the income to us from approved vendors and suppliers would generally be 1% to 20% of the purchase price of such food products and supplies purchased by you from approved suppliers. All revenue in the form of rebates and commissions we receive from approved suppliers resulting from your purchases may, in our discretion, be paid into the National Marketing and Promotional Fund or to regional and national advertising cooperatives or be utilized by us.

We, nor our affiliates, arrange any rebates to be received by any GOODCENTS Area Representative on required purchases made by unit franchisees.

In the fiscal year ending December 31, 2022, our revenue from approved suppliers based upon the purchase of products and services by Franchisees from approved suppliers was $794,045.43 which is 21.8% of our total franchise operations revenue of $3,645,686.

For the fiscal year ending December 31, 2022, Custom Foods, Inc.'s revenue from the sale of frozen dough to the approved suppliers of bread dough and cookie dough was $1,964,636.88.

For the fiscal year ending December 31, 2022, InfoKING's revenue from providing proprietary software and hardware to franchisees was $324,254.65.

Our affiliated company, Profit Plus Business Solutions, LLC was an approved supplier of accounting services. For the year ending December 31, 2022, Profit Plus Business Solutions, LLC's revenue from providing accounting services to franchisees was $33,250.00.

The cost of your purchases in compliance with our specifications and standards will represent approximately 70% to 75% of your total initial purchases relative to the establishment of your Restaurant, and approximately 90% to 95% of your total purchases required for the operation of your Restaurant, based on the percentage of cost experienced by GOODCENTS in comparable Restaurants.

There are currently no purchasing or distribution cooperatives that you must join or in which you may participate.

We may negotiate purchase arrangements, including price and terms, with designated and approved suppliers of food products and beverages purchased by franchisees.

We do not provide any material benefits to you based on your use of designated or approved suppliers or for the purchase of particular products and services.

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## ITEM 9: FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Agreement | Disclosure document item |
|---|---|---|
| a. Site selection and acquisition/lease | Section 4 in Multi-Unit Agreement<br>Section 3 in Franchise Agreement | Item 11 |
| b. Pre-opening purchases/leases | Sections 4 and 7 in Multi-Unit Agreement<br>Section 3 in Franchise Agreement | Items 7 and 8 |
| c. Site development and other pre-opening requirements | Section 4 in Multi-Unit Agreement<br>Section 4 in Franchise Agreement | Items 7, 8 and 11 |
| d. Initial and ongoing training | Not applicable in Multi-Unit Agreement<br>Section 5 in Franchise Agreement | Items 5, 6, 7 and 11 |
| e. Opening | Not applicable in Multi-Unit Agreement<br>Section 5 in Franchise Agreement | Item 11 |
| f. Fees | Section 8 in Multi-Unit Agreement<br>Sections 9 and 11 in Franchise Agreement | Items 5, 6, 7 and 11 |
| g. Compliance with standards and policies/operating manual | Not applicable in Multi-Unit Agreement<br>Sections 4, 5 and 11 in Franchise Agreement | Item 11 |
| h . Trademarks and proprietary information | Section 11 in Multi-Unit Agreement<br>Sections 1 and 6 in Franchise Agreement | Items 13 and 14 |
| i. Restrictions on products/services offered | Not applicable in Multi-Unit Agreement<br>Sections 1 and 11 in Franchise Agreement | Items 8, 11 and 16 |
| j. Warranty and customer service requirements | Not applicable in Multi-Unit Agreement<br>Sections 1 and 11 in Franchise Agreement | Item 11 |
| k. Territorial development and sales quotas | Not applicable in Multi-Unit Agreement<br>Section 3 in Franchise Agreement | Item 12 |
| l. Ongoing product/service purchases | Not applicable in Multi-Unit Agreement<br>Section 11 in Franchise Agreement | Item 8 |
| m. Maintenance, appearance, and remodeling requirements | Not applicable in Multi-Unit Agreement<br>Sections 4 and 11 in Franchise Agreement | Item 11 |
| n. Insurance | Section 15 in Multi-Unit Agreement<br>Section 13 in Franchise Agreement | Item 6 |
| o. Advertising | Not applicable in Multi-Unit Agreement<br>Sections 5 and 14 in Franchise Agreement | Items 6, 7, 8 and 11 |
| p. Indemnification | Section 20 in Multi-Unit Agreement<br>Section 8 in Franchise Agreement | Item 6 |

| Obligation | Section in Agreement | Disclosure document item |
|---|---|---|
| q. Owner's participation/management/staffing | Section 10 in Multi-Unit Agreement<br>Section 11 in Franchise Agreement | Item 11 and 15 |
| r. Records and reports | Section 13 in Multi-Unit Agreement<br>Section 15 in Franchise Agreement | Item 11 |
| s. Inspections and audits | Not applicable in Multi-Unit Agreement<br>Sections 4 and 16 in Franchise Agreement | Item 6 and 11 |
| t. Transfer | Section 6 in Multi-Unit Agreement<br>Section 17 in Franchise Agreement. | Item 17 |
| u. Renewal | Section 4 in Multi-Unit Agreement<br>Section 18 in Franchise Agreement | Item 17 |
| v. Post-termination obligations | Section 17 in Multi-Unit Agreement<br>Section 21 in Franchise Agreement | Item 17 |
| w. Non-competition covenants | Section 18 in Multi-Unit Agreement<br>Sections 17 and 19 in Franchise Agreement | Items 15 and 17 |
| x. Dispute resolution | Section 20 in Multi-Unit Agreement<br>Sections 11, 22 and 23 in Franchise Agreement | Item 17 |
| y. Other (Guaranty and Assumption of Obligations) | Section 19 in Multi-Unit Agreement<br>Section 2.H in Franchise Agreement | Not applicable |

## ITEM 10: FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you.

Franchisees of GOODCENTS are eligible for expedited Small Business Administration ("SBA") loan processing through SBA's Franchise Registry Program, www.franchiseregistry.com.

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

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

**Before you open the Restaurant, we will:**

1. Furnish you with prototype plans and specifications for a Restaurant, including approved floor plans and requirements for dimensions, interior design and layout, image, building materials, fixtures, equipment, furniture, signs, and décor. However, we are not responsible for the location, selection, procurement, and development of a site for the Restaurant. Site selection does require our written approval. We will not own the premises you select for the site of your Restaurant.

2. Review the complete site report containing demographic, commercial and other information and photographs as we may reasonably require for each site at which you propose to establish and operate a GOODCENTS RESTAURANT.

In considering the approval of a proposed site, we will consider our criteria for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from, proximity to and

nature of other businesses, size, appearance and other physical and commercial characteristics of the proposed site and evidence concerning your favorable prospects for obtaining the proposed site (Multi-Unit Agreement, Section 6; Franchise Agreement, Section 3).

We will exert our best efforts to deliver notification to you, on whether we approve or disapprove the site, within 30 days of receipt by us of each complete site report and the financial statements and other materials requested by us.

If you fail to obtain lawful possession of an approved site within 90-120 days after delivery of our approval, we may, in our sole discretion, withdraw approval of the site (Franchise Agreement; Section 3).

You must develop and open your GOODCENTS RESTAURANT at the site within 180 days from the date of execution of the Franchise Agreement. Failure to open within the timing requirements as outlined above may result in the termination of your Franchise Agreement (Franchise Agreement, Section 4C).

You are responsible for conforming the premises to local ordinances and building codes and obtaining any required permits for constructing, remodeling, or decorating the premises, for hiring and training employees, and providing the necessary equipment, signs, fixtures, opening inventory and supplies. We will provide you with written specifications for these items (Franchise Agreement; Section 4).

3. Approve sites for future/additional sites to be developed under a Multi-Unit Agreement, using our then-current site criteria.

4. Loan you one copy of the Operations Manual (Franchise Agreement, Section 7).

5. Train you and any of your Restaurant managers (Franchise Agreement, Section 5A). However, you are responsible for the hiring and training of the employees of your Restaurant (Franchise Agreement, Section 5B).

6. Provide you with training and assistance in connection with the pre-opening and initial operation of your restaurant. You must have a certificate of occupancy from your local governmental agency before we schedule the pre-opening assistance (Franchise Agreement, Section 4C).

7. Provide you with mandatory and suggested specifications and layouts for the Restaurant, including requirements for dimensions, signs, design, interior layout, decor, fixtures, equipment, furnishings, and color scheme (Franchise Agreement, Sections 4A, 4B).

8. Provide you with a list of designated and approved suppliers from whom you must or may buy or lease the required items (Franchise Agreement, Section 11F).

9. Upon your request, provide you with consultation services as we deem necessary in the development of the Restaurant (Franchise Agreement, Section 4A).

**Time to Open**

The typical length of time between signing the Franchise Agreement and commencing business is between one to three months. Time periods may vary depending upon factors including your ability to secure financing, the location and condition of the premises, and the completion of the improvements to the premises. Failure to develop and open your Restaurant within 180 days from the date of the Franchise Agreement may result in the termination of the Franchise Agreement or we may grant an extension in our sole discretion (Franchise Agreement, Section 4C).

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**During Operation of your Restaurant**

During the operation of the Restaurant, we will:

Provide you with operating assistance, which may consist of:

a. operating procedures utilized by GOODCENTS RESTAURANTS;

b. evaluation of the Restaurant and the products and services offered to ensure compliance with the high standards of quality, appearance, and service of the System;

c. selection of additional food products, menu items and services authorized for GOODCENTS RESTAURANTS;

d. employee relations, marketing assistance and sales promotion programs and accountability of employees;

e. formulating and implementing advertising and promotional programs; and

f. the establishment and operation of administrative, bookkeeping, accounting, inventory control, sales, and general operating procedures for the proper operation of a GOODCENTS RESTAURANT (Franchise Agreement, Section 5D).

**Advertising**

We have developed and we administer at our discretion, advertising, public relations, sales promotion, and franchisee solicitation programs.

You must participate in all advertising and marketing programs, including a gift card program, as periodically directed by us and purchase such advertising and marketing materials as is reasonably necessary to participate in all regional and national advertising, marketing and promotion campaigns.

The media in which the advertising may be disseminated includes print, point of purchase, radio, television, digital and billboard. The media coverage is presently local and regional.

The source of the advertising is the in-house advertising department, one or more local advertising agencies and free-lance artists.

We are not obligated to spend any amount on advertising in your territory.

You may utilize your own advertising materials subject to submission and prior written approval by GOODCENTS of the content (Franchise Agreement, Section 14).

**Advertising Council**

As of the date of this disclosure document, there is no Advertising Council.

**Advertising Cooperative**

As of the date of this disclosure document, there is no Advertising Cooperative. However, we reserve the right to designate any geographic area in which one or more GOODCENTS RESTAURANTS is located as a region for purposes of establishing an advertising cooperative (the "Advertising Cooperative"). You must join and participate in Advertising Cooperatives we designate. The members of the Advertising Cooperative for any area will consist of all GOODCENTS RESTAURANTS whether operated by us or by franchisees. We will direct the formation of any Advertising. If an Advertising Cooperative is in effect where your Restaurant is located when you open your Restaurant, or if any Advertising Cooperative is established or

designated by us during the term of the Franchise Agreement, you must become a member of the Advertising Cooperative which we approve and designate, which we may change periodically. The organizational documents, bylaws and structure of the Advertising Cooperatives must be in compliance with our requirements. You will be required to contribute a percentage of your Gross Revenue during each month to the Advertising Cooperative as determined by the Advertising Cooperative. GOODCENTS has the right to form, change or dissolve the Advertising Cooperative in its discretion (Franchise Agreement, Section 14C).

Contributions to the Advertising Cooperative are credited to your requirement to spend up to 3% of Gross Revenue on local advertising (Franchise Agreement, Section 14C(2)).

**National Marketing and Promotional Fund**

We will administer a National Marketing and Promotional Fund (the "Fund"). We direct all Fund programs, with sole discretion over the creative concepts, materials, endorsements, and media used and its placement and allocation. We have the right to determine, in our sole discretion, the composition of all geographic territories and market areas for the development and implementation of programs (Paragraph A, Section 14 of Franchise Agreement). The Fund's programs and activities are intended to maximize the public's awareness of all GOODCENTS RESTAURANTS, and we are under no obligation to ensure that you or any other franchisee benefits directly or pro rata from the placement of such programs and activities. The Fund may be used to meet all costs related to the following Fund programs and activities as determined by GOODCENTS in its discretion (Franchise Agreement, Section 14A):

a. Maintaining, administrating, directing and preparing national, regional or local advertising materials, programs and public relations activities, including the cost of preparing and conducting television, radio, magazine, billboard, newspaper, internet and other media programs and activities and to provide merchandising equipment and upgrades and operation support to franchisees;

b. Employing advertising agencies;

c. Providing promotional brochures and advertising materials to GOODCENTS RESTAURANTS and to regional and local Advertising Cooperatives of GOODCENTS RESTAURANTS;

d. Developing training programs and materials;

e. Conducting market research, testing and development of new products, services and equipment considered for the GOODCENTS Franchise System;

f. Reimbursement of our administrative and personnel costs associated with advertising, telemarketing, public relations, market research and product development and solicitation of new franchisees; and solicitation and development of new franchisees; and

g. Solicitation and development of new franchisees.

Upon commencement of business, you must contribute to the Fund an amount equal to 3.5% of Gross Revenue, which you must pay weekly to us at the time of your payment of the royalty fee. Contributions to the Fund must be paid by Electronic Funds Transfer, as Franchisor may determine in its sole discretion. You must sign the Electronic Funds Transfer Authorization (Schedule D to Franchise Agreement) prior to opening your Restaurant for business.

GOODCENTS RESTAURANTS owned and operated by us and located in the United States of America will contribute to the Fund on the same basis.

We account for the Fund separately. It is not used to defray any of our general operating expenses, except for salaries, administrative costs and overhead as we may incur in activities related to the administration or direction of the Fund and its programs (including market research, preparing, distributing, and evaluating

advertising materials, developing new products, soliciting franchisees, and collecting and accounting for contributions to the Fund).

We prepare an unaudited annual report of the operations of the Fund, which is available to you upon reasonable request (Franchise Agreement, Section 14A).

The Marketing Fund is not our asset; the Marketing Fund is not a trust. We will have no fiduciary obligation to you for administering the Marketing Fund. We may spend on behalf of the Marketing Fund in any fiscal year more or less than the total Marketing Fund Contributions in that year, by borrowing from us or others (paying reasonable interest) to cover deficits or invest any surplus for future use.

In fiscal year ending December 31, 2022, 17.3% of the Fund expenses was used for administrative costs, 1.7% for production, 43.0% for media placement, 9.6% for research and product development and 28.4% for the solicitation of new franchise sales.

In fiscal year ending December 31, 2022, expenditures from the Fund were $128,340 less than the contributions for the year.

**Local Advertising**

In addition to the contributions to the Fund, you agree to spend up to 3% of Gross Revenue on local advertising and public relations activities designed to publicize the operation of the franchised business in your market, as we determine in our sole discretion. You will provide us with an accurate accounting of the advertising expenditures, public relations, and marketing expenses. We will give you written notice of the percentage of Gross Revenue you must spend on local advertising and public relations activities. You must, within 30 days after written notice from us, spend the required percentage of Gross Revenue each month (Franchise Agreement, Section 14B).

You agree to have a Facebook page for your GOODCENTS RESTAURANT and authorize us to post and maintain content and advertising on your behalf. We will maintain brand pages on Twitter, Snapchat, Instagram, and other digital/social channels. You are not permitted to maintain an individual location page through these other digital channels without written consent from GOODCENTS (Franchise Agreement, Section 14B).

**Computer Hardware and Software**

GOODCENTS requires you to use the following computer system:

For a Restaurant without drive-thru, the computer system consisting of a two Terminal POS System, which includes software, staging, configuration, two POS touch screen terminals, one report printer, two receipt printers, one kitchen printer, one cash drawer, two POS surge protectors, one mouse, one keyboard, miscellaneous cables, router, InfoKING software license and anti- virus software.

The computer system described above is referred to as the “Computer System”. The monthly subscription cost of the Computer System is $250 for Restaurants with two POS terminals and an additional $50 for Restaurants with Kitchen Display System (KDS). Installation costs for the Computer System are approximately $1,500 plus $250 additional for Restaurants with KDS and Kiosks.

The annual maintenance, polling, support, and service costs you will incur for the Computer System is included in the Computer System monthly subscription fee. You must enter into and sign an InfoKING Systems, LLC Point of Sale Restaurant Solutions Agreement to subscribe to the Computer System. You must purchase a computer desk from an approved equipment supplier.

You must have a functioning e-mail address so that we can send you notices and otherwise communicate with you by this method.

We reserve the right to change the Computer System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a Software License Agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities concerning, the software or technology. We or our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the Franchise term.

We will have the ability to access all information and financial data recorded by the Computer System for any purpose, including audit, sales verification, and system development purposes. There are no contractual limitations on our right to access the information and data. Sales, inventory, employee, and other proprietary information will be maintained on the system.

**Operations Manual**

We provide you access to Goodcents University, an online training portal, during the term of the franchise agreement. Goodcents University consists of operation manuals, training videos, and other materials related to operations (collectively, the "Operations Manual").

The Operations Manual contains mandatory and suggested specifications, standards and operating procedures prescribed by us for GOODCENTS RESTAURANTS and information relative to your other obligations. We have the right to modify the Operations Manual to reflect changes in products, services, specifications, standards and operating procedures, including marketing techniques. No addition or modification may alter your fundamental status and rights. The master copy of the Operations Manual that we maintain at our principal place of business controls if there is a dispute relative to the contents of the Operations Manual.

**Table of Contents to Operations Manual**

| | TITLE | Hours of Training |
|---|---|---|
| Basic Operations | Orientation / Certified Clean | 1-2 |
| | The Goodcents Experience | 1-2 |
| | Dress & Wrap / Expo | 2-3 |
| | Register | 2-4 |
| Intermediate Operations | Goodcents to Go | 2-4 |
| | Slicing | 1-2 |
| | Baking | 2-4 |
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| | Delivery | 1-2 |
| Advanced Operations | MGMT 101: Certified Trainer | 2-4 |
| | MGMT 201: Shift Leader | 3-6 |
| | MGMT 301: Operations Leader | 2-4 |
| | MGMT 401: Restaurant Leader | 2-4 |
| In-Store Training | Certified Clean | 200 |
| | Station Assignments (Priorities 1-4) | |
| | Dress & Wrap / Expo | |
| | Register | |
| | Slicing | |
| | Baking | |
| | Catering (Party Trays & Box Lunches) | |
| | Opening Restaurant Crew / Management | |
| | Mid-Day Crew / Management | |
| | Closing Crew / Management | |
| | Administration Management Tools / Checklists | |
| | Managing Station Assignments | |
| | Inventory & Food Costs | |

| | TITLE | Hours of Training |
|---|---|---|
| | Product Ordering | |
| | Receiving & Storing Orders | |
| | Goodcents University Admin | |
| | On-Boarding New Crew Members | |
| | Local Store Marketing | |
| | Crew Member Relations | |
| | Benching & Scheduling | |

**Training**

Before the opening of the Restaurant, we will conduct a 30-day initial training program for the operation of your Restaurant, which will include instruction relating to the operation of the Restaurant, understanding the equipment and product usage, costs and cash control, guest service, marketing and sales programs, accountability for sales and marketing, management roles, job function of crew members, crew scheduling and methods of controlling operating costs.

The outline of the initial training program is as follows:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| Real Estate | 1 | 0 | GOODCENTS UNIVERSITY (Online), GOODCENTS R&D Facility, De Soto, Kansas and Restaurant |
| Business Plan | 1 | 0 | |
| Restaurant Operations | 1.5 | 200 | |
| Personnel Management | 1 | (included in above) | |
| Food Management | 4 | (included in above) | |
| Sales Marketing | 1.5 | (included in above) | |
| Organization & Time Mgmt | 1 | (included in above) | |
| Equipment Maintenance | 1 | (included in above) | |
| Administration | 2 | (included in above) | |
| Testing | 0 | 10-15 | |

The initial training program is offered throughout the year and will be scheduled depending upon the number of franchisees requesting training. Training will be conducted at GOODCENTS' training facility in De Soto, Kansas or other facilities designated by GOODCENTS and on-the-job training at one of the GOODCENTS Training Restaurants.

The instructional materials may include our Operation Manual and certain resources available through our intranet. Various additional individuals and firms may contribute training materials or offer in-person guidance in specific areas related to the development and operation of your Franchised Business.

Keith Lake, Sr. Director of Operations and Training for GOODCENTS will oversee the training program. He has over 12 years of experience with GOODCENTS and over 30 years of experience in the Restaurant Industry.

GOODCENTS' Area Representatives will assist with training.

The cost of the initial training program is included in the initial franchise fee. However, you will be solely responsible for the compensation, travel, lodging and living expenses you and your manager incur regarding

attendance at the initial training program or at any supplemental or refresher training programs.

You and your managers must attend and successfully complete, to our satisfaction, the initial training program at least 10 days before your Restaurant is open for business.

If, during any training program, we determine, in our sole discretion, that any proposed manager is not qualified to manage the Restaurant, we will notify you in writing. You must select a substitute manager to attend and successfully complete, to our satisfaction, the initial training program (Paragraph A, Section 5 of Franchise Agreement).

We have the right to require that you (or the managing partner, shareholder or managing member) and any manager or assistant managers attend, and complete to our satisfaction, supplemental and refresher training programs provided by us during the term of the Franchise Agreement. The supplemental and refresher training will be furnished at a time and place designated by us. We have right to assess you reasonable charges for the supplement and refresher training (Franchise Agreement, Section 5A).

## ITEM 12: TERRITORY

**Multi-Unit Agreement**

The Multi-Unit Agreement grants you certain rights (as described below) within a designated geographic area (the "Development Area") to be described in Schedule A attached to the Multi-Unit Agreement.

You must sign our then-current form of Franchise Agreement for each Restaurant that you develop under the Multi-Unit Agreement and any extensions. Site approval will be based on our then-current site criteria.

**Development Area**

The size of the Development Area may vary based on market and economic factors and may be one or more counties in rural areas, may be a portion of or all of a metropolitan statistical area (MSA) in heavily populated major cities, or may be a portion of or all of one state or states.

We may prohibit you from locating a Restaurant too close to the perimeter of your Development Area, in our sole discretion, if we determine that the proposed location of your Restaurant will affect other market areas or the future development of GOODCENTS RESTAURANTS in other areas outside your Development Area, all in our sole discretion.

**Relocation**

The Multi-Unit Agreement does not grant you the right to relocate a franchised Restaurant.

**Options, Rights of First Refusal or Similar Rights to Acquire Additional Franchises**

Provided you are in full compliance with (a) the terms and conditions contained in the Multi-Unit Agreement and (b) all obligations under Franchise Agreements entered into between GOODCENTS and you according to the Multi-Unit Agreement, then during the development periods, we will:

(i) grant to you franchises for the ownership and operation of GOODCENTS Restaurants located within the Development Area; and

(ii) grant you a 30 day right of first refusal for the opening of additional GOODCENTS Restaurants within the Development Area for a period of 10 years from the date of signing your Multi-Unit Agreement.

The rights granted under the Multi-Unit Agreement are contingent upon compliance by you with the requirement to have open and in operation a certain cumulative number of Restaurants at the end of each development period which will be the minimum performance standard acceptable as a prerequisite to the continuation of the rights granted to you in the Development Area.

A GOODCENTS Restaurant which is permanently closed with the approval of GOODCENTS after having been opened will be deemed open and in operation for purposes of the Development Schedule, if a substitute GOODCENTS Restaurant is open and in operation within six months from the date of closing. The replacement Restaurant will not otherwise count toward the minimum Performance Standard. The location of the replacement Restaurant must comply with our demographic criteria required for a GOODCENTS Restaurant.

We may, at our discretion, terminate this agreement, if you fail to comply with the Development Schedule as set forth in this agreement.

**Territory**

You are not granted an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. Franchisees located outside the Development Area may offer products or services within the Development Area.

**Reservation of Rights**

GOODCENTS (on behalf of itself and its affiliates) retains the following rights:

(1) to itself own and operate, or to grant other persons the right to own and operate, GOODCENTS Restaurants at locations and on terms we deem appropriate outside the Development Area granted to you;

(2) to sell the products and services and logo items within and outside the Development Area authorized for GOODCENTS Restaurants under the Licensed Marks or under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution including, via electronic means such as the Internet and by websites established by GOODCENTS, and under terms GOODCENTS deems appropriate within and outside the Development Area;

(3) GOODCENTS, any other developer and any other authorized person or entity shall have the right, at any time, to advertise and promote the System, and to sell the products and services authorized for GOODCENTS Restaurants in the Development Area;

(4) within and outside the Development Area, GOODCENTS and its affiliates may offer and sell, and may authorize others to offer and sell collateral products such as pre-packaged food and beverage products and GOODCENTS Restaurant memorabilia under the Licensed Marks, at or from any location;

(5) within and outside the Development Area, GOODCENTS and its affiliates may offer and sell, and may authorize others to offer and sell food and beverage services and products under the Licensed Marks, at or through any other GOODCENTS Restaurant or other food service facility, in any airport, railroad station, bus terminal, hospital, cafeteria, military facility, highway plaza, stadiums, concert venues, sports arenas, amusement parks, schools or other similar facilities located inside the Development Area;

(6) GOODCENTS may own, operate, or license others to own and operate, other restaurant concepts within and outside the Development Area, provided the other restaurant and restaurant concepts do not feature a menu similar to a GOODCENTS Restaurants and have trade dress and decor similar to a GOODCENTS Restaurant, or use the GOODCENTS® servicemark;

(7) to grant to others the right to establish and operate businesses offering dissimilar products and services, at any location, under the Licensed Marks and on any terms and conditions GOODCENTS deems appropriate;

(8) to acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at GOODCENTS Restaurants, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees

or the licensees of these businesses) are located or operating; and

(9) to be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at GOODCENTS RESTAURANTS, or by another business, regardless of the location(s) of the business providing the similar products and services.

We are not required to pay you any consideration for soliciting or accepting orders inside the Development Area.

**FRANCHISE AGREEMENT**

## 1. No Exclusive Area

The Franchise Agreement grants you the right to operate a GOODCENTS RESTAURANT at a single location that you select, and we approve. Schedule A to the Franchise Agreement will state the specific street address of the approved location. You must operate the Restaurant only at the approved location and you may not relocate the Restaurant without first obtaining our written consent. You may not establish or operate another Restaurant unless you enter into a separate Franchise Agreement for that Restaurant.

The grant of a Franchise is for a specific location and is not dependent on achievement of a certain sales volume, market penetration or other contingency.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we may control.

You do not have the right to use the internet to make sales or solicit sales of products from your Restaurant. You are not prohibited from telemarketing or utilizing other direct marketing to make sales to consumers located outside its trade area.

## 2. Relocation

Under the Franchise Agreement, we may grant permission for relocation of the Restaurant, if we determine, in our sole discretion, that there is a reason justifying the relocation, including, but not limited to, expiration or termination of your lease for the premises of the Restaurant; and/or change in the character of the location of the Restaurant sufficiently detrimental to its business potential to warrant its relocation. Any relocation shall be at your sole expense.

## 3. Reservations of Rights by GOODCENTS - Competing Businesses

GOODCENTS (on behalf of itself or its affiliates) retains the right, in its sole discretion, and without granting any rights to franchisees:

a. to itself operate, or to grant other persons the right to operate, GOODCENTS RESTAURANTS at locations and on terms GOODCENTS deems appropriate;

b. to sell the products and services authorized for GOODCENTS RESTAURANTS under the Licensed Marks or other trademarks, service marks and commercial symbols through dissimilar channels of distribution including, without limitation, via electronic means such as the Internet and websites established by GOODCENTS, and with terms GOODCENTS deems appropriate;

c. to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of a website using the Licensed Marks;

d. to advertise and promote the System;

e. to offer and sell collateral products such as pre-packaged food and beverage products and GOODCENTS RESTAURANT memorabilia under the Licensed Marks, at or from any location;

f. to offer and sell food and beverage services and products under the Licensed Marks, at any other GOODCENTS RESTAURANT or other food service facility, at airports, railroad stations, bus terminals, highway plazas, convention centers, amusement parks, sporting events, festivals, ball parks, stadiums, concert venues, hospitals, military facilities, schools or hotels;

g. to offer and sell any food and beverage products and services under any other names or marks;

h. to establish and operate, and to grant to others the right to establish and operate, similar businesses or dissimilar businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations under trademarks or service marks other than the Licensed Marks and on any terms and conditions we deem appropriate;

i. to grant to others the right to establish and operate, businesses offering dissimilar products and services, at any location, under the Licensed Marks and on any terms and conditions we deem appropriate;

j. to acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at GOODCENTS RESTAURANTS, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating; and

k. to be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at GOODCENTS RESTAURANTS, regardless of the location(s) of the business providing the similar products and services.

GOODCENTS is not required to pay you if we exercise any of the rights specified above.

Although we and our affiliate have the right to do so, we and our affiliate have not operated or franchised and have no plans to operate or franchise at this time, other businesses selling or leasing similar products or services under different trademarks.

You are required to accept internet orders from Goodcents approved programs, and may not use the Internet to individually advertise, solicit or accept orders from outside our approved programs, without our prior written consent.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

GOODCENTS is not required to pay you any consideration for soliciting or accepting orders inside your trade area.

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## ITEM 13: TRADEMARKS

GOODCENTS grants you the right to operate your business under the name GOODCENTS®. You may also use GOODCENTS' other current or future trademarks developed by GOODCENTS for the System to operate your GOODCENTS RESTAURANT. By trademark GOODCENTS means trade names, trademarks, service marks and logos used to identify your business. You are prohibited from creating a domain name using the Licensed Marks.

GOODCENTS has registered the following marks on the Principal Register of the United States Patent and Trademark office:

| MARK | REGISTRATION DATE | REGISTRATION NUMBER |
|---|---|---|
| **MR. GOODCENTS AND DESIGN** | July 13, 1993 | 1,781,776 |
| **MR. GOODCENTS** | June 21, 1994 | 1,840,932 |
| **Good Food That Makes Good Sense** | February 6, 1996 | 1,954,446 |
| **CENTSABLE SUB** | February 25, 2003 | 2,690,018 |
| **PENNY CLUB** | November 28, 2006 | 3,177,043 |
| **GOODCENTS** | May 3, 2011 | 3,954,790 |
| **GOODCENTS DELI FRESH SUBS** | October 30, 2012 | 4,234,042 |
| **GOODCENTS CHARACTER DESIGN IN GOD WE TRUST "1989 KC"** | May 20, 2014 | 4,531,965 |
| **WE DELIVER. WE CATER. WE CARE.** | September 15, 2015 | 4,812,617 |
| **GOODCENTS CENTSABLE KITCHEN and DESIGN** | July 24, 2018 | 5,523,123 |
| **GOODCENTS CENTSABLE KITCHEN** | July 24, 2018 | 5,523,122 |
| Goodcents **GOODCENTS (stylized)** | December 22, 2020 | 6,227,278 |
| **MR. GOODCENTS 1989 KC** | December 29, 2020 | 6,232,880 |

We do not have a federal registration for the following marks: GOODCENTS TO GO AND DESIGN, OR MR. GOODCENTS DESIGN W/HANDS. Therefore, these trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

GOODCENTS has timely filed all affidavits and renewals that are required to be filed regarding these trademarks.

Termination of the License Agreement will not affect existing Franchise Agreements. No other agreement limits our right to use or license the Licensed Marks.

GOODCENTS may establish new Licensed Marks in the future, and you must use and display these Licensed Marks according to specifications and bear all costs associated with changes to the Licensed Marks or introduction of new Licensed Marks. You must follow GOODCENTS' rules when you use these Licensed Marks. You cannot use a name or Licensed Mark as part of a corporate name or with modifying words, designs, or symbols except for those which GOODCENTS licensed to you. You may not use GOODCENTS' registered name in the sale of an unauthorized product or service or in any manner GOODCENTS does not authorize in writing. You may not use any other mark, name, commercial symbol or logotype in connection with the operation of your GOODCENTS RESTAURANT, without GOODCENTS' consent.

GOODCENTS has registered the domain names "goodcentssubs.com" and "ownagoodcents.com." You acknowledge that GOODCENTS is the lawful and sole owner of the domain names "goodcentssubs.com" and "ownagoodcents.com" which incorporate our trademark MR. GOODCENTS® and GOODCENTS®. You agree not to register the trademark GOODCENTS® or any of the Licensed Marks now or hereafter owned by GOODCENTS or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names. GOODCENTS retains the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of a website using the Licensed Marks. You shall not in any way: (a) link or frame our websites; (b) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (c) create or register any Internet domain name in connection with your franchise.

There is presently no effective determination of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, of any pending infringement, opposition or cancellation proceeding or any pending material litigation involving trademarks, service marks, trade names, logo-types or other commercial symbols which is relevant to the use in this state; and no agreements exist which significantly limit in any manner material to you, the rights of GOODCENTS to use or license the use of marks, names, logos or symbols.

You shall not contest, directly or indirectly, GOODCENTS' ownership of the Licensed Marks, trade secrets, methods and procedures which are a part of the GOODCENTS Franchise System. You shall not register, seek to register, or contest GOODCENTS' sole right to register, use and license others to use the marks, names, information, and symbols.

You must immediately notify GOODCENTS of any apparent infringement of or challenge to your use of any Licensed Marks, and GOODCENTS has sole discretion to take any action it deems appropriate.

There are no agreements currently in effect that would significantly limit GOODCENTS' rights to use or license the use of such proprietary marks that are material to the franchise.

Any goodwill associated with the Licensed Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to the benefit of GOODCENTS.

## ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

GOODCENTS does not now own any rights to any patent which is material to the franchise. GOODCENTS claims copyright protection for the Operations Manual, advertising and marketing materials and similar items used in the operation of the GOODCENTS RESTAURANT. We have not registered these copyrights with the U.S. Register of Copyrights but need not do so at this time to protect them. You may use these items only as we specify while operating your GOODCENTS Restaurant.

There currently are no effective adverse determinations of the U.S. Patent & Trademark Office, the Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyright materials in any state.

We need not protect or defend copyrights, although we intend to do so if it is in the System's best interest, as we determine in our sole discretion. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials may contain Confidential Information, some of which could constitute trade secrets under applicable law. This information may include site selection criteria, recipes, methods, formats, specifications, standards, systems, procedures, food preparation techniques, experience in using and operating a GOODCENTS Restaurant, marketing and advertising programs, computer software or similar technology that is proprietary to us, knowledge of specifications, knowledge of the operating results and financial performance of the GOODCENTS Restaurants and related intellectual

property.

All ideas, concepts, techniques, or materials concerning a GOODCENTS Restaurant whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you agree to assign ownership of that item and all related rights to that item to us and you must take whatever action, which may include signing an assignment or other documents as we request, to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our Confidential Information in any unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use nondisclosure and non- competition agreements with those having access to our Confidential Information.

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

**MULTI-UNIT AGREEMENT**

You (or your partnership, corporation or limited liability corporation, the managing partner, shareholder or managing member) or your approved manager who has satisfactorily completed GOODCENTS' training program must exert your full-time efforts to your obligations under the Multi-Unit Agreement and may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations under the Multi-Unit Agreement. You (or the managing partner, shareholder or managing member) must supervise the development and operations of your GOODCENTS RESTAURANTS Franchise according to the Multi-Unit Agreement but need not be engaged in the day-to-day operations of any Restaurant.

**FRANCHISE AGREEMENT**

Your Restaurant must, at all times, be under your direct, day-to-day, full-time supervision (or, if you are a partnership, corporation or limited liability company, a managing partner, shareholder or managing member who GOODCENTS approves in writing as the managing partner, shareholder or managing member and who has satisfactorily completed the training program) or an operating manager who GOODCENTS approves in writing and who has satisfactorily completed GOODCENTS' training program. If an operating manager supervises the Restaurant you (or the managing partner, shareholder or managing member) must remain active in overseeing the operations of the Restaurant conducted under the supervision of the manager. The operating manager is not required to have an equity interest in the franchised business.

The person who is responsible for the day-to-day supervision of the Restaurant (i.e., the managing partner, shareholder, managing member or the approved manager) assumes responsibilities on a full-time basis and may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations. If you are a corporation, partnership, or limited liability company, you may not engage in any business or activities other than the ownership and operation of other GOODCENTS RESTAURANTS under Franchise Agreements granted by GOODCENTS.

If, at any time, you do not manage the Restaurant (or if you are a partnership, corporation or limited liability corporation, the managing partner, shareholder or managing member) or an approved manager who has satisfactorily completed GOODCENTS' training program does not manage the Restaurant, GOODCENTS is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Restaurant on your behalf. GOODCENTS' appointment of a manager of the Restaurant does not relieve you of your obligations under the Franchise Agreement or constitute a waiver of GOODCENTS' right to terminate the Franchise Agreement. GOODCENTS is not liable for any debts, losses, costs, or expenses you incur in the operation of the Restaurant or to any of your creditors for any products, materials, supplies, or services purchased by the Restaurant while it is managed by GOODCENTS' appointed manager.

GOODCENTS has the right to charge a reasonable fee for management services and to cease to provide management services at any time.

Each Principal must sign and must comply with the requirements of the Guaranty and Assumption of Obligations Agreement attached to the Franchise Agreement. The term "Principals" includes any officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) or the managing member of a limited liability company and the spouse, whether they are a party to the Franchise Agreement or not, of any officer or director or managing member and of any person or entity directly or indirectly owning and/or controlling 10% or more of Franchisee.

## ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

**MULTI-UNIT AGREEMENT**

For each GOODCENTS RESTAURANT opened according to the Franchise Agreement, you are subject to restrictions on goods and services you may offer that are contained in GOODCENTS' then-current standard Franchise Agreement. The restrictions under the then-current Franchise Agreement are set forth below.

**FRANCHISE AGREEMENT**

In your Restaurant, you must offer for sale only approved food products and related food products and services, approved by us in writing. We, in our sole and absolute discretion, will determine what will be appropriate for sale in GOODCENTS RESTAURANTS.

You must at all times maintain an inventory of food products, ingredients and supplies in sufficient quantity and variety to realize the full potential of your Restaurant.

GOODCENTS may conduct market research and testing to determine consumer trends and the salability of new menu items and food products and services. You must cooperate by participating in GOODCENTS' market research programs, test marketing new products and services in the Restaurant and providing GOODCENTS with timely reports and other relevant information regarding market research. In connection with any test marketing, you must purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell these products.

You may not, without prior written approval by GOODCENTS, offer any products or services not then authorized by GOODCENTS for GOODCENTS RESTAURANTS, nor may you use the Restaurant or the premises you occupy for any purpose other than the operation of a GOODCENTS RESTAURANT.

GOODCENTS may add additional products or services to be offered through the GOODCENTS RESTAURANTS and after notice you must offer additional products or services. The additional products or services will not materially detract or alter the general appearance and function of a GOODCENTS RESTAURANT.

We do not impose any restrictions or conditions that limit your access to customers.

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## ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| a. Length of the franchise term. | Section 3 in Multi-Unit Agreement.<br><br>Section 1 in Franchise Agreement. | Term in Multi-Unit Agreement ends on last day of Development Period.<br><br>Term of Franchise Agreement is 10 years from date of execution. |
| b. Renewal or extension of the term. | Section 4 in Multi-Unit Agreement.<br><br>Section 18 in Franchise Agreement. | If you are in compliance with the Development Schedule and Performance Standard, you may be allowed to exercise right of first refusal to open additional Restaurants.<br><br>If you are in good standing you may, at your option, renew the Franchise Agreement for an additional 10-year term equal to then-customary term granted under then-current Franchise Agreement. |
| c. Requirements for franchisee to renew or extend. | Section 4 in Multi-Unit Agreement.<br><br>Section 18 in Franchise Agreement. | Written notice to Franchisor after offer to exercise right of first refusal.<br><br>Notify GOODCENTS at least one year before expiration of Agreement. Sign the then-current Franchise Agreement and pay the renewal fee. If you seek to renew your Franchise at the expiration of the initial term or of any renewal term, you may be asked to sign a new Franchise Agreement, which is the then-current Franchise Agreement used by us that may contain terms and conditions materially different from those in your previous Franchise Agreement, such as, but without limitation, (1) increases in the Royalty Fee, (2) increases in the contributions to the National Marketing Fund and Promotional Fund or to expenditures for advertising and promotion, (3) increases in other fees and (4) implementation of new fees. |
| d. Termination by franchisee. | Not Applicable. | Not Applicable. |
| e. Termination by franchisor without cause. | Not Applicable. | Not Applicable. |
| f. Termination by franchisor with cause. | Section 16 in Multi-Unit Agreement.<br><br>Section 20 in Franchise Agreement. | GOODCENTS may terminate Multi-Unit Agreement for failure to develop Restaurants. No default under the Multi Unit Agreement shall cause a default under a Franchise Agreement unless there is an independent default under the applicable Franchise Agreement.<br><br>Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. The provision of termination upon bankruptcy may not be enforceable under Federal Bankruptcy law. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| g. "Cause" defined – curable defaults. | Section 16 in Multi-Unit Agreement.<br><br>Section 20 in Franchise Agreement. | You have 30 days to cure: making a material misrepresentation or omission in application; conviction of or pleading no contest to a felony or other crime that is likely to adversely affect your representation or ours; making unauthorized use or disclosure of Operations Manual, trade secret or Confidential Information; abandoning or failing to operate Restaurant for two days; failure to transfer interest of deceased owner; submitting a report understating royalty fees; becoming insolvent; material misuse of Licensed Marks; failure to comply with the Multi-Unit Agreement or any Franchise Agreement; failure to pay amounts due.<br><br>You have 30 days to cure: failure to obtain possession of approved location for Restaurant; failure to develop or open Restaurant; failure to complete training program; abandoning or losing right to occupy premises of Restaurant; making a material misrepresentation or omission on application; failure to attend supplemental or refresher training programs; making unauthorized use of Licensed Marks or disclosure of Confidential Information or Operations Manual; violation of any covenants in Agreement or any other terms of this or any other Franchise Agreement with us. You have 10 days to cure failure to pay amounts due Franchisor or creditors. |
| h. "Cause" defined – non-curable defaults. | Section 16 in Multi-Unit Agreement.<br><br>Section 20 in Franchise Agreement. | Failure to meet development requirements; failure on three occasions in any 12 months to submit reports or pay amounts due; immediate threat or danger to public health or safety resulting from construction, maintenance, or operation of the Restaurant; making an unauthorized assignment or transfer of the Multi-Unit Agreement.<br><br>Becoming insolvent, filing a petition for bankruptcy or having one filed against you and not opposing it, filing for appointment of a receiver; if proceedings for composition with or assignment for the benefit of creditors is instituted by or against you; if a final judgment against you for money damages remains unsatisfied for 30 days; if you are dissolved; if execution is levied against your business or property; if a suit to foreclosure a lien against the premises or equipment is instituted and not dismissed within 30 days; if personal property is sold after levy; failure on 3 occasions in any 12 month period to comply with a material provision of this Agreement; if you or any Principal is convicted of, is granted probation before judgment or pleads no contest to a felony, crime involving moral turpitude or other crime which may have an adverse effect on you, us or the Licensed Marks; if an immediate threat or danger to public health or safety results from the construction, maintenance or operation of the Restaurant, or if you abandon the Restaurant by failing to operate it for two consecutive days; making an unauthorized assignment or transfer of the Franchise Agreement. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| i. Franchisee's obligations on termination/non-renewal. | Section 3 in Multi-Unit Agreement. | Termination of the Multi-Unit Agreement will end your rights to open GOODCENTS RESTAURANTS. |
| | Section 21 in Franchise Agreement. | Termination of the Franchise Agreement, termination of operation of business, termination of use of advertising, removal of identification, payments of amounts due, return of Operations Manual and Confidential Information. Upon termination for good cause, you must pay GOODCENTS liquidated damages in the amount of $100,000. |
| j. Assignment of contract by franchisor. | Section 19 in Multi-Unit Agreement. | No restriction on GOODCENTS' right to assign. |
| | Section 17 in Franchise Agreement. | No restriction on GOODCENTS' right to assign. |
| k. "Transfer" by franchisee - defined. | Section 19 in Multi-Unit Agreement. | Includes transfer of Multi-Unit Agreement or sale of assets or ownership change. |
| | Section 17 in Franchise Agreement. | Includes transfer of Franchise Agreement or sale of assets or ownership change. |
| l. Franchisor approval of transfer by franchisee. | Section 19 in Multi-Unit Agreement. | GOODCENTS has the right to approve all transfers but will not unreasonably withhold approval. |
| | Section 17 in Franchise Agreement. | GOODCENTS has the right to approve all transfers but will not unreasonably withhold approval. |
| m. Conditions for franchisor approval of transfer. | Section 19 in Multi-Unit Agreement. | New Multi-Unit Franchisee qualifies and signs appropriate documents which may include Guaranty and Assumption Agreement |
| | Section 17 in Franchise Agreement. | New franchisee qualifies, transfer fee paid, assignee assumes all of your obligations, you have paid all amounts due us or our affiliates, lessor consents to assignment, training arranged, release and non- competition covenant signed by you and current agreement signed by new franchisee. |
| n. Franchisor's right of first refusal to acquire franchisee's business. | Not Applicable in Multi-Unit Agreement. | Not Applicable. |
| | Section 17 in Franchise Agreement. | GOODCENTS can match any offer for the franchisee's business. |
| o. Franchisor's option to purchase franchisee's business. | Not Applicable. | Not Applicable. |
| p. Death or disability of franchisee. | Section 19 in Multi-Unit Agreement. | Agreement cannot be assigned without GOODCENTS' approval. |
| | Section 17 in Franchise Agreement. | Franchise must be assigned by estate to an approved buyer within 12 months of your death or disability. |
| q. Non-competition covenants during the term of the franchise. | Section 18 in Multi-Unit Agreement. | No involvement in competing business anywhere in U.S. |
| | Section 19 in Franchise Agreement. | No involvement in competing business anywhere in U.S. |
| r. Non-competition covenants after the franchise is terminated or expires. | Section 18 in Multi-Unit Agreement. | No competing business for two years within 15 miles of your location or within 15 miles of another GOODCENTS franchise. |
| | Section 19 in Franchise Agreement. | No competing business for two years within 15 miles of your location or within 15 miles of another GOODCENTS franchise. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| s. Modification of the agreement. | Section 20 in Multi-Unit Agreement. | No modifications generally, except in writing. |
| | Section 22 in Franchise Agreement. | No modifications generally, except in writing. Operations Manual may be modified. |
| t. Integration/ merger clause. | Section 20 in Multi-Unit Agreement. | Only the terms of the Multi-Unit Agreement are binding (subject to state law). Nothing in the Multi-Unit Agreement or in any related agreement is intended to disclaim the representations franchisor made in the franchise disclosure document. Any other representations or promises outside of the disclosure document and franchise agreement may not be enforceable. |
| | Section 22 in Franchise Agreement. | Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations franchisor made in the franchise disclosure document. Any other representations or promises outside of the disclosure document and franchise agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation. | Section 20 in Multi-Unit Agreement. | Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated at our headquarters in De Soto, Kansas. |
| | Section 22 in Franchise Agreement. | Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated at our headquarters in De Soto, Kansas. |
| v. Choice of forum. | Section 20 in Multi-Unit Agreement. | Litigation must be in the State of Kansas. (subject to state law.) |
| | Section 23 of Franchise Agreement. | Litigation must be in the State of Kansas. (subject to state law.) |
| w. Choice of law. | Section 20 in Multi-Unit Agreement | The Multi-Unit Agreement requires application of the laws of Kansas. (subject to state law.) |
| | Section 23 in Franchise Agreement. | The Franchise Agreement requires application of the laws of Kansas. (subject to state law.) |

## ITEM 18: PUBLIC FIGURES

GOODCENTS does not use any public figure to promote its Franchise.

## ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

## STATEMENT OF AVERAGE GROSS REVENUE OF CERTAIN FRANCHISEE TRADITIONAL RESTAURANTS FOR THE FISCAL YEAR ENDED 12/31/2022

The following information is based on Gross Revenue and royalty fee reports provided by the Franchise Restaurant Owner/Operators of 55 Traditional Restaurants who had consistent ownership for the entire year as of December 31, 2022.

The information includes only franchised GOODCENTS Restaurant operations with consistent ownership for the entire year operating under traditional capacity. This information is from 55 (or 84.6%) of the 65 franchised Restaurants in operation as of December 31, 2022.

Traditional restaurants are those that are located in a strip center or are a freestanding building. Non-traditional restaurants operate next to or inside of convenience stores.

### Traditional Restaurants under Consistent Ownership in 2022

| Average Annual Gross Revenue Range | Under $400,000 | Between $400,000 - $500,000 | Over $500,000[1] |
|---|---|---|---|
| Number of restaurants[2]: | 1 | 5 | 49 |
| % of Restaurants (within the sample) | 1.8% | 9.1% | 89.1% |
| Average Sales of Range[3] | $335,250 | $483,333 | $808,654 |
| Median Sales of Range | $335,250 | $485,070 | $780,498 |
| % of Restaurants (exceeding the average) | n/a | 60% | 39% |
| Number of Restaurants (exceeding the average) | n/a | 3 | 19 |
| Low/High of Range | $335,250 | $458,613 to $499,086 | $505,068 to $1,366,705 |

**Notes:**

1. Eight of the Restaurants included in this category have a drive thru.
2. The Traditional Restaurants with consistent ownership upon which average gross sales statistics are based are 55, or 84.6% of the 65 franchised restaurants. All Restaurants included in the sales statistics were under the same Franchisee ownership for the period January through December and operated under a traditional capacity.
3. From the 65 franchised Restaurants open at the end of the year, 4 have been excluded from the calculations because these Restaurants were not open all year. There were 4 transfers of franchised Restaurants in 2021. There were also 2 restaurants that were excluded because they operate in non-traditional capacity inside of convenience stores.

### Top 25% of Restaurants under Consistent Ownership in 2022

The following information includes only the top 25% of the franchised GOODCENTS Restaurant operations with consistent ownership for the entire year. This information is from 14 (or 25.5%) of the 55 franchised Restaurants in operation as of December 31, 2022.

| Average Annual Gross Revenue Range | Top 25% |
|---|---|
| Number of Restaurants: | 14 |
| % of Restaurants (within the sample) | 100% |
| Average Sales of Range | $1,116,222 |
| Median Sales of Range | $1,082,096 |
| % of Restaurants (exceeding the average) | 21% |
| Number of Restaurants (exceeding the average) | 3 |
| Low/High of Range | $987,761 to $1,366,705 |

**Top 50% of Restaurants under Consistent Ownership in 2022**

The following information includes only the top 50% of the franchised GOODCENTS Restaurant operations with consistent ownership for the entire year. This information is from 27 (or 49.1%) of the 55 franchised Restaurants in operation as of December 31, 2022.

| Average Annual Gross Revenue Range | Top 50% |
|---|---|
| Number of Restaurants: | 27 |
| % of Restaurants (within the sample) | 100% |
| Average Sales of Range | $965,521 |
| Median Sales of Range | $987,761 |
| % of Restaurants (exceeding the average) | 52% |
| Number of Restaurants (exceeding the average) | 14 |
| Low/High of Range | $745,398 to $1,366,705 |

**Bottom 50% of Restaurants under Consistent Ownership in 2022**

The following information includes only the bottom 50% of the franchised GOODCENTS Restaurant operations with consistent ownership for the entire year. This information is from 28 (or 50.9%) of the 55 franchised Restaurants in operation as of December 31, 2022.

| Average Annual Gross Revenue Range | Bottom 50% |
|---|---|
| Number of Restaurants: | 28 |
| % of Restaurants (within the sample) | 100% |
| Average Sales of Range | $582,389 |
| Median Sales of Range | $588,061 |
| % of Restaurants (exceeding the average) | 54% |
| Number of Restaurants (exceeding the average) | 15 |
| Low/High of Range | $335,250 to $703,918 |

**Bottom 25% of Restaurants under Consistent Ownership in 2022**

The following information includes only the bottom 25% of the franchised GOODCENTS Restaurant operations with consistent ownership for the entire year. This information is from 14 (or 25.5%) of the 55 franchised Restaurants in operation as of December 31, 2022.

| Average Annual Gross Revenue Range | Bottom 25% |
|---|---|
| Number of Restaurants: | 14 |
| % of Restaurants (within the sample) | 100% |
| Average Sales of Range | $511,214 |
| Median Sales of Range | $517,259 |
| % of Restaurants (exceeding the average) | 50% |
| Number of Restaurants (exceeding the average) | 7 |
| Low/High of Range | $335,250 to $587,717 |

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**Drive Thru Restaurants under Consistent Ownership in 2022**

The following information includes only the franchised Goodcents Restaurants with drive thru operations with consistent ownership for the entire year. This information is from 8 (or 14.5%) of the 55 franchised Restaurants in operation as of December 31, 2022.

| Average Annual Gross Revenue Range | Under $750,000 | Over $750,000 |
|---|---|---|
| Number of restaurants: | 1 | 7 |
| % of Restaurants (within the sample) | 12.5% | 87.5% |
| Average Sales of Range | $677,099 | $1,054,926 |
| Median Sales of Range | $677,099 | $1,000,346 |
| % of Restaurants (exceeding the average) | n/a | 43% |
| Number of Restaurants (exceeding the average) | n/a | 3 |
| Low/High of Range | $677,099 | $780,498 to $1,366,705 |

**STATEMENT OF AVERAGE GROSS REVENUE OF CERTAIN FRANCHISEE NON-TRADITIONAL RESTAURANTS FOR THE FISCAL YEAR ENDED 12/31/2022**

The following information is based on Gross Revenue and royalty fee reports provided by the Franchise Restaurant Owner/Operators of 2 Non-Traditional Restaurants who had consistent ownership for the entire year as of December 31, 2022.

The information includes only franchised GOODCENTS Restaurant operations with consistent ownership for the entire year operating in a non-traditional capacity. This information is from 2 (or 3.1%) of the 65 franchised Restaurants in operation as of December 31, 2022.

**Non-Traditional Restaurants under Consistent Ownership in 2022**

| Average Annual Gross Revenue Range | Under $400,000 | Between $400,000 - $500,000 | Over $500,000 |
|---|---|---|---|
| Number of restaurants[1]: | 1 | 1 | |
| % of Restaurants (within the sample) | 50% | 50% | |
| Average Sales of Range | $243,459 | $483,430 | |
| Median Sales of Range | $243,459 | $483,430 | |
| % of Restaurants (exceeding the average) | n/a | n/a | |
| Number of Restaurants (exceeding the average) | n/a | n/a | |
| Low/High of Range | $243,459 | $483,430 | |

**Note:**

1. The Restaurants with consistent ownership upon which average gross sales statistics are based are 2, or 3.1% of the 65 franchised restaurants. All Restaurants included in the sales statistics were under the same Franchisee ownership for the period January through December.

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## Restaurants by Metropolitan Statistical Area under Consistent Ownership in 2022

Of the 55 Restaurants in Table 1, 44 are located in metropolitan statistical areas where there were 3 or more Restaurants in operation throughout 2022; 11 Restaurants have been excluded from this table due to not being in a metropolitan statistical area with at least 3 restaurants.

### Kansas City, Missouri MSA

| Average Annual Gross Revenue Range | Under $400,000 | Between $400,000 - $500,000 | Over $500,000 |
|---|---|---|---|
| Number of restaurants: | 1 | 2 | 23 |
| % of Restaurants (within the sample) | 3.8% | 7.7% | 88.5% |
| Average Sales of Range | $335,250 | $488,590 | $751,376 |
| Median Sales of Range | $335,250 | $488,590 | $699,516 |
| % of Restaurants (exceeding the average) | n/a | 50% | 48% |
| Number of Restaurants (exceeding the average) | n/a | 1 | 11 |
| Low/High of Range | $335,250 | $485,070 to $492,109 | $505,068 to $1,208,516 |

### Lincoln, Nebraska** MSA

| Average Annual Gross Revenue Range | Under $400,000 | Between $400,000 - $500,000 | Over $500,000 |
|---|---|---|---|
| Number of restaurants: | | | 5 |
| % of Restaurants (within the sample) | | | 100% |
| Average Sales of Range | | | $1,212,162 |
| Median Sales of Range | | | $1,171,289 |
| % of Restaurants (exceeding the average) | | | 40% |
| Number of Restaurants (exceeding the average) | | | 2 |
| Low/High of Range | | | $1,078,350 to $1,366,705 |

### Phoenix, Arizona MSA

| Average Annual Gross Revenue Range | Under $400,000 | Between $400,000 - $500,000 | Over $500,000 |
|---|---|---|---|
| Number of restaurants: | | | 4 |
| % of Restaurants (within the sample) | | | 100% |
| Average Sales of Range | | | $811,004 |
| Median Sales of Range | | | $724,658 |
| % of Restaurants (exceeding the average) | | | 25% |
| Number of Restaurants (exceeding the average) | | | 1 |
| Low/High of Range | | | $698,326 to $1,096,372 |

### Springfield, Missouri** MSA

| Average Annual Gross Revenue Range | Under $400,000 | Between $400,000 - $500,000 | Over $500,000 |
|---|---|---|---|
| Number of restaurants: | | 1 | 2 |
| % of Restaurants (within the sample) | | 33.3% | 66.7% |
| Average Sales of Range | | $499,086 | $674,000 |
| Median Sales of Range | | $499,086 | $674,000 |
| % of Restaurants (exceeding the average) | | n/a | 50% |
| Number of Restaurants (exceeding the average) | | n/a | 1 |
| Low/High of Range | | $499,086 | $562,993 to $785,007 |

## St. Louis, Missouri MSA

| Average Annual Gross Revenue Range | Under $400,000 | Between $400,000 - $500,000 | Over $500,000 |
|---|---|---|---|
| Number of restaurants: | | | 6 |
| % of Restaurants (within the sample) | | | 100.0% |
| Average Sales of Range | | | $821,314 |
| Median Sales of Range | | | $769,905 |
| % of Restaurants (exceeding the average) | | | 50% |
| Number of Restaurants (exceeding the average) | | | 3 |
| Low/High of Range | | | $641,798 to $1,081,440 |

**Denotes MSA that has only one franchisee.

## Operating Income Statement for Profit Plus Business Solutions, LLC Clients in 2022

Of the 55 Restaurants in Table 1, 9 (or 16.4%) are clients of our affiliate Profit Plus Business Solutions, LLC (see description in Item 1). We chose to provide the information below for these restaurants because we are able to verify this information through Profit Plus. We are not able to verify this information for other restaurants. The following Profit & Loss Statement summary represents average income and expenses. All of these restaurants have been open for a minimum of 12 months, are larger than 1,300 square feet, have not changed ownership in the last year, and are in inline and drive thru locations. We have not audited these statements.

| Average Annual EBITDA | Average for All 9 | Under $400,000 | Between $400,000 - $500,000 | Over $500,000[1] |
|---|---|---|---|---|
| Number of Restaurants | 9 | | | 9 |
| % of Restaurants (within the sample) | 100% | | | 100% |
| Average Sales of Range | $1,081,653 | | | $1,081,653 |
| Median Sales of Range | $1,077,230 | | | $1,077,230 |
| % of Restaurants (exceeding the average) | 44% | | | 44% |
| Number of Restaurants (exceeding the average) | 4 | | | 4 |
| Low/High of Range | $809,066 to $1,366,705 | | | $809,066 to $1,366,705 |
| Total Net Sales[2] | 100.00% | | | 100.00% |
| Total COGS[2,3] | 35.32% | | | 35.32% |
| Gross Profit[2,4] | 64.68% | | | 64.68% |
| Total Payroll Expense[2,5] | 26.18% | | | 26.18% |
| Total Controllable Expenses[2,6] | 10.93% | | | 10.93% |
| Profit After Controllable Expenses[2,7] | 27.57% | | | 27.57% |
| Total Non-Controllable Expenses[2,8] | 16.36% | | | 16.36% |
| **EBITDA[9]** | **11.20%** | | | **11.20%** |

**Notes:**

1. Four of the Restaurants included in this category have a drive thru.
2. All percentages are calculated as a percent of Net Sales (Gross Sales minus the amount of any coupons or other discounts).
3. COGS, or Cost of Goods Sold, includes all food and beverage product used to obtain the net sales as well as the paper product used in the sale of product.
4. Gross Profit is defined as Net Sales less COGS.
5. Total Payroll Expense includes wages and any benefits (vacation, sick/PTO) paid to crew and management personnel as well as the employer paid taxes, insurance, and other fringe benefits.
6. Total Controllable Expenses include operating supplies and smallwares, utilities, telephone/internet, costs incurred to provide delivery service to guests, bank service charges, local sales marketing, gift card fees, office supplies, training, equipment rental, linen and uniforms, repair and maintenance fees,

IT, and other outside services (trash, cleaning, payroll, etc.).
7. Profit After Controllable Expenses is defined as Gross Profit less Controllable Expenses.
8. Total Non-Controllable Expenses include Royalty Fee and Marketing/Promotional Fund Contributions as well as other items such as insurance, accounting and legal fees, rent, business licenses and permits. It does not include interest, depreciation, and amortization.
9. EBITDA, or Earnings Before Interest, Taxes, Depreciation and Amortization, is defined as Profit After Controllable Expenses less Total Non-Controllable Expenses.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, GOODCENTS does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting the Compliance Manager at 8997 Commerce Drive, De Soto, Kansas 66018, 913-583-8400, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

As of December 31, 2022, there were 65 franchised outlets. The names address and phone numbers of the franchisees are listed in Exhibit F.

Table No. 1
**Systemwide Outlet Summary**
**For Years 2020-2022**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2020 | 70 | 61 | -9 |
| | 2021 | 61 | 63 | 2 |
| | 2022 | 63 | 65 | 2 |
| Company Owned | 2020 | 2 | 2 | 0 |
| | 2021 | 2 | 0 | -2 |
| | 2022 | 0 | 1 | 1 |
| Total Outlets | 2020 | 72 | 63 | -9 |
| | 2021 | 63 | 63 | 0 |
| | 2022 | 63 | 66 | 3 |

Table No. 2
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**For Years 2020-2022**

| State | Year | Number of Transfers |
|---|---|---|
| Arizona | 2020 | 1 |
| | 2021 | 0 |
| | 2022 | 0 |
| Arkansas | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |
| Kansas | 2020 | 2 |
| | 2021 | 5 |
| | 2022 | 2 |

| State | Year | Number of Transfers |
|---|---|---|
| Minnesota | 2020 | 1 |
| | 2021 | 0 |
| | 2022 | 0 |
| Missouri | 2020 | 1 |
| | 2021 | 2 |
| | 2022 | 2 |
| Nebraska | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |
| Oklahoma | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |
| South Dakota | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |
| Total | 2020 | 5 |
| | 2021 | 7 |
| | 2022 | 4 |

Table No. 3
**Status of Franchised Outlets**
**For Years 2020 to 2022**

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Arizona | 2020 | 5 | 0 | 0 | 0 | 0 | 1 | 4 |
| | 2021 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2022 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| Arkansas | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Kansas | 2020 | 27 | 0 | 0 | 0 | 1 | 2 | 24 |
| | 2021 | 24 | 0 | 0 | 0 | -1 | 0 | 25 |
| | 2022 | 25 | 2 | 0 | 0 | 0 | 0 | 27 |
| Minnesota | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Missouri | 2020 | 26 | 0 | 0 | 0 | 0 | 3 | 23 |
| | 2021 | 23 | 1 | 0 | 0 | 0 | 0 | 24 |
| | 2022 | 24 | 0 | 0 | 0 | 0 | 1 | 23 |
| Nebraska | 2020 | 8 | 0 | 0 | 2 | 0 | 0 | 6 |
| | 2021 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2022 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| Oklahoma | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| South Dakota | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Total | 2020 | 70 | 0 | 0 | 2 | 1 | 6 | 61 |
| | 2021 | 61 | 1 | 0 | 0 | -1 | 0 | 63 |
| | 2022 | 63 | 3 | 0 | 0 | 0 | 1 | 65 |

Table No. 4
**Status of Company-Owned Outlets**
**For Years 2020 to 2022**

| State | Year | Outlets at Start of Year | Outlets Opened | Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| Kansas | 2020 | 2 | 0 | 1 | 1 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 2 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 1 |
| Total | 2020 | 2 | 0 | 1 | 1 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 2 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 1 |

Table No. 5
**Projected Openings**
**As of December 31, 2022**

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlet in the Next Fiscal Year | Projected New Company Owned Outlets In The Current Fiscal Year |
|---|---|---|---|
| Arizona | 0 | 0 | 0 |
| Arkansas | 0 | 0 | 0 |
| Kansas | 5 | 3 | 0 |
| Minnesota | 0 | 0 | 0 |
| Missouri | 2 | 2 | 0 |
| Nebraska | 0 | 0 | 0 |
| Oklahoma | 0 | 0 | 0 |
| Pennsylvania | 5 | 4 | 0 |
| South Dakota | 0 | 0 | 0 |
| Texas | 0 | 3 | 0 |
| Total | 12 | 12 | 0 |

## List of Former Franchisees

Listed below is the name, city and state and last known business address and business telephone number of every former GOODCENTS franchisee who has had a Franchise business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with GOODCENTS within 10 weeks of the application date.

| Contact Name | Company | City | State | Last Known Phone Number | Status |
|---|---|---|---|---|---|
| Vamsi Lingamaneni | Great Foods LLC | Sedelia | MO | 660-826-7900 | Ceased Operations |
| Margaret Rothe | 1600, LLC | St Louis | MO | 314-858-1153 | Transferred – remains a Franchisee |
| Scott & Gena Mars | Marzbars Foods, Inc. | Shawnee | KS | 913-441-5588 | Transferred – remains a Franchisee |
| Bhupendra & Mamta Patel | Shri Gajanana, Inc. | Lee's Summit | MO | 816-478-4883 | Transferred |
| Rick Jones | Air Capital Subs, LLC | Wichita | KS | 316-773-1010 | Transferred |

The names, addresses and phone numbers of our current franchisees are listed in Exhibit F.

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

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

Currently, there are no franchisee associations.

## ITEM 21: FINANCIAL STATEMENTS

Exhibit A is the audited financial statements for GOODCENTS as of December 31, 2022, December 31, 2021, and December 31, 2020.

## ITEM 22: CONTRACTS

The following contracts are attached to this Franchise Disclosure Document:

| | |
|---|---|
| Exhibit B | Multi-Unit Agreement |
| Exhibit C | Franchise Agreement |
| Exhibit D | Agents for Service of Process |
| Exhibit E | State Administrators |
| Exhibit F | List of Franchised Restaurants |
| Exhibit G | State Addenda |
| Exhibit H | General Releases |
| Exhibit I | INFOKING SYSTEMS, LLC POINT OF SALE RESTAURANT SOLUTION |

## ITEM 23: RECEIPTS

Exhibit J contains detachable documents acknowledging your receipt of this Disclosure Document.

# EXHIBIT A

## FINANCIAL STATEMENTS

MIZE
CPAs INC.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Financial Statements and
Independent Auditor's Report

December 31, 2022, 2021, and 2020

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

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MIZE
CPAs INC.

Independent Auditor's Report

Board of Directors
Mr. Goodcents Franchise Systems, Inc. and Subsidiary
De Soto, Kansas

**Opinion**

We have audited the accompanying consolidated financial statements of Mr. Goodcents Franchise Systems, Inc. and Subsidiary (a Kansas corporation), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of income and retained earnings (deficit), and cash flows for the year then ended, and the related summary of significant accounting policies and the related notes to the consolidated financial statements.

In our opinion, the 2022 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mr. Goodcents Franchise Systems, Inc. and Subsidiary as of December 31, 2022, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Emphasis of Matter – Change in Accounting Principle**

As discussed in the summary of significant accounting policies and Note 8 to the consolidated financial statements, Mr. Goodcents Franchise Systems, Inc. and Subsidiary has implemented FASB Accounting Standards Codification (ASC) 842, *Leases,* as of January 1, 2022. Our opinion is not modified with respect to this matter.

**Prior Period Consolidated Financial Statements**

The consolidated financial statements of Mr. Goodcents Franchise Systems, Inc. and Subsidiary as of and for the years ended December 31, 2021 and 2020 were audited by other auditors whose reports dated April 20, 2022 and March 5, 2021, respectively, expressed unmodified opinions on those consolidated statements.

**Adjustment to Prior Period Consolidated Financial Statements**

As described in Note 7, Mr. Goodcents Franchise Systems Inc. and Subsidiary has restated its 2021 consolidated financial statements during the current year to recognize a noncash shareholder distribution related to the transfer of net assets of the Subsidiary.

As part of our audit of the 2022 consolidated financial statements, we also audited the adjustment described above. In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 and 2020 consolidated financial statements of the Company other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2021 or 2020 consolidated financial statements as a whole.

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Independent Auditor's Report

**Responsibilities of Management for the Consolidated Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

Independent Auditor's Report

**Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 schedules of segmented consolidated statements of operations, and national marketing and promotional fund percentages on pages 19 – 20, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The 2021 and 2020 schedules of segmented consolidated statements of operations, and national marketing and promotional fund percentages on pages 19 – 20, were subjected to the auditing procedures applied in the 2021 and 2020 audits of the basic financial statements by other auditors, whose reports on such information stated that it was fairly stated in all material respects in relation to the 2021 and 2020 consolidated financial statements as a whole.

Mize CPAs Inc.

Overland Park, Kansas
February 27, 2023

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Balance Sheets
December 31,

| Assets | 2022 | 2021 | 2020 |
|---|---|---|---|
| Current assets: | | | |
| Cash | $ 382,122 | $ 441,943 | $ 360,002 |
| Accounts receivable – net: | | | |
| Trade | 442,346 | 523,882 | 243,578 |
| Related party | 232,889 | 70,019 | 256 |
| Prepaid expenses | 218,099 | 78,927 | 79,479 |
| Note receivable, current | 1,500 | 1,500 | 1,500 |
| Deferred commissions, current | 14,358 | 20,700 | 11,100 |
| Total current assets | 1,291,314 | 1,136,971 | 695,915 |
| Property and equipment: | | | |
| Furniture, fixtures, and equipment | 317,675 | 241,226 | 238,368 |
| Computer equipment | 276,504 | 172,347 | 192,823 |
| Vehicles and transportation equipment | 221,968 | 88,917 | 575,404 |
| Leasehold improvements | 50,550 | - | - |
| Construction in progress | 4,000 | 71,557 | - |
| Total property and equipment | 870,697 | 574,047 | 1,006,595 |
| Less accumulated depreciation | 411,328 | 452,586 | 686,245 |
| Net property and equipment | 459,369 | 121,461 | 320,350 |
| Other assets: | | | |
| Operating lease right-of-use assets, net of amortization of $11,967 at December 31, 2022 | 40,995 | - | - |
| Note receivable, net of current portion | 9,000 | 10,500 | 12,000 |
| Deferred commissions, net of current portion | 86,176 | 59,232 | 75,474 |
| Deposits and franchising rights | 4,638 | 25,339 | 25,339 |
| Total other assets | 140,809 | 95,071 | 112,813 |
| Total assets | $ 1,891,492 | $ 1,353,503 | $ 1,129,078 |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Balance Sheets
December 31,

| Liabilities and Stockholder's Equity (Deficit) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Current liabilities: | | | |
| Accounts payable: | | | |
| Trade | $ 192,798 | $ 141,565 | $ 12,011 |
| Related party | 34,048 | - | - |
| Unredeemed gift certificates | 19,761 | 48,484 | 60,117 |
| Accrued expenses | 326,567 | 344,077 | 241,257 |
| Line of credit | 190,000 | - | 2,000 |
| Operating lease liabilities, current | 12,552 | - | - |
| Debt, current | 60,837 | 15,093 | 22,997 |
| Total current liabilities before unearned revenue | 836,563 | 549,219 | 338,382 |
| Deferred franchise fees, current | 114,817 | 35,792 | 126,583 |
| Unearned vendor funding, current | 47,622 | 40,221 | 41,722 |
| Total current liabilities | 999,002 | 625,232 | 506,687 |
| Long-term liabilities: | | | |
| Operating lease liabilities, net of current portion | 28,443 | - | - |
| Debt, net of current portion | 299,511 | 150,000 | 162,258 |
| Deferred franchise fees, net of current portion | 163,716 | 202,550 | 146,842 |
| Unearned vendor funding, net of current portion | 370,575 | 459,335 | 498,056 |
| Total long-term liabilities | 862,245 | 811,885 | 807,156 |
| Total liabilities | 1,861,247 | 1,437,117 | 1,313,843 |
| Stockholder's equity (deficit): | | | |
| Common stock, no par value; 50,000 shares authorized; issued and outstanding | 100 | 100 | 100 |
| Retained earnings (deficit) | 30,145 | (83,714) | (184,865) |
| Total stockholder's equity (deficit) | 30,245 | (83,614) | (184,765) |
| Total liabilities and stockholder's equity (deficit) | $ 1,891,492 | $ 1,353,503 | $ 1,129,078 |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

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**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Statements of Income and Retained Earnings (Deficit)
Years Ended December 31,

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Revenues: | | | |
| Franchise operations revenue | $ 3,645,686 | $ 3,321,794 | $ 2,808,145 |
| National marketing and promotional fund revenue | 1,652,205 | 1,548,523 | 1,527,398 |
| Total revenues | 5,297,891 | 4,870,317 | 4,335,543 |
| Operating expenses: | | | |
| Salaries and professional fees | 2,060,173 | 1,661,042 | 1,545,772 |
| Travel, meals, entertainment, and business meetings | 334,730 | 133,513 | 51,559 |
| Operating expense | 720,591 | 638,466 | 436,025 |
| Facility expense | 561,669 | 539,745 | 533,242 |
| Media placement | 830,241 | 747,840 | 777,875 |
| Administration | 521,737 | 436,496 | 463,793 |
| Production | 25,071 | 163,547 | 121,027 |
| Research and development | 146,816 | 193,674 | 170,898 |
| Total operating expenses | 5,201,028 | 4,514,323 | 4,100,191 |
| Income from operations | 96,863 | 355,994 | 235,352 |
| Other income (expense): | | | |
| Other income | 10,506 | 5,619 | 3,094 |
| Gain (loss) on disposal of equipment | 42,485 | (6,807) | 8,917 |
| Interest expense | (7,132) | (8,018) | (14,143) |
| Interest income | 85 | 29 | 3,853 |
| Total other income | 45,944 | (9,177) | 1,721 |
| Net income | $ 142,807 | $ 346,817 | $ 237,073 |
| Retained earnings (deficit) | | | |
| Beginning of year | $ (83,714) | $ (184,865) | $ (335,627) |
| Net income | 142,807 | 346,817 | 237,073 |
| Distributions to stockholder | (28,948) | (12,666) | (86,311) |
| Retained earnings (deficit) at December 31, as previously stated | 30,145 | 149,286 | (184,865) |
| Prior period adjustment (see Note 7) | - | (233,000) | - |
| Retained earnings (deficit) at December 31, restated | $ 30,145 | $ (83,714) | $ (184,865) |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Statements of Cash Flows
Years Ended December 31,

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net income | $ 142,807 | $ 346,817 | $ 237,073 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | | |
| Depreciation | 42,441 | 44,832 | 45,160 |
| (Gain) loss on disposal of equipment | (42,485) | 6,807 | (8,917) |
| Bad debt expense | 24,005 | - | - |
| Decrease (increase) in | | | |
| Accounts receivable | (105,339) | (350,067) | 82,825 |
| Prepaid expenses | (139,172) | 552 | (58,544) |
| Deferred commissions | (20,602) | 6,642 | (47,531) |
| Deposits and franchising rights | 20,701 | - | (4,792) |
| Increase (decrease) in | | | |
| Accounts payable | 85,281 | 129,554 | (9,720) |
| Unredeemed gift certificates | (28,723) | (11,633) | (11,662) |
| Accrued expenses | (17,510) | 102,820 | 57,001 |
| Deferred franchise fees | 40,191 | (35,083) | 149,190 |
| Unearned vendor funding | (81,359) | (40,222) | (33,095) |
| Net cash (used in) provided by operating activities | (79,764) | 201,019 | 396,988 |
| Cash flows from investing activities: | | | |
| Proceeds from the sale of equipment | 44,000 | 9,820 | 10,000 |
| Purchase of equipment | (164,159) | (95,570) | (14,657) |
| Advances on notes receivable | - | - | (3,831) |
| Repayment from notes receivable | 1,500 | 1,500 | 87,245 |
| Net cash (used in) provided by investing activities | (118,659) | (84,250) | 78,757 |
| Cash flows from financing activities: | | | |
| Proceeds from long-term debt | - | - | 150,000 |
| Principal payments on debt | (22,450) | (20,162) | (31,869) |
| Proceeds from line of credit | 190,000 | - | 40,520 |
| Payments on line of credit | - | (2,000) | (287,020) |
| Distributions to stockholder | (28,948) | (12,666) | (86,311) |
| Net cash provided by (used in) financing activities | 138,602 | (34,828) | (214,680) |
| Net change in cash | (59,821) | 81,941 | 261,065 |
| Cash at beginning of year | 441,943 | 360,002 | 98,937 |
| Cash at end of year | $ 382,122 | $ 441,943 | $ 360,002 |
| Supplemental cash flow disclosures: | | | |
| Cash paid during the year for interest | $ 8,342 | $ 8,018 | $ 14,143 |
| Noncash investing and financing activities: | | | |
| Noncash distribution | $ - | $ 233,000 | $ - |
| Vehicles purchased with debt | $ 217,705 | $ - | $ - |
| Operating lease right-of-use assets obtained in exchange for operating lease obligations | $ 52,962 | $ - | $ - |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Summary of Significant Accounting Policies
Years Ended December 31, 2022, 2021, and 2020

**Nature of Operations**

Mr. Goodcents Franchise Systems, Inc. and Subsidiary (the Company) was incorporated in the State of Kansas on March 20, 1991. The Company offers franchisor opportunities for quick-serve, "deli-fresh" sandwich, and hot pasta restaurants. These restaurants are located across the United States, with the highest concentration in the states of Kansas and Missouri.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Mr. Goodcents Franchise Systems, Inc. and its wholly owned subsidiary, S&P Air, LLC, a Kansas limited liability company. S&P Air, LLC provided nonscheduled air transportation for Company business. All material intercompany transactions and balances have been eliminated in consolidation. On December 31, 2021, S&P Air, LLC transferred its net assets to Mr. Goodcents Leasing Systems, Inc. (a commonly controlled entity). Subsequent to December 31, 2022, S&P Air, LLC was dissolved. See Note 7 for additional information regarding the transfer of net assets.

**Common Control Arrangements**

The Company has elected to apply the accounting alternative provided to private companies in Financial Accounting Standards Board (FASB) ASC 810, *Consolidation*, for certain entities under common control. As a result, the Company is not required to evaluate consolidation of commonly controlled entities that meet certain criteria under the variable interest entity model. The election had no impact on the Company's consolidated financial statements.

**Accounting Method**

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Cash**

For purposes of the consolidated statements of cash flows, cash includes demand deposit accounts.

**Revenue Recognition**

Franchise Agreement Fees

The Company's primary franchise agreement fee revenue consists of fees earned from the licensing to franchise owners that operate restaurant locations. The Company's initial franchise agreements contain two performance obligations under FASB ASC 606, *Revenue from Contracts with Customers* (FASB ASC 606): (1) Pre-opening services; and (2) Franchise license rights. The Company has elected the practical expedient under FASB ASC 606, which allows for an accounting policy to account for the pre-opening services as a single performance obligation, which is satisfied when the Company has transferred control of the related services to the customer. The Company has determined that 80% of the initial franchise fee is to be recognized as pre-opening services when the customer opens a restaurant location. The Company has determined 20% of their initial franchise fee to be allocated to franchise license rights and is deferred and recognized ratably over the duration of the initial franchise agreement, generally ten years.

**Revenue Recognition** (continued)

Franchise Agreement Fees (continued)

The Company's other franchise agreement fee revenue consists of franchise renewals, franchise transfers, and area representation agreements, which consists of an obligation to grant geographic exclusive area development rights to open five or more restaurant locations. The Company's renewal, transfer and area representation agreements also consist of two performance obligations: (1) Pre-agreement services; and (2) Franchise license rights. The Company has elected the practical expedient under FASB ASC 606, which allows for an accounting policy to account for the pre-agreement services as a single performance obligation, which is satisfied when the Company has transferred control of the related services to the customer. The Company has determined that 80% of the other franchise fees is to be recognized as pre-agreement services when the customer signs the agreement. The Company has determined that 20% of the other franchise fee is to be allocated to franchise license rights and is deferred and recognized ratably over the duration of the franchise agreement, generally ten years.

The Company requires the entire franchise agreement fee to be paid upon execution of the agreement and it is non-refundable, unless otherwise agreed upon with the customer.

Royalties

Royalties from franchise restaurants are calculated as defined in the franchise agreements as a percentage of gross revenue over the term of the franchise agreements. The franchise agreement royalties represent sales-based royalties and are related entirely to the Company's performance obligation under the franchise agreement. Royalties are recognized as franchise restaurant sales occur.

National Marketing and Promotional Fund Fees

National marketing and promotional fund fees from franchise restaurants are calculated as defined in the franchise agreements as a percentage of gross revenue over the term of the franchise agreements. Under the terms of the franchise agreement, the Company, in its sole discretion, will spend national marketing and promotional fund fees paid by franchise restaurants on various marketing and promotional programs and activities. The franchise agreement national marketing and promotional fund fees represent sales-based fees and are related entirely to the Company's performance obligation under the franchise agreement. National marketing and promotional fund fees are recognized as franchise restaurant sales occur.

Rebate Revenue

In 2017, the Company signed supplier agreements that contained incentives for the franchises to purchase the suppliers' products. Cash totaling $810,000 was received upon signing the agreements and is recorded as unearned vendor funding. The cash received is earned over the course of the agreements as product is purchased from the vendors. The Company has entered into various other supplier agreements that do not contain incentives. Under these supplier agreements, the Company receives rebates as product is purchased by the franchises.

**Revenue Recognition** (continued)

Commission Costs

The Company may incur commissions related to obtaining a license agreement with a franchise owner. Commission costs paid are considered incremental and recoverable costs of obtaining a contract with a customer under FASB ASC 606. Sales commissions for franchise agreements are recorded as deferred assets on the consolidated balance sheet and are amortized on a straight-line basis over the term of the license agreement, generally ten years. Amortization expense related to the deferred commissions is included as a component of both salaries and professional fees and administration expenses in the accompanying consolidated statements of income and retained earnings (deficit).

See Note 5 for further details related to disaggregated revenue and contract asset and contract liability balances.

**Accounts Receivable – Trade, Net**

Accounts receivables – trade are carried at original invoice amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines an allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. Accounts receivables – trade are written off when deemed uncollectible. Recoveries of balances previously written off are recorded when received. Interest may be charged on past-due balances. Interest accruals are suspended if and when the franchise agreement is terminated. There was no allowance for doubtful accounts or interest accruals as of December 31, 2022, 2021, or 2020.

**Property and Equipment**

Property and equipment are recorded at cost. Expenditures for additions and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to income currently. When assets are sold or otherwise disposed, the assets and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income. Management has reviewed the carrying values of property and equipment and determined there is no impairment. For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful life of the assets as described below.

| Asset Class | Estimated Useful Lives |
|---|---|
| Leasehold improvements | 3 – 5 years |
| Furniture, fixtures, and equipment | 3 – 7 years |
| Computer equipment | 3 – 5 years |
| Vehicles and transportation equipment | 5 – 7 years |

For the years ended December 31, 2022, 2021, and 2020, depreciation expense was $42,441, $44,832, and $45,160, respectively.

**Income Taxes**

Mr. Goodcents Franchise Systems, Inc. has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, and S&P Air, LLC is a disregarded entity under Mr. Goodcents Franchise Systems, Inc. Under these provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, taxable income or loss is reported to the stockholder for inclusion in his respective income tax returns and no provision for federal or state income taxes is included in the consolidated financial statements.

**Income Taxes** (continued)

The Company follows the FASB guidance on accounting for uncertainty in income taxes. Management evaluated the Company's tax positions and concluded that the Company had taken no material uncertain tax positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance. The Company is generally no longer subject federal and state income tax examinations by taxing authorities for years before 2019. There are currently no examinations of the Company's income tax returns in progress.

**Advertising Costs**

The Company follows the policy of charging the media and production costs of advertising to expense as incurred. Total advertising costs charged to media placement and production expenses in the accompanying consolidated statements of income and retained earnings (deficit) were $855,312, $911,387, and $898,902 for the years ended December 31, 2022, 2021, and 2020, respectively.

**Research and Development Costs**

Research and development costs are charged to expense as incurred. Total research and development costs charged to national marketing and promotional operations in the accompanying consolidated statements of income and retained earnings (deficit) were $146,816, $193,674, and $170,898 for the years ended December 31, 2022, 2021, and 2020, respectively.

**Going Concern**

Management performs an evaluation to determine if the conditions and events, in the aggregate, indicate it is probable that the Company will not be able to meet its current obligations. Given the Company's cash balance and operating income, the Company determined conditions and events in the aggregate do not raise substantial doubt about the Company's ability to continue as a going concern for at least one year after the date the consolidated financial statements are available for issuance.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Accounting Standards Update – Leases**

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (FASB ASC 842), which supersedes existing guidance for accounting for leases under FASB ASC 840, *Leases*. The FASB also subsequently issued additional ASUs, which amended and clarified the standard. The most significant changes are the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the consolidated balance sheet, as well as expanded disclosure requirements. The Company adopted the new lease standard on January 1, 2022 using the modified retrospective effective date method and thus did not retroactively adjust prior periods.

**Accounting Standards Update – Leases** (continued)

The Company has elected to apply the following practical expedients available under ASC 842:

- The package of three practical expedients during transition which allows the Company to not reassess expired or existing contracts and leases for decisions that were already properly made under Topic 840, *Leases*.

- The short-term and low-value practical expedient which allows the Company to recognize the lease payments to expense on a straight-line basis when the expense is incurred.

- The combining lease and non-lease components practical expedient which allows the Company to account for the lease and non-lease components as a single amount.

- The risk-free discount rate practical expedient which allows the Company to use a rate that is determined using a period comparable to the lease term, as the discount rate for the lease.

Adoption of the new lease standard did not materially impact the Company's consolidated statement of income and retained earnings (deficit) or consolidated cash flows. See Note 8, *Lease Obligations* for more information.

## 1. Cash and Cash Equivalents

The Company maintains cash balances at financial institutions whose accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, the Company's cash balances may exceed the FDIC limits. At December 31, 2022, the Company held balances of approximately $180,000 in excess of the FDIC insurance limits. The Company has not experienced any losses on such accounts, and management believes it is not exposed to any significant credit risk on its cash balances.

## 2. Line of Credit

The Company has a bank line of credit agreement allowing maximum borrowings of $500,000. The line of credit is secured by all assets of the Company and is guaranteed by the Company's stockholder. The line of credit matured September 21, 2021 and was extended with no specific maturity date but is due on demand. Interest is payable monthly at the bank's prime rate plus 1.00% but cannot be less than 4.00%. The Company had a $190,000, $0, and $2,000 balance on its line of credit at December 31, 2022, 2021, and 2020, respectively. The interest rate on the line of credit at December 31, 2022 was 8.25%.

## 3. Debt

Debt at December 31, 2022, 2021, and 2020, consists of the following:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Vehicle loan dated December 30, 2022 at 4.29% interest. Collateralized by the vehicle. Payable in monthly installments of $786 with final payment in January 2028. | $ 43,006 | $ - | $ - |
| Vehicle loan dated December 29, 2022 at 4.29% interest. Collateralized by the vehicle. Payable in monthly installments of $786 with final payment in January 2028. | 42,302 | - | - |
| Vehicle loan dated October 13, 2022 at 0.00% interest. Collateralized by the vehicle. Payable in monthly installments of $3,678 with final payment in November 2025. | 125,040 | - | - |
| Vehicle loan dated October 19, 2017 at 10.05% interest. Collateralized by the vehicle. Payable in monthly installments of $1,723 with final payment in October 2022. | - | 15,093 | 35,255 |
| Economic Injury Disaster Loan from the Small Business Administration dated July 30, 2020 at 3.75% interest. Collateralized by all assets of the Company. Payable in monthly installments of $731 starting in January 2023 with final payment in July 2050. | 150,000 | 150,000 | 150,000 |
| Total debt | 360,348 | 165,093 | 185,255 |
| Less current portion | (60,837) | (15,093) | (22,997) |
| Noncurrent portion | $ 299,511 | $ 150,000 | $ 162,258 |

**3. Debt** (continued)

The aggregate maturities of the debt described above are as follows:

| Years ending December 31, | |
|---|---|
| 2023 | $ 60,837 |
| 2024 | 63,017 |
| 2025 | 56,472 |
| 2026 | 20,541 |
| 2027 | 21,423 |
| Thereafter | 138,058 |
| Total debt | $ 360,348 |

**4. Related Party Transactions**

The Company has transactions with several entities that are related through common ownership as described below:

The Company leases office space from DeSoto Investments, LLC (DeSoto), an entity with common ownership. See Note 8 for a description of the leasing agreement with DeSoto. The Company paid rent of $320,000, $285,000, and $285,000 to DeSoto for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2022, DeSoto owed the Company $25,741. On December 31, 2022, the Company owed DeSoto $288. There were no receivables or payables between the Company and DeSoto on December 31, 2021 or 2020.

Profit Plus Business Solutions, LLC (Profit Plus), an entity with common ownership, provides accounting services to the Company. Charges for these services were $59,040, $177,120, and $177,120 for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2021 and 2020, Profit Plus owed the Company $68,900 and $0, respectively. The balance owed to the Company from Profit Plus as of December 31, 2022 of $23,567 was written off and is reported on the consolidated statements of income and retained earnings (deficit) as operating expense. Profit Plus was dissolved in January 2023. There were no payables from the Company to Profit Plus on December 31, 2022, 2021, or 2020.

The Company utilizes IT services from InfoKING Systems, LLC (InfoKING), an entity with common ownership. The Company paid IT expenses of $156,436, $133,761, and $141,315 to InfoKING for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2022, InfoKING owed the Company $51. On December 31, 2022, the Company owed InfoKING $33,610. There were no receivables or payables between the Company and InfoKING on December 31, 2021 or 2020.

Custom Foods, Inc. (Custom Foods), an entity with common ownership, provides frozen dough products to various franchise restaurant locations. The Company earned rebates from Custom Foods of $17,890, $17,561, and $18,847 for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2022, 2021, and 2020, Custom Foods owed the Company $8,629, $131 and $0, respectively. There were no payables from the Company to Custom Foods on December 31, 2022, 2021, or 2020.

**4. Related Party Transactions** (continued)

Mr. Goodcents, Inc. (Goodcents), an entity with common ownership, operates a restaurant location that tests new procedures and products. Fees paid to Goodcents for testing were $12,500 for the year ended December 31, 2020. The Company earned advertising fees of $4,209, $23,134, and $40,655 from Goodcents restaurants for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2022, 2021, and 2020, Goodcents owed the Company $34, $0, and $256, respectively. On December 31, 2022, the Company owed Custom foods $150. There were no payables from the Company to Goodcents on December 31, 2021 or 2020.

The Company leases employees from Tri 3, Inc. (Tri 3), an entity with common ownership. The Company paid $1,768,274, $1,217,623, and $1,191,687 for the years ended December 31, 2022, 2021, and 2020, respectively, to Tri 3 related to payroll costs for the Company. Tri 3 also manages the Company's 401(k) plan as discussed in Note 6.

The Company drew on its line of credit (see Note 2) and contributed these funds to Tri 3 during 2022. A receivable was created for the line of credit balance plus accrued interest and is reported on the December 31, 2022 consolidated balance sheet in the amount of $198,405. There were no receivables from Tri 3 to the Company on December 31, 2021 or 2020. There were no payables from the Company to Tri 3 on December 31, 2022, 2021, or 2020.

Mr. Goodcents Leasing, Inc. (Leasing), an entity with common ownership, provides travel services and air transportation to the Company. The Company paid $130,000, $0, and $0 for these services for the years ended December 31, 2022, 2021, and 2020, respectively. S&P Air, LLC transferred its net assets to Leasing in 2021, creating a distribution to the stockholder in 2021. See Note 7 for additional information about this transaction. On December 31, 2022, 2021, and 2020, Leasing owed the Company $24, $0, and $0, respectively. There were no payables from the Company to Leasing on December 31, 2022, 2021, or 2020.

The sole stockholder has various other entities that do not have any direct business transactions with the Company. However, the Company pays expenses on behalf of these entities and the entities will reimburse the Company for these payments. On December 31, 2022, 2021, and 2020, the other entities owed the Company $5, $988, and $0, respectively. There were no payables from the Company to the other entities on December 31, 2022, 2021, or 2020.

**5. Revenue and Contract Balances**

The Company has various sources of revenue as discussed in the summary of significant accounting policies. Royalties and national marketing and promotional fund fees represent revenue earned at a point in time. Franchise agreement fees and rebate revenue represent revenue that has both components that are earned at a point in time and over time. Franchise operations revenue includes initial and continuing franchise fees, royalties, rebate revenue, and other revenue. National marketing and promotional fund revenue consist of only national marketing and promotional fund fees.

**5. Revenue and Contract Balances** (continued)

Below is a breakdown of the various sources of revenue:

| Years ending December 31, | 2022 | 2021 | 2020 |
|---|---|---|---|
| Franchise agreement fees | $ 259,809 | $ 210,583 | $ 444,935 |
| Royalties | 2,536,060 | 2,358,934 | 1,899,093 |
| National marketing and promotional fund fees | 1,652,205 | 1,548,523 | 1,527,398 |
| Rebate revenue | 794,049 | 716,364 | 464,117 |
| Other revenue | 55,768 | 35,913 | - |
| Total revenue | $ 5,297,891 | $ 4,870,317 | $ 4,335,543 |

The Company's various sources of revenues and cash flows are generally affected by the economy, with the Company doing better when the economy is growing, and supplies and labor are more easily accessible. Franchise agreement fees occur periodically, and cash flows are dependent on when franchise agreements are signed. Royalties and national marketing and promotional fund fees are dependent on gross revenue of restaurants and cash flows occur on a weekly basis. Rebate revenue is dependent on restaurant purchases and rebates are typically collected on a quarterly basis.

Contract assets consist of deferred expense resulting from commission amounts incurred when the franchise rights are sold. The Company classifies these contract assets as deferred commissions in the consolidated balance sheets. Substantially all current portions of contract assets as shown on the consolidated balance sheets were recognized in the subsequent year. The following table reflects contract asset balances.

| December 31, | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Deferred commissions | $ 100,534 | $ 79,932 | $ 86,574 | $ 39,043 |

Contract liabilities consist of deferred revenue resulting from franchise fees paid by franchise owners, of which a portion of the fee is recognized on a straight-line basis over the term of the underlying franchise agreement. Contract liabilities also consist of advances from supplier rebate agreements, which are recognized over the course of the supplier agreements as product is purchased from the suppliers. The revenue from this advance is recognized in rebate revenue above. The Company classifies these contract liabilities as deferred franchise fees and unearned vendor funding in the consolidated balance sheets. Substantially all current portions of contract liabilities as shown on the consolidated balance sheets were recognized in the subsequent year. The following table reflects contract liability balances.

| December 31, | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Deferred franchise fees | $ 278,533 | $ 238,342 | $ 273,425 | $ 124,235 |
| Unearned vendor funding | 418,197 | 499,556 | 539,778 | 572,873 |
| Total contract liabilities | $ 696,730 | $ 737,898 | $ 813,203 | $ 697,108 |

The Company had accounts receivable – trade balances of $523,882, $243,578, and $326,659 on December 31, 2021, 2020, and 2019, respectively. Substantially all trade accounts receivable balances were collected in the subsequent year.

## 6. Employee Benefits

Tri 3 has a 401(k) plan for the benefit of all Company employees who are eligible to participate in the plan, as well as employees of entities that are under common control. Employees are eligible to participate in the plan on the first day of the quarter after three consecutive months of eligible service. Participants may elect to defer an amount of their eligible compensation, not to exceed Internal Revenue Service limits, to be contributed to the plan. Tri 3 contributes a matching contribution of up to $0.50 of every dollar deferred up to 5% of the participant's annual income and the Company reimburses Tri 3 for this payment. The Company reimbursed Tri 3 for employer contributions to the plan of $19,003, $12,273, and $11,226 for the years ended December 31, 2022, 2021, and 2020, respectively.

## 7. Restatement of Consolidated Financial Statements

The Company has restated its previously issued consolidated financial statements for 2021, to correctly record a noncash distribution. On December 31, 2021, the net assets of S&P Air, LLC ($233,000) were transferred to Mr. Goodcents Leasing, Inc. (Leasing), a commonly controlled entity, for no consideration from Leasing. As a result of this transaction, the Company recorded a stockholder receivable on December 31, 2021, before restatement. During 2022, the Company determined that this transfer of net assets was a noncash distribution rather than a stockholder receivable based upon the intent of the stockholder. Accordingly, the Company restated its consolidated balance sheet at December 31, 2021. The restatement has no effect on the results of the current year's activities or the 2021 consolidated statement of income; however, the cumulative effect decreases beginning retained earnings by $233,000 and removes the long-term receivable at December 31, 2021.

## 8. Lease Obligations

The Company has three operating leases for office equipment, which include maintenance as a non-lease component on the equipment. As disclosed in the summary of significant accounting policies, the Company adopted FASB ASC 842 as of January 1, 2022. Adoption of the standard required the Company to recognize operating lease ROU assets of $52,962 and an increase in operating lease liabilities of $52,962. The maturities of the lease liabilities as of December 31, 2022 are as follows:

| Years ending December 31, | |
|---|---|
| 2023 | $ 12,552 |
| 2024 | 12,552 |
| 2025 | 12,552 |
| 2026 | 4,184 |
| Total lease payments | 41,840 |
| Less: interest | (845) |
| Total future lease payments | $ 40,995 |

On December 31, 2022, the office equipment leases had a weighted average remaining lease term of 3.29 years and the weighted average discount rate of 1.26%. The operating lease expense was $14,981, $14,914, and $14,211 for the years ended December 31, 2022, 2021, and 2020, respectively and is included in the consolidated statements of income and retained earnings (deficit) as facility expense.

**8. Lease Obligations** (continued)

The Company also has an operating lease for office space with DeSoto, a commonly controlled entity, as discussed in Note 4. The Company's lease agreement with DeSoto is a year-to-year lease beginning on January 1, 2022. During implementation of FASB ASC 842, the Company adopted the short-term and low-value practical expedient. This election allows the Company to: (1) Recognize the lease payments in expense on a straight-line basis in which the expense is incurred; and (2) Not recognize an amount for this lease in ROU assets or operating lease liability.

**9. Franchise Ownership**

The following table reflects the changes in operating franchises during the years ended December 31:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Operating franchises, beginning of year | 63 | 61 | 70 |
| Newly established franchises | 3 | 2 | - |
| Terminated franchises | (1) | - | (9) |
| Operating franchises, end of year | 65 | 63 | 61 |

In addition to the operating franchises listed above, there is one location that is owned and operated by Mr. Goodcents, Inc., a commonly controlled entity of the Company. See Note 4 for additional information.

**10. Reclassifications**

Certain accounts in the 2021 and 2020 consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

**11. Subsequent Events**

Management has evaluated subsequent events through February 27, 2023, the date which the consolidated financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Segmented Consolidated Statements of Operations
Years Ended December 31, 2022, 2021, and 2020

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Franchise operations** | | | |
| Franchise operations revenue | $ 3,645,686 | $ 3,321,794 | $ 2,808,145 |
| Franchise operations expenses | | | |
| Salaries and professional fees | 2,060,173 | 1,661,042 | 1,545,772 |
| Travel, meals, entertainment, and business meetings | 334,730 | 133,513 | 51,559 |
| Operating expense | 720,591 | 638,466 | 436,025 |
| Facility expense | 561,669 | 539,745 | 533,242 |
| Franchise operations expenses | 3,677,163 | 2,972,766 | 2,566,598 |
| Financial income (expense) | | | |
| Franchise operations | | | |
| Interest expense | (7,132) | (8,018) | (14,143) |
| Interest income | 85 | 29 | 3,853 |
| Financial expenses | (7,047) | (7,989) | (10,290) |
| Franchise operations (loss) income | (38,524) | 341,039 | 231,257 |
| **National marketing and promotional fund** | | | |
| National marketing and promotional fund revenue | 1,652,205 | 1,548,523 | 1,527,398 |
| National marketing and promotional fund expenses | | | |
| Solicitation of franchisees | | | |
| Media placement | 175,142 | 256,228 | 146,416 |
| Administration | 257,597 | 203,618 | 141,944 |
| Marketing/promotional expenses | | | |
| Production | 25,071 | 163,547 | 121,027 |
| Media placement | 655,099 | 491,612 | 631,459 |
| Administration | 264,140 | 232,878 | 321,849 |
| Research and development | 146,816 | 193,674 | 170,898 |
| National marketing and promotional fund expenses | 1,523,865 | 1,541,557 | 1,533,593 |
| National marketing and promotional fund income (loss) | 128,340 | 6,966 | (6,195) |
| **Net income (loss)** | | | |
| Other income | 10,506 | 5,619 | 3,094 |
| Gain (loss) on disposal of equipment | 42,485 | (6,807) | 8,917 |
| Franchise operations (loss) income | (38,524) | 341,039 | 231,257 |
| National marketing and promotional fund income (loss) | 128,340 | 6,966 | (6,195) |
| Net income | $ 142,807 | $ 346,817 | $ 237,073 |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

National Marketing and Promotional Fund Percentages
Years Ended December 31, 2022, 2021, and 2020

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Percentage of total national marketing and promotional fund expenses | | | |
| Soliciation of franchisees | | | |
| Media placement | 11.5% | 16.6% | 9.5% |
| Administration | 16.9% | 13.2% | 9.3% |
| Marketing/promotional expenses | | | |
| Production | 1.7% | 10.6% | 7.9% |
| Media placement | 43.0% | 31.9% | 41.2% |
| Administration | 17.3% | 15.1% | 21.0% |
| Research and development | 9.6% | 12.6% | 11.1% |
| Total percentage | 100.0% | 100.0% | 100.0% |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

# EXHIBIT B

## MULTI-UNIT AGREEMENT

# MULTI-UNIT AGREEMENT

_____
DEVELOPER

_____
DATE OF AGREEMENT

**GOODCENTS®**
**MULTI-UNIT FRANCHISE AGREEMENT**

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# GOODCENTS® MULTI-UNIT AGREEMENT

THIS MULTI-UNIT AGREEMENT (hereinafter referred to as "Agreement"), made this day of _____, 20___, by and between MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation, having its principal place of business at 8997 Commerce Drive, De Soto, Kansas 66018 (hereinafter referred to as "Franchisor"), and _____, a _____formed and operating under the laws of the state of _____, or_____, an individual, and having its principal place of business at _____ (hereinafter referred to as "Developer").

**WITNESSETH**:

**WHEREAS**, Franchisor, as a result of the expenditure of time, skill, effort and funds, has developed and owns a unique system (hereinafter the "System") relating to the establishment, development and operation of GOODCENTS RESTAURANTS ("GOODCENTS RESTAURANT(S)" or "Restaurant(s)") selling sandwiches, pasta and other food related items for the individual retail customer;

**WHEREAS**, Franchisor franchises the Restaurants which operate under certain trademarks, service marks, logos and other commercial symbols (the "Licensed Marks"), and pursuant to certain confidential information, trade secrets, formats, design, systems, methods, specifications, standards and procedures, all of which may be improved, further developed and otherwise modified by Franchisor;

**WHEREAS**, Franchisor may grant persons who meet its qualifications and who are willing to undertake the investment of time, funds and effort, the right to establish, develop, own, and operate more than one GOODCENTS RESTAURANT within a defined geographic area pursuant to a development schedule;

**WHEREAS**, Developer desires the right to develop, own and operate GOODCENTS RESTAURANT(S) under the System in a defined geographic area pursuant to this Agreement;

**WHEREAS**, Developer acknowledges that he has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted by a GOODCENTS RESTAURANT may evolve and change over time, that an investment in a GOODCENTS RESTAURANT involves business risks and that the success of the venture is largely dependent upon Developer's business abilities and efforts;

**WHEREAS**, Franchisor expressly disclaims the making of, and Developer acknowledges that he has not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Developer acknowledges that it has not received or relied on any representations about the franchise by Franchisor, or its officers, directors, employees, area directors or agents, that are contrary to the terms of this Agreement. Developer further represents to Franchisor, as an inducement to its entry into this Agreement, that he has made no misrepresentations to Franchisor in his application for the development rights granted in this Agreement.

**NOW**, **THEREFORE**, in consideration of the mutual covenants and agreements set forth below, the parties intending to be legally bound, agree as follows:

## 1. REFERENCES AND DEFINITIONS

### A. Development Area

"Development Area" means the geographic area described in Schedule A.

**B. Development Schedule**

"Development Schedule" means the period of time for Developer to open and operate each GOODCENTS RESTAURANT as established in the Development Schedule and Performance Standard established in Schedule B.

**C. Performance Standard**

"Performance Standard" means the cumulative number of GOODCENTS RESTAURANTS Developer must open and operate in any Development Period established in Schedule B.

**D. Franchise Agreement**

"Franchise Agreement" means the then-current form of agreements (including franchise agreements and any schedules, riders, collateral assignments of leases or subleases, shareholder guarantees and preliminary agreements) Franchisor customarily uses in the granting of a franchise for the ownership and operation of a GOODCENTS RESTAURANT. Schedule C is a copy of the current form of Franchise Agreement. Developer acknowledges that Schedule C shall be executed and delivered to Franchisor and shall be the form of Franchise Agreement to be executed for the first GOODCENTS RESTAURANT to be developed under this Agreement. Franchisor, in its sole discretion, but subject to the express provisions contained herein, may modify or amend in any respect the standard form of Franchise Agreement it customarily uses in granting a GOODCENTS RESTAURANT franchise. All subsequent GOODCENTS RESTAURANTS developed under this agreement shall be established and operated under the form of Franchise Agreement then being used by Franchisor for GOODCENTS RESTAURANTS.

**E. Principals**

The term "Principals" includes any officers and directors of Developer (including the officers and directors of any general partner of Developer) or the managing member of a limited liability company and the spouse of any officer or director or managing member and of any person or entity directly or indirectly owning and/or controlling 10% or more of Developer. The initial Developer's Principals shall be listed in Schedule D. Each Principal must sign and must comply with the requirements of the Guaranty and Assumption of Obligations Agreement attached to this Agreement.

## 2. USE OF SYSTEM

Developer acknowledges, and does not contest, Franchisor's exclusive ownership and rights to each and every aspect of the System. Developer's right to use the System is specifically limited to the Development Area and to the terms and conditions of this Agreement and Franchise Agreements for individual GOODCENTS RESTAURANTS. This right terminates upon the expiration or termination of this Agreement.

## 3. GRANT OF DEVELOPMENT RIGHTS

**A.** Franchisor grants Developer the exclusive right to develop Restaurants only in the Development Area for a period commencing on the date hereof and expiring on the last date of the Development Schedule, Schedule B to this Agreement, which shall be the date the last Restaurant is to be opened. Developer has no rights under this Agreement to develop Restaurants outside the Development Area or to develop Restaurants after the last date on the Development Schedule.

**B.** Franchisor hereby grants to Developer, and Developer hereby accepts the right and obligation to develop GOODCENTS RESTAURANTS within the geographic area described in Schedule A attached hereto and incorporated by reference ("Development Area") in strict compliance with the terms of this Agreement, including the timely development obligations to open a specific cumulative number of GOODCENTS RESTAURANTS over prescribed periods of time as established in the Development

Schedule (Schedule B); and in strict compliance with all obligations and provisions under Franchise Agreements entered into for the individual GOODCENTS RESTAURANTS. Each Restaurant shall be established and operated pursuant to a Franchise Agreement. Developer acquires no rights under this Agreement to develop GOODCENTS RESTAURANTS outside the Development Area.

**C.** As a condition precedent to the grant of a Franchise Agreement for an approved Restaurant, Developer must then be in substantial compliance with the material provisions of each Franchise Agreement granted pursuant to this Agreement, including without limitation, being in compliance with all monetary obligations of Developer to Franchisor under any such Franchise Agreement.

**D.** If Developer, for any reason whatsoever, fails to timely comply with the Development Schedule or is in material default of any Franchise Agreement executed pursuant to this Agreement, such failure constitutes a default of this Agreement and Franchisor has the right to terminate this Agreement and/or to grant third parties the right to develop and operate one or more Restaurants within the Development Area.

**E.** After this Agreement expires or is terminated, Franchisor shall have the complete and unrestricted right to operate or license other persons to operate Restaurants utilizing the System in the Development Area.

## 4. DEVELOPMENT RIGHTS AND OBLIGATIONS

### A. Reservations of Rights

Franchisor (on behalf of itself and its affiliates) retains the right during and after the term of this Agreement, in its sole discretion and without granting any rights to Developer: (1) to itself own and operate, or to grant other persons the right to own and operate, GOODCENTS RESTAURANTS at locations and on terms Franchisor deems appropriate outside the Development Area granted Developer, and (2) to sell the products and services and logo items within and outside the Development Area authorized for GOODCENTS RESTAURANTS under the Licensed Marks or under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution including, via electronic means such as the Internet and by websites established by Franchisor, and under terms Franchisor deems appropriate within and outside the Development Area.

In addition, Franchisor, any other developer and any other authorized person or entity shall have the right, at any time, to advertise and promote the System, and to sell the products and services authorized for GOODCENTS RESTAURANTS in the Development Area. Developer acknowledges and agrees that Developer is only granted the right to locate GOODCENTS RESTAURANTS within the Development Area.

In addition, within and outside the Development Area, Franchisor and its affiliates may also offer and sell, and may authorize others to offer and sell: (1) collateral products such as pre-packaged food and beverage products and GOODCENTS RESTAURANT memorabilia under the Licensed Marks, at or from any location; and (2) food and beverage services and products under the Licensed Marks, at or through any other GOODCENTS RESTAURANT or other food service facility, in any airport, railroad station, bus terminal, hospital, cafeteria, military facility, highway plaza, stadiums, concert venues, sports arenas, amusement parks, schools or other similar facilities located inside the Development Area. Franchisor may also own, operate, or license others to own and operate, other restaurant concepts within and outside the Development Area, provided the other restaurant and restaurant concepts do not feature a menu similar to a GOODCENTS RESTAURANT and have trade dress and decor similar to a GOODCENTS RESTAURANT, or use the GOODCENTS® service mark. Before Franchisor opens or grants to another the right to open a Restaurant at a location described at paragraph (2) above, Franchisor will offer the right of first refusal to Developer to open such a facility upon the terms and conditions Franchisor may then require, including the payment of an initial franchise fee. If Developer does not agree to timely open such a facility and proceed to open such facility, Franchisor may itself open and operate, or license others to open and operate such a facility.

In addition, Franchisor has the right to grant to others the right to establish and operate, businesses offering dissimilar products and services, at any location, under the Licensed Marks and on any terms and conditions Franchisor deems appropriate;

In addition, Franchisor has the right to acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at GOODCENTS RESTAURANTS, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating; and

In addition, Franchisor has the right to be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at GOODCENTS RESTAURANTS, regardless of the location(s) of the business providing the similar products and services.

**B. Rights During Development Periods**

Except as provided in paragraph "A" above, and provided Developer (1) is in compliance with the material terms and conditions contained in this Agreement, including the timely development obligations to open a specific cumulative number of GOODCENTS RESTAURANTS over a prescribed period of time as described in Schedule B, and (2) has satisfied Franchisor's expansion criteria and has received written approval from the Franchisor to proceed with the selection of a site and the development of the Restaurant, then Developer will be granted written approval from Franchisor to proceed with the development and construction of the Restaurant. Upon such written approval, Franchisor will then submit to Developer the Franchise Agreement for execution by Developer. Developer must return the signed Franchise Agreement within 15 days of delivery of the Franchise Agreement to Franchisee.

If Developer, for any reason, within his control, fails to comply with the Development Schedule, this failure constitutes a material default of this Agreement, and Franchisor has the right to terminate this Agreement pursuant to Section 16 of this Agreement. Upon termination or expiration of this Agreement, all rights granted Developer are terminated and Franchisor is then free to grant a franchise to any other person to use the System within the Development Area or to itself own and operate GOODCENTS RESTAURANTS within the Development Area. The provisions of this paragraph do not apply to any delay or failure caused by a default or neglect on the part of Franchisor.

**C. Development Obligations**

Developer agrees during the term of this Agreement and any extensions that he will, at all times faithfully, honestly, and diligently perform his obligations under this Agreement and will continuously exert his best efforts to timely promote and enhance the development of GOODCENTS RESTAURANTS within the Development Area. Developer agrees to open and operate the cumulative number of GOODCENTS RESTAURANTS at the end of each Development Period set forth in the Development Schedule. Developer agrees that compliance with the Development Schedule is the essence of this Agreement.

**D. Right of First Refusal**

Provided Developer: (1) is in compliance with the development obligations established in this Agreement; and (2) is in compliance with the material terms and provisions of each Franchise Agreement for existing GOODCENTS RESTAURANTS granted Developer under this Agreement; and (3) has not transferred the rights granted by a Franchise Agreement entered into pursuant to this Agreement, Franchisor shall offer to Developer the right to develop such additional GOODCENTS RESTAURANTS as Franchisor may reasonably determine to be developed within the Development Area after the expiration or termination of this Agreement, before developing or authorizing any other person or entity to develop any GOODCENTS RESTAURANT in the Development Area for 10 years from the date of this Agreement. In connection with this right, at Franchisor's option, Developer shall be offered an option to extend this

Agreement for the purpose of granting Developer the right to develop the additional GOODCENTS RESTAURANTS within the Development Area, as Franchisor reasonably determines. If Franchisee sells or assigns any Restaurant, or the assets or the rights to a Franchise Agreement, Developer will then lose the right of first refusal.

Franchisor shall provide written notice to Developer of the number of GOODCENTS RESTAURANTS to be developed and the terms of development, which will be established in a new Development Schedule to this Agreement. Developer shall have 30 days after receiving Franchisor's written notice and new Development Schedule to exercise that right by providing written notice to Franchisor of Developer's intent to exercise the right of first refusal. In order to exercise the right of first refusal, Developer must pay Franchisor the then-current initial development fee Franchisor charges for similar development rights and execute the new Development Schedule, within 15 days of delivery of the new Development Schedule to Developer. If Developer does not exercise its right of first refusal, Franchisor may license others to, or itself, develop GOODCENTS RESTAURANTS in the Development Area. Further, if Developer executes the new Development Schedule, but fails to timely open GOODCENTS RESTAURANTS in compliance therewith, the rights granted by the extension of this Agreement may be terminated by Franchisor in its discretion.

## 5. RESTAURANT CLOSINGS

A GOODCENTS RESTAURANT which is permanently closed with the approval of Franchisor after having been open is deemed open and in operation for purposes of the Performance Standard (Schedule B) if a substitute GOODCENTS RESTAURANT is open and in operation within 6 months from the date of closing. A replacement Restaurant does not otherwise count toward the Performance Standard.

## 6. GRANT OF FRANCHISES TO DEVELOPER

Subject to the provisions of Sections 3 and 4 of this Agreement, Franchisor agrees to grant franchises to Developer for the operation of GOODCENTS RESTAURANTS located in the Development Area, subject to the following:

**A.** Developer must submit to Franchisor a complete site report (containing demographic, commercial, and other information and photographs as Franchisor reasonably requires) for each site at which Developer proposes to establish and operate a GOODCENTS RESTAURANT and which Developer reasonably believes to conform to site selection criteria established by Franchisor. The proposed site is subject to Franchisor's prior written approval, which will not be unreasonably withheld. In approving or disapproving any proposed site, Franchisor considers matters it deems material, including demographic characteristics of the proposed site, traffic patterns, parking, the predominant character of the neighborhood, competition from sandwich and pasta restaurants, the proximity to other businesses (including other GOODCENTS RESTAURANTS), the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price or rental obligations and other lease terms for the proposed site) and the size of premises, appearance, and other physical characteristics. Developer must obtain Franchisor's approval of a site for the first GOODCENTS RESTAURANTS within 180 days from the date of this Agreement. Franchisor's approval of a site does not constitute a representation, warranty, guaranty or assurance of any kind, express or implied, regarding the suitability of the site for the operation or success of a GOODCENTS RESTAURANT or for any other purpose. Franchisor's approval of a site means only that the site meets certain minimum criteria. Franchisor shall not be responsible to Developer or to any other person or entity (a) if a site approved by Franchisor fails to meet Developer's expectations for revenue or operational criteria, or (b) for the refusal to approve a site. Franchisor may disapprove a site submitted by Franchisee if Franchisor determines, in its sole discretion, that the proposed site for the Restaurant is too close to the perimeter of the Development Area and may impact future development in adjacent market areas or with existing or future Restaurants.

**B.** Developer acknowledges that in order to preserve and enhance the reputation and goodwill of all GOODCENTS RESTAURANTS and the goodwill of the Licensed Marks, all GOODCENTS

RESTAURANTS must be properly developed and operated. Accordingly, Developer agrees that Franchisor may refuse to grant a franchise for a proposed GOODCENTS RESTAURANT, unless Developer meets the standard financial capability criteria developed by Franchisor. To this end, Developer must furnish to Franchisor financial statements and other information regarding Developer and the development and operation of the proposed GOODCENTS RESTAURANT (including pro forma statements and investment and financing plans for the proposed GOODCENTS RESTAURANT) as Franchisor reasonably requires.

**C.** By delivery of written notice to Developer, Franchisor will approve or disapprove sites proposed by Developer for the operation of a GOODCENTS RESTAURANT. Franchisor agrees to exert its best efforts to deliver notification to Developer within 30 days of receipt by Franchisor of the complete site reports and the financial statements and other materials requested by Franchisor, containing all information Franchisor reasonably requires. If Developer fails to obtain lawful possession of an approved site (through acquisition or leasing) within 120 days after delivery of Franchisor's approval, Franchisor may, at its sole discretion, withdraw approval of the site.

## 7. LEASE OR PURCHASE AGREEMENT

A. Prior to acquisition by lease or purchase of the site for a GOODCENTS RESTAURANT in the Development Area, Developer must have obtained written approval by Franchisor or by its designee, which may be an independent contractor, for the approved site for the GOODCENTS RESTAURANT. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor or Franchisor's designee.

B. Developer acknowledges that Franchisor's consent or the consent of its designee to the use of a prospective GOODCENTS RESTAURANT site or the rendering of assistance in the selection of a site for a GOODCENTS RESTAURANT does not constitute a representation, promise or guarantee by Franchisor that a GOODCENTS RESTAURANT operated at that site would be profitable or otherwise successful.

C. After the location of a GOODCENTS RESTAURANT has been approved by Franchisor or by its designee, Developer must lease or acquire the site in compliance with the requirements of this Agreement and with the requirements contained in the Operations Manual. Developer shall execute a Franchise Agreement relating to the GOODCENTS RESTAURANT and its location shall be recorded in Schedule A to the applicable Franchise Agreement.

D. If Developer will occupy the premises of the GOODCENTS RESTAURANT under a lease, Developer shall furnish Franchisor a copy of the executed lease within 10 days after execution thereof. Prior to such execution, Developer shall submit the lease to Franchisor for its written approval. The lease must contain the following provisions, unless the lease has been approved in writing by Franchisor without one or more of the following provisions:

(1) The use of the premises shall be restricted to the operation of a GOODCENTS RESTAURANT;

(2) that the lessor consents to the use of such Licensed Marks and signage as Franchisor may prescribe for the franchised business;

(3) that the lessor agrees to furnish Franchisor with copies of any and all letters and notices sent to Developer pertaining to the lease and the premises at the same time such letter and notices are sent to Developers;

(4) that Developer may not sublease or assign all or any part of its occupancy rights, or extend the term of or renew the lease, without Franchisor's prior written consent, which shall not be unreasonably withheld;

(5) that Franchisor shall have the right to enter the premises to make any modifications necessary to protect Franchisor's Licensed Marks or to cure any default under the lease, this Agreement or the Franchise Agreement;

(6) that the lessor agrees Developer may assign the lease to Franchisor or to an Affiliate of Franchisor; that the lessor will consent to such assignment and may not impose any assignment fee or similar charge on Franchisor in connection with such assignment; and that Franchisor may sublease the premises for all or any part of the remaining term of the lease; and

(7) that the lessor and Developer shall not amend or otherwise modify the lease in any manner which would materially affect any of the foregoing terms and conditions without Franchisor's prior written consent.

E. If Developer, or a Principal of Developer, or an affiliate of Developer, will acquire the premises of the GOODCENTS RESTAURANT by purchase, Developer shall submit a lease and purchase agreement for the proposed site of the Restaurant to Franchisor for review. Developer shall furnish Franchisor a copy of the lease and/or purchase agreement within 10 days of execution of the lease and/or purchase agreement.

## 8. MULTI-UNIT INITIAL FEE

With the execution of this Multi-Unit Agreement, Developer must pay Franchisor a non- refundable initial multi-unit franchise fee, equal to the sum of the then-current initial franchise fee for the first Restaurant plus a development fee of $10,000 for each subsequent Restaurant that Developer agrees to establish in its Development Area pursuant to the Development Schedule.

There is a credit against the initial franchise fee, which is 50% of the then-current franchise fee for subsequent Restaurants, for the applicable initial development fee paid for that Restaurant. The initial development fee is fully earned at the time of the signing of the Multi-Unit Agreement and is not refundable under any circumstance.

## 9. SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT

Developer understands and agrees that all individual Franchise Agreements executed by Franchisor and Developer for GOODCENTS RESTAURANTS within the Development Area are independent of this Agreement. The continued effectiveness of any individual Franchise Agreement does not depend on the continued effectiveness of this Agreement. If any conflict arises with the Agreement and any individual Franchise Agreement, the latter shall control, have precedence and superiority.

## 10. CONFIDENTIAL INFORMATION

Franchisor possesses certain confidential information, consisting of menus, recipes, proprietary ingredients, methods of operation, techniques, formats, marketing procedures, specifications, information systems and knowledge of and experience in the operation and franchising of GOODCENTS RESTAURANTS (the "Confidential Information"). Franchisor discloses the Confidential Information to Developer in providing assistance to Developer under individual Franchise Agreements, in the Operations Manual and training.

Developer acknowledges and agrees that he does not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of GOODCENTS RESTAURANTS pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. Developer acknowledges and agrees that the Confidential Information is proprietary and is a trade secret of Franchisor and is disclosed to Developer solely on the condition that Developer agrees, and Developer does agree, that he: (a) may not use the Confidential Information in any other business or capacity; (b) must maintain the absolute

confidentiality of the Confidential Information during and after the term of this Agreement; (c) must not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (d) must adopt and implement all reasonable procedures prescribed by Franchisor to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to employees of GOODCENTS RESTAURANTS and the use of nondisclosure and noncompetition clauses in employment agreements. Notwithstanding anything to the contrary contained in this Agreement and provided Developer obtains Franchisor's prior written consent, which consent shall not be unreasonably withheld, the restrictions on Developer's disclosure and use of the Confidential Information does not apply to (i) information processes or techniques which are or become generally known in the restaurant industry, other than through disclosure (whether deliberate or inadvertent) by Developer; or (ii) disclosure of Confidential Information in judicial or administrative proceedings to the extent Developer is legally compelled to disclose this information, if Developer uses its best efforts, and affords Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

Developer acknowledges and agrees that Franchisor would be unable to protect its trade secrets against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among GOODCENTS RESTAURANTS if owners of GOODCENTS RESTAURANTS were permitted to hold interests in any other sandwich restaurant or sandwich and pasta restaurant. Developer also acknowledges that Franchisor has granted the development rights to Developer set forth in part in consideration of, and in reliance upon, Developer's agreement to deal exclusively with Franchisor. Therefore, during the term of this Agreement, neither Developer, any shareholder, partner or member (if Developer is a corporation, partnership or limited liability company), nor any member of his or their immediate families, may have any interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any sandwich restaurant or sandwich and pasta restaurant offering a menu similar to GOODCENTS RESTAURANTS, except for GOODCENTS RESTAURANTS operated under Franchise Agreements granted by Franchisor and the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent or less of that class of securities.

Developer agrees that Franchisor has the perpetual right to use and authorize other GOODCENTS RESTAURANTS to use, and Developer must fully and promptly disclose to Franchisor, all ideas, concepts, designs, methods and techniques relating to the development and/or operation of a GOODCENTS RESTAURANT or similar restaurant conceived or developed by Developer and/or his employees during the term of this Agreement.

## 11. LICENSED MARKS

Developer acknowledges that he has no interest in or to the Licensed Marks and Developer's right to use the Licensed Marks is derived solely from the individual Franchise Agreements entered into between Developer and Franchisor for the purpose of operating GOODCENTS RESTAURANTS. Developer agrees that all usage of the Licensed Marks by him and any goodwill established exclusively benefits Franchisor. Developer agrees that after termination or expiration of this Agreement, he will not, except with respect to GOODCENTS RESTAURANTS operated by Developer pursuant to individual Franchise Agreements, directly or indirectly, at any time or in any manner identify himself or any business as a franchisee or former franchisee of, or otherwise associated with, Franchisor or use in any manner or for any purpose any Licensed Mark or other indicia of the GOODCENTS RESTAURANT or any colorable imitation thereof.

Developer must not use any Licensed Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may Developer use any Licensed Mark in any business or activity, other than the business conducted by Developer pursuant to Franchise Agreements entered into between Developer and Franchisor, or in any other manner not explicitly authorized in writing by Franchisor.

Developer must immediately notify Franchisor in writing of any apparent infringement of or challenge to Developer's use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or similar trade name, trademark, or service mark of which Developer becomes aware. Developer must not communicate with any person other than Franchisor and its counsel regarding any infringement, challenge or claim. Franchisor has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Licensed Mark.

Franchisor retains the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of a website using the Licensed Marks. Developer has the right to access Franchisor's website. However, except as Franchisor may authorize in writing in Franchisor's sole discretion, Developer shall not in any way: (a) link or frame Franchisor's website; (b) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (c) create or register any Internet domain name in connection with Developer's franchise.

Franchisor registered the domain name "goodcentssubs.com". Developer acknowledges that Franchisor is the lawful and sole owner of the domain name "goodcentssubs.com" which domain name incorporates Franchisor's trademark GOODCENTS®. Developer agrees not to register the trademark GOODCENTS® or any of the Licensed Marks now or hereafter owned by Franchisor or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names.

## 12. MANAGEMENT OF BUSINESS

Developer (or a managing partner, shareholder, managing member or operating manager approved by Franchisor) must exert full-time efforts to his obligations and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise conflicts with Developer's obligations. Developer (or the managing partner, shareholder, managing member or operating manager) must supervise the development and operation of GOODCENTS RESTAURANTS franchised and must be engaged in the day-to-day operations of any Restaurant.

## 13. DEVELOPER'S RECORDS AND REPORTS

Developer must keep accurate records concerning all transactions and communications between Franchisor and Developer relating to the development and operation of facilities in the Development Area, and Franchisor's duly authorized representative has the right at all reasonable hours of the day to examine all records with respect to the subject matter of this Agreement and has full and free access to records for the purpose of making extracts. All records must be kept available for at least 3 years after preparation.

Developer must furnish to Franchisor monthly written reports regarding its progress on the development of GOODCENTS RESTAURANTS.

## 14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

**A.** It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Developer shall be an independent contractor and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, joint employer or servant of the other for any purpose.

**B.** Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such actions as may be necessary to that end, as may be required from time to time by Franchisor and its written directives and as set forth in the Operations Manual. Developer must identify itself throughout the term of this Agreement in the manner and form as may be directed by Franchisor.

**C.** Developer understands and agrees that nothing in this Agreement authorizes Developer or any of the Principals to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name and that Franchisor shall in no event assume liability for or be deemed liable under this Agreement for any such action, nor shall Franchisor be deemed liable by reason of any act or omission of Developer in the conduct of its business pursuant to this Agreement, or for any claim or judgment arising therefrom.

**D.** Developer and each of the Principals will, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor and its affiliates, successors and assigns, the respective directors, officers, employees, agents and representatives, of each of them ("Indemnitees") from "all losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation by Developer or any of the Principals of any patent, trademark, copyright or other proprietary right owned or controlled by third parties;

(2) The violation, breach or asserted violation or breach by Developer or any of the Principals of any contract, federal, state or local law, regulation, ruling, standard or directive, or any industry standard;

(3) Libel, slander or any other form of defamation of Franchisor or the System, by Developer or by any of the Principals;

(4) The violation or breach by Developer or any of the Principals of any warranty, representation, agreement or obligation in this Agreement; and

(5) Acts, errors or omissions of Developer or any of its agents, servants, employees, contractors, partners, affiliates or representatives.

**E.** Developer and each of the Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Developer and each of the Principals, Franchisor may elect to assume (but under no circumstances is obligated to undertake), the defense and/or settlement of any such action, suit, proceeding, claims, demands, inquiry or investigation. Such an undertaking by Franchisor shall in no manner or form diminish the obligation of Developer and each Principal to indemnify Franchisor and hold it harmless.

**F.** All losses and expenses (as defined below) incurred under this Section 14 shall be chargeable to, and paid by, Developer of any of the Principals under its obligations of indemnity under this Section 14, regardless of any action, activity or defense undertaken by Franchisor or the subsequent success or failure of that action, activity or defense.

**G.** As used in this Section 14, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, legal fees, court costs, settlement amounts, judgments, compensation for damages to reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other amounts incurred in connection with the matters described.

**H.** Indemnitees do not assume any liability whatsoever for acts, errors or omissions of those with whom Developer or the Principals may contract, regardless of the purpose. Developer and the Principals shall hold harmless or indemnify Indemnitees for all losses and expenses, which may arise out of any acts, errors or omissions of these third parties.

**I.** Developer acknowledges and agrees that Developer accepts full responsibility and liability for the selection of the site for the Restaurant, for the terms of the lease for the site and for the construction of the Restaurant. Developer hereby waives and releases Franchisor from any claims or actions of any liability or responsibility of Franchisor for the selection of the site of the Restaurant and for the terms of the lease of the site of the Restaurant and for the management of the construction of the Restaurant.

## 15. INSURANCE

Developer must maintain all insurance required under the individual Franchise Agreement. In addition, Developer must maintain insurance as required by law.

## 16. DEFAULT AND TERMINATION

**A.** Developer shall be deemed to be in default under this Agreement and all rights granted herein shall automatically terminate without notice to Developer: (1) if Developer makes a general assignment for the benefit of creditors or if a petition in bankruptcy is filed under Title 11 of the United States Code by Developer and not opposed by Developer; or (2) if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer, or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or (3) if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or (4) if a final judgment against Developer remains unsatisfied or of record for 30 days or longer (unless supersede as bond is filed); or (5) if Developer is dissolved, or (6) if execution is levied against Developer's business or property; or (7) if suit to foreclose any lien or mortgage against the premises or equipment of any Restaurant operated hereunder is instituted against Developer and not dismissed within 30 days; or (8) if the real or personal property of any Restaurant operated hereunder shall be sold after levy by any sheriff, marshal or constable.

**B.** Developer shall be in default of this Agreement and Franchisor may terminate this Agreement and all rights granted hereunder, without affording Developer an opportunity to cure the default, effective immediately upon written notice to Developer for the occurrence of any of the following:

(1) if Developer fails to meet development requirements established in Schedule B to this Agreement;

(2) if Developer gives notice to Franchisor that Developer does not intend to further develop or operate Restaurants in the Development Area in compliance with the Development Schedule;

(3) if Developer fails to execute each Franchise Agreement in compliance with this Agreement;

(4) if Developer or any of the Principals is convicted of, or shall have entered a plea of nolo contendere to, a felony, or a crime involving moral turpitude or any other crime or offense that could have an adverse effect on the System and the Licensed Marks;

(5) if an immediate threat or danger to public safety results from the construction, maintenance or operation of the Restaurant;

(6) if Developer misuses or makes any unauthorized use of the Licensed Marks;

(7) if Developer fails to promptly pay when due any royalties, advertising or monetary obligation to Franchisor or any of its affiliates under this Multi-Unit Agreement, any Franchise Agreement or any other agreement and does not cure the default within 10 days following written notice from Franchisor;

(8) if Developer, on 3 separate occasions within any 12-month time period, commits a material default under this Agreement, whether or not the defaults are of the same or different nature and whether or not the defaults have been cured by Developer after notice by Franchisor;

(9) if Developer is in material breach of the terms of a Franchise Agreement executed for the operation of a Restaurant in compliance with this Agreement and has been placed upon notice of termination by Franchisor and has failed to cure the good cause for termination, resulting in the termination of the Franchise Agreement; or

(10) Developer or any direct or indirect owner makes an unauthorized assignment or transfer of this Agreement, the Restaurant or an ownership interest in the Developer.

**C.** Except as provided above, if Developer fails to comply with any other material term of this Agreement or any Franchise Agreement, Franchisor may terminate this Agreement by giving 30 day written notice of termination to Developer. The notice of termination must state the nature of the default, and grant Developer 30 days to effect a cure of the default. If any default is not cured within the specified time, or a longer period as applicable law may require, Developer's rights under this Agreement shall automatically terminate without further notice to Developer. It shall be a default of this Agreement if Developer and/or any of its owners do any of the following:

(1) make a material misrepresentation or omission in the application for the franchise;

(2) make any unauthorized use or disclosure of the Operations Manual, any trade secret or Confidential Information;

(3) abandon or fail to operate any Restaurant for 2 consecutive days;

(4) fail to transfer interest of a deceased owner;

(5) submit a report understating royalty fees;

(6) fail to pay any amounts due Franchisor; or

(7) violates any of the covenants or terms contained in this Agreement; or an affiliate company violates any terms of any other Multi-Unit Agreement with Franchisor, or if an owner of a 10% or greater equity interest in Developer is an owner of a 10% or greater equity interest in another developer entity pursuant to a Multi-Unit Agreement with Franchisor and such other developer violates the terms of any other Multi-Unit Agreement with Franchisor.

(8) fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedures prescribed by Franchisor.

**D.** Franchisor's exercise of any of its options under this Agreement, shall not, in the event of a default, constitute a waiver by Franchisor to exercise its option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

**E.** No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, unless the default is also a default under the terms of such Franchise Agreement.

**F.** No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

## 17. EFFECT OF TERMINATION AND EXPIRATION

Upon termination of this Agreement, Developer has no right to establish or operate any individual GOODCENTS RESTAURANTS for which an individual Franchise Agreement has not been executed by Franchisor and delivered to Developer at the time of termination of this Agreement. Upon termination, Franchisor is entitled to establish, and to license others to establish GOODCENTS RESTAURANTS in the Development Area. In addition, termination of this Agreement may constitute good cause for termination of Franchise Agreements entered into by Developer and Franchisor pursuant to the terms of said Franchise Agreements.

All obligations of Franchisor and Developer under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect after the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

## 18. COVENANTS

**A.** During the term of this Agreement or any extension:

(1) Developer must, or develop a staff to, devote full time, energy and effort to the management and operation of the GOODCENTS RESTAURANT(S) in the Development Area. Franchisor must approve in writing Developer's designated manager(s). The designated manager(s) must devote full time, energy and effort to the management and operation of the GOODCENTS RESTAURANT(S) in the Development Area;

(2) If Developer desires to designate manager(s), Developer must provide Franchisor with all relevant information available to Developer concerning the financial background, employment history and experience of designated manager(s) not later than 15 days before the date upon which the designated manager(s) assumes responsibility as "manager(s)". Developer must cause the designated manager(s) to devote full time, energy and effort to the business as required by this Agreement;

(3) Developer must exert its best efforts to develop and promote GOODCENTS RESTAURANTS within the Development Area; and

(4) During the term of this Agreement, Developer and its Principals must not, without the express written consent of Franchisor, directly or indirectly, for itself or on behalf of or in conjunction with any other person, persons, partnership or corporation, own, maintain, engage in, participate or have any interest in the operation of any other sandwich restaurant or sandwich and pasta restaurant or any other similar establishment or operation offering or selling sandwiches or sandwich and pasta restaurant products, within the United States, its territories or commonwealth, or any other country where Franchisor has used or licensed the use of the Licensed Marks, nor shall Developer and its Principals use, directly or indirectly, the System or concept of Franchisor except in the operation of its franchised GOODCENTS RESTAURANTS.

a. The above provisions relating to interest in other sandwich restaurants or sandwich and pasta restaurant does not apply to any interest in additional GOODCENTS RESTAURANT facilities; and

b. The above provisions relating to interests in other restaurants does not apply to ownership by Developer of outstanding securities of any corporation whose securities are

publicly held and traded if the securities are held by Developer for investment purposes only and if Developer's total holdings do not constitute more than one percent of the outstanding securities of the corporation.

**B.** Developer and its Principals further covenant that during the term of this Agreement and any extensions or renewals, Developer and its Principals shall not:

(1) divert, or attempt to divert, any business or customer of the franchised business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks and the System;

(2) except with respect to GOODCENTS RESTAURANTS operated under franchise agreements between Developer and its affiliates and Franchisor or its affiliates, own, maintain, operate, engage in, or have an ownership interest, or serve as an employee, or consultant, or representative or any in other capacity, (including any right to share in revenues or profits) in any "Competitive Business," without written approval of Franchisor. For the purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a GOODCENTS RESTAURANT. As used herein, the term "similar" means a restaurantbusiness which looks like, copies, imitates, or operates in any manner similar to a GOODCENTS RESTAURANT, including, but not limited to, a restaurant which has a similar menu or similar decor, design or trade dress, or which features sandwiches or pasta as menu items, and which restaurant business is located, or is intended to be located, within the United States, its territories or commonwealth, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of, or registered the same or similar Licensed Marks or operate or licenses others to operate businesses under the same or similar Licensed Marks;

**C.** Developer and its Principals must not, directly or indirectly, for a period of 2 years from the date of the termination or expiration of this Agreement, as an employee, agent or owner, alone or with any other person or firm, either directly or indirectly, itself, or on behalf of or in conjunction with any other person, partnership or corporation, own, maintain, operate, engage in, or have an ownership interest, or serve as an employee, or consultant, or representative or in any other capacity (including any right to share in revenues or profits) or serve as an employee, or consultant, or representative or in any other capacity, in any Competitive Business that is located at or within or that is intended to be located at or within a 15 mile radius of the location of any Restaurant developed by Developer pursuant to this Multi-Unit Agreement and operated by Developer or its affiliate pursuant to a Franchise Agreement with Franchisor or within a 15 mile radius of the location of any existing GOODCENTS RESTAURANT, any GOODCENTS RESTAURANT under construction or under lease or purchase agreement executed by Franchisor, its affiliates or any franchisee, except as a GOODCENTS franchisee under a separate Individual Franchise Agreement. For the purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a GOODCENTS RESTAURANT. As used herein, the term "similar" means a restaurant business which looks like, copies, imitates, or operates in any manner similar to a GOODCENTS RESTAURANT, including, but not limited to, a restaurant which has a similar menu or similar decor, design or trade dress, or which features sandwiches or pasta as menu items.

**D.** Developer and its Principals must not, during the term of this Agreement or after its termination or nonrenewal, communicate or divulge to any other person, persons, partnership or corporation, except to employees, agents, or contractors who must know for purposes of operating the franchised business, any information or knowledge concerning the methods of service, promotion or sale used in a GOODCENTS franchise nor shall Developer disclose or divulge in whole or in part, any other Confidential Information, trade secrets or marketing techniques of Franchisor or its affiliated companies. Developer must require each of its employees, agents and contractors with access to information to execute a nondisclosure agreement in a form approved by Franchisor.

**E.** Developer and its Principals acknowledge that a violation of any covenant in this paragraph causes irreparable damage to Franchisor, the exact amount of which may not be subject to reasonable or accurate ascertainment, and Developer and its Principals consent that if there is a violation, Franchisor may

seek injunctive relief to restrain Developer and its Principals, or anyone acting for or on his behalf, from violating covenants, or any other remedies to which Franchisor may then be entitled. If Franchisor prevails in any suit to enforce any provision, Franchisor is entitled to receive, in addition to any relief or remedy granted, the cost of bringing suit, including reasonable attorney's fees. The covenants set forth in this paragraph survive the termination or expiration of this Agreement.

**F.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Developer and its Principals expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 18.

## 19. ASSIGNMENT

### A. By Franchisor

This Agreement is fully assignable by Franchisor and benefits any assignee or other legal successor to the interests of Franchisor.

### B. Developer and its Owners may not Assign without Approval of Franchisor

Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Developer and that Franchisor has granted this Agreement in reliance upon Developer's individual or collective character, skill, aptitude, attitude, business ability, and financial capacity (or its managing partner, shareholder or managing member, if Developer is a partnership, corporation or limited liability company). Neither this Agreement (or any interest), nor any part or all of Developer's ownership or the assets of any Restaurant may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, sub franchised, or otherwise transferred by Developer or its owners (including by consolidation or merger, by issuance of securities representing an ownership interest in Developer, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a limited partnership or managing member of a limited liability company, by transfer of an interest in Developer or in this Agreement in a divorce proceeding, or if Developer dies or one of the owners dies, by will, declaration of or transfer in trust or the laws of intestate succession), without the prior written approval of Franchisor. Any assignment or transfer without approval constitutes a breach and conveys no rights to or interests in this Agreement or the Restaurant to an assignee.

### C. Public or Private Offerings

If Developer (or any of its owners), subject to the restrictions and conditions of transfer contained in Paragraph B of Section 19 of this Agreement, attempts to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in Developer or any affiliate of Developer, Developer, recognizing that the written information used may reflect upon Franchisor, agrees to submit any written information to Franchisor before its inclusion in any registration statement, prospectus or similar offering circular or memorandum and must obtain the written consent of Franchisor to the method of financing before any offering or sale of securities. The written consent of Franchisor shall not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering. No information respecting Franchisor or any of its affiliates shall be included in any securities disclosure document, unless the information has been furnished by Franchisor, in writing, pursuant to Developer's written request, in which the Developer states the specific purposes for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or any of its affiliates or to any of their licensees in the offering literature or a prospectus, the literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever.

The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:

> **"NEITHER GOODCENTS FRANCHISE SYSTEMS, INC. NOR ANY OF ITS AFFILIATES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER GOODCENTS FRANCHISE SYSTEMS, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER GOODCENTS FRANCHISE SYSTEMS, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**

Developer and each of its owners must indemnify, defend and hold harmless Franchisor and its affiliates, and their respective officers, directors, employees and agents, from all claims, demands, liabilities, and all expenses (including reasonable attorneys' fees) incurred in the defense of claims, demands or liabilities, arising from the offer or sale of securities, whether asserted by a purchaser of any security or by a governmental agency. Franchisor has the right (but not the obligation) to defend any claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or any of its affiliates or any of their respective officers, directors, employees or agents is named as a party.

### D. Assignments to Corporation or Limited Liability Company

Notwithstanding the provisions of Paragraph B of this Section 19 upon 30 days' prior written notice to Franchisor, Developer may, upon first obtaining written approval of Franchisor and without the payment of any assignment fee, assign this Agreement to a corporation or limited liability company that conducts no business other than the operation of GOODCENTS RESTAURANTS under franchise agreements granted by Franchisor, provided Developer actively manages the corporation and Developer owns and controls at least fifty-one percent (51%) of the shares and voting power of the issued and outstanding capital stock of the corporation or maintains fifty-one percent (51%) ownership interest in a limited liability company. The assignment does not relieve Developer of obligations under this Agreement, and Developer remains jointly and severally liable for all obligations.

Any person or group of persons who has or acquires, in the aggregate, a direct or beneficial ownership interest of more than one percent of the shares or voting power of the issued and outstanding capital stock of any corporation or of an ownership interest in a limited liability company that is or becomes a Developer must be approved by Franchisor and must execute an agreement, in substantially the form of the Guaranty and Assumption Agreement attached and executed by Developer, undertaking to be bound jointly and severally by all the provisions of this Agreement. Developer must furnish to Franchisor at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form Franchisor reasonably requires, of all shareholders or members of record and all persons having a beneficial interest in shares of stock of any corporation or all persons who are members of any limited liability company that is or becomes a Developer.

## 20. ENFORCEMENT

### A. Severability and Substitution of Valid Provisions

To the extent that either Section 14 or Section 18 of this Agreement is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but may be made enforceable, Developer and Franchisor agree that they shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the undertaking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Developer agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions, any specification, standard or operating procedure prescribed by Franchisor, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement are effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

**B. Waiver of Obligations**

Franchisor and Developer may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or other effective date stated in the notice of waiver. Whenever this Agreement requires Franchisor's prior approval or consent, Developer must make a timely written request, and approval must be obtained in writing.

Franchisor makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by granting any waiver, approval, or consent to Developer, or by reason of any neglect, delay, or denial of any request. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, is subject to continuing review by Franchisor, and may be revoked, in Franchisor's sole discretion, at any time and for any reason, effective upon delivery to Developer of 10 days' prior written notice.

Franchisor and Developer shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms; any failure, refusal, or neglect of Franchisor or Developer to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations; any waiver, forbearance, delay, failure, or omission by Franchisor to exercise any right, power, or option, whether of the same, similar or different nature, with respect to any GOODCENTS RESTAURANT or any development of franchise agreements; any grant of a Franchise Agreement to Developer; or the acceptance by Franchisor of any payment from Developer after any breach of this Agreement.

Neither Franchisor nor Developer are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency; (2) acts of God; (3) acts or omissions of the other party; (4) fires, strikes, embargoes, war, or riot; or (5) any other similar event or cause. Any delay resulting from any of these causes extends performance accordingly or excuses performance, in whole or in part, as may be reasonable.

**C. Specific Performance/Injunctive Relief**

Developer acknowledges that in the event of a breach of the covenants and agreements of Developer herein concerning the use of the Licensed Marks and obligation to honor the non- competition provisions of the Development Agreement, both those applicable during the term of the Development Agreement and applicable after the termination thereof, Franchisor would suffer irreparable injury and harm which would not be calculable in terms of money damages and money damages would not make Franchisor whole.

Notwithstanding anything herein to the contrary, Developer consents that Franchisor shall be entitled to injunctive relief, both temporary and permanent, to restrain Developer's breach of said covenants and agreements and such relief may be granted to any Court to which Developer is subject to jurisdiction. Developer also agrees that Franchisor will be entitled to such injunctive relief without posting any type of bond.

**D. Rights of Parties are Cumulative**

The rights of Franchisor and Developer are cumulative and no exercise or enforcement by Franchisor or Developer of any right or remedy precludes the exercise or enforcement by Franchisor or Developer of any other right or remedy to which Franchisor or Developer is entitled by law or equity to enforce.

**E. Jury Trial Waiver**

Franchisor and Developer irrevocably each waive trial by jury in any action brought by either of them. Developer and Franchisor agree that any litigation, suit, action, counterclaim, cross claim or proceeding, whether at law or in equity, which arises out of, concerns, or as related to this Agreement or any of the relationships or transaction contemplated hereunder, the performance of this Agreement, the relationship between the parties or otherwise, trial shall be to a court of competent jurisdiction and not to a jury. Franchisor and Developer irrevocably waive any right either party may have to trial by jury.

**F. Exclusive Jurisdiction**

With respect to any claims, controversies or disputes which are not finally resolved through mediation or as otherwise provided above, Franchisor and Developer hereby irrevocably submit themselves to the jurisdiction of the state and federal courts of general jurisdiction in Johnson County, Kansas. Franchisor and Developer hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisor and Developer hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement or the relationship created by this Agreement by any means allowed by Kansas or federal law. Franchisor and Developer further agree that venue for any proceeding relating to or arising out of this Agreement shall be in Johnson County, Kansas; provided, however, with respect to any action (1) for monies owed; (2) for injunctive or other extraordinary relief; or (3) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or federal district court which has jurisdiction.

**G. Governing Law**

To the extent not inconsistent with applicable law, this Agreement and the offer or sale of this Agreement shall be governed by the substantive laws (and expressly excluding the choice of law) of the State of Kansas.

**H. Mutual Consideration**

Developer and the Franchisor acknowledge that the Agreement between the parties regarding applicable state law and forum set forth above provides each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Developer and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

## I. Execution of Agreement

Developer and Franchisor acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in De Soto, Kansas, and further acknowledge that the performance of certain obligations of Developer arising under this Agreement, including, but not limited to, the payment of monies due hereunder, shall occur in De Soto, Kansas.

## J. Waiver of Damages

Developer hereby waives, to the fullest extent permitted by law, any right to, or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities arising out of any cause whatsoever (whether such cause is based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Developer shall be limited to the recovery of any actual damages sustained by Developer. If any other term of the Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provision of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

## K. Binding Effect

This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and shall not be modified except by written agreement signed by both Developer and Franchisor.

## L. Construction/Integration Clause

This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations, and agreements. . Developer acknowledges that Developer is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Developer's own independent investigation of the franchised business and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors, attorneys, or Developers, which are contrary to the terms set forth in this Agreement or of any franchise disclosure document, offering circular, prospectus, or other similar document required or permitted to be given to Developer pursuant to applicable law.

Developer hereby acknowledges and further represents and warrants to Franchisor that:

(1) Developer has placed no reliance on any oral or written statements, whether referred to as representations, warranties, inducements or otherwise, which are not contained in this Agreement or in the Franchise Disclosure Document given to Developer by Franchisor;

(2) Developer has entered into this Agreement after making an independent investigation of Franchisor's operations and the System;

(3) Franchisor has not made any guarantee or provided any assurance that the business location will be successful or profitable regardless of the fact Franchisor may have approved of the franchise or site location;

(4) Developer has (a) read this Agreement in its entirety and understands its contents; (b) been given the opportunity to clarify any provisions that Developer did not understand and (c) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and

the operation of the System;

(5) Developer has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the franchise offered by Franchisor;

(6) Developer received a copy of Franchisor's Franchise Disclosure Document no later than the earlier of the first personal meeting held to discuss the sale of a franchise, or 14 calendar days before execution of this Agreement, or 14 calendar days before any payment of any consideration.

Except as may have been disclosed at Item 19 of Franchisor's Franchise Disclosure Document, Developer represents and warrants to Franchisor that no claims, representations or warranties regarding the earnings, sales, profits, success or failure of the franchised businesshave been made to Developer and no such claims, representations or warranties have induced Developer to enter into this Agreement.

Except for those changes permitted to be made unilaterally by Franchisor, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

Nothing in this Agreement or in any related agreement is intended to disclaim the representations franchisor made in the franchise disclosure document.

## 21. NOTICES AND PAYMENTS

All written notices and reports permitted or required to be delivered by the provisions of this Agreement are deemed so delivered at the time delivered by hand, one business day after sending by telegraph or comparable electronic system or 3 business days after placed in the U.S. Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

## 22. CAVEAT

The success of the business venture contemplated to be undertaken by Developer by virtue of this Agreement is speculative and depends, to a large extent, upon his ability as an independent businessman, and Developer's active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture.

Developer acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross revenues, volume, potential earnings or profits which Developer in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth, or is in the franchise disclosure document provided Franchisee by Franchisor.

Developer represents and acknowledges that he has received Franchisor's Franchise Disclosure Document 14 calendar days before the date of the execution of this Agreement, and that a copy of this Agreement with all blanks filled was received from Franchisor at least 7 calendar days before the date of execution of this Agreement.

Developer represents that he has read this Agreement in its entirety and that he has been given the opportunity to clarify any provisions that Developer did not understand and to consult with any attorney or other professional advisor. Developer further represents that he understands the terms, conditions and obligations of this Agreement and agrees to be bound.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

FRANCHISOR:
MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation

By: _____
Title: _____

DEVELOPER:
(If Developer is a corporation)

_____
Name of Corporation

By: _____
Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

| | |
|---|---|
| Developer | Developer |
| Developer | Developer |

(If Developer is a Limited Liability Company)

Name of Limited Liability Company

By: _____

Title: _____

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____, 20___, by _____ (the "Guarantor").

In consideration of, and as an inducement to, the execution of that certain Multi-Unit Agreement of even date (the "Agreement") by MR. GOODCENTS FRANCHISE SYSTEMS, INC. (the "Franchisor"), and with _____ a _____ _____, each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that _____ (the "Developer") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and all other obligations owed by Developer to the Franchisor or any affiliate of the Franchisor; and (b) agrees to be bound by, and personally liable for the breach of, each and every provision in the Agreement or any other agreement between Developer, on the one hand, and the Franchisor or any affiliate of Franchisor, on the other hand, including monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor or its affiliates of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right he may have to require that an action be brought against Developer or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this Guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor or its affiliates of any remedies against Developer or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or its affiliates may grant to Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Guarantor hereby consents and agrees that:

(1) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Developer and the other owners of Developer;

(2) Guarantor shall render any payment or performance required under the Multi-Unit Agreement or otherwise upon demand if Developer fails or refuses punctually to do so;

(3) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Developer or any assignee or successor of Developer or by any abandonment of the Multi-Unit Agreement or other agreement by a trustee of Developer. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(4) Franchisor or any of its affiliates may proceed against Guarantor and Developer jointly and severally, or Franchisor or any of its affiliates may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Developer. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(5) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

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

| GUARANTORS: | PERCENTAGE OWNERSHIP IN DEVELOPER: |
|---|---|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

## SCHEDULE A

## DEVELOPMENT AREA

The development rights and obligations of Franchisee, _____ _____, to timely develop and open GOODCENTS RESTAURANTS shall be within the following described area:

_____
_____
_____
_____

APPROVED:
MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation

By: _____
Title: _____

(If Developer is a corporation)

_____
Name of Corporation

By: _____
Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

_____ _____
Developer Developer

_____ _____
Developer Developer

(If Developer is a Limited Liability Company)

_____
Name of Limited Liability Company

By: _____

Title: _____

## SCHEDULE B

## DEVELOPMENT SCHEDULE AND PERFORMANCE STANDARD

1. Development Schedule

Developer,_____, agrees to the timely opening of GOODCENTS RESTAURANTS in compliance with the following development schedule. Developer further agrees that failure to timely open the Restaurants in compliance with the development schedule causes the rights of exclusivity granted to the geographic area defined in Schedule A to be forfeited.

2. Performance Standard

The Development Schedule and Performance Standard is as follows:

| RESTAURANT # | DATE OF RESTAURANT OPENING | CUMULATIVE NUMBER OF RESTAURANTS TO BE OPENED |
|---|---|---|
| | | |
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| | | |
| | | |
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| | | |
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| | | |

APPROVED:
MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation

(If Developer is a corporation)

_____
Name of Corporation

By: _____

Title: _____

By: _____

Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

_____
Developer

_____
Developer

_____
Developer

_____
Developer

(If Developer is a Limited Liability Company)

_____
Name of Limited Liability Company

By: _____

Title: _____

## SCHEDULE C

## FRANCHISE AGREEMENT

Please reference 'EXHIBIT C'

## SCHEDULE D

## STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

## STATEMENT OF OWNERSHIP INTERESTS AND DEVELOPER'S PRINCIPALS

A. The following is a list of stockholders, partners or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest:

| Name | Percentage of Ownership/Nature of Interest |
|---|---|

B. The following is a list of all of Developer's Principals described in and designated pursuant to this Multi-Unit Agreement:

## SCHEDULE E

## CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this _____ day of _____, between Mr. Goodcents Franchise Systems, Inc., a Kansas corporation ("Franchisor"), _____ ("Developer"), _____ ("Covenantor").

### RECITALS

WHEREAS, Franchisor has obtained the right to develop a unique system (the "System") for the development and operation of GOODCENTS RESTAURANTS under the name and marks GOODCENTS® ("GOODCENTS RESTAURANT(S) or "Restaurants(s)"; and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks GOODCENTS® and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under the marks and under the System and representing the System's high standards of quality, appearance and service and distinctive merchandising, interior design, decor, color scheme and furnishings, uniform standards, specifications and procedures for inventory, merchandising, management and financial control; operations; quality and uniformity of products offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which Franchisor may change, improve and further develop and which Franchisor uses in connection with the operation of the System ("Trade Secrets"); and

WHEREAS, the Licensed Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has granted Developer the limited right to develop a GOODCENTS RESTAURANT using the System, the Licensed Marks and the Trade Secrets, pursuant to a Multi-Unit Agreement entered into on _____ ("Multi-Unit Agreement"), by and between Franchisor and Developer; and

WHEREAS, Franchisor and Developer have agreed in the Multi-Unit Agreement on the importance to Franchisor and to Developer and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and

WHEREAS, it is necessary for certain employees, agents, independent contractors, officers, directors and equity interest holders of Developer, or any entity having an interest in Developer ("Covenantor") to have access to and to use some of all of the Trade Secrets in the management and operation of Developer's GOODCENTS RESTAURANT using the System; and

WHEREAS, Developer has agreed to obtain from those covenantors written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Developer; and

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform the services for Developer; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor.

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained in this Agreement, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Developer shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, manuals, recipes, drawings, specifications, techniques and compilations of data which Franchisor provides to Developer and/or Covenantor are deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenantor shall receive the Trade Secrets in confidence and must, at all times, maintain them in confidence, and use them only in the course of his employment or association with a Developer and then only in connection with the development and/or operation by Developer of a GOODCENTS RESTAURANT for so long as Developer is licensed by Franchisor to use the System.

3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Developer and only to the limited extent necessary to train or assist other employees of Developer in the development or operation of a GOODCENTS RESTAURANT.

5. Covenantor must surrender any material containing some or all of the Trade Secrets to Developer or Franchisor, upon request, or upon termination of employment by Developer, or upon conclusion of the use for which the information or material may have been furnished to Covenantor.

6. Covenantor shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

7. Franchisor loans all manuals to Developer for limited purposes only and they remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

**Covenants Not to Compete**

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Covenantor of the Trade Secrets, Covenantor further agrees and covenants as follows:

a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Restaurants to any competitor; and

b. Except with prior written consent of Franchisor, not to employ, or seek to employ, any person who is at the time or was within the preceding 180 days employed by Franchisor, any of its affiliates or any Developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Developer's employment of that person if permitted under the Multi-Unit Agreement.

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and to protect the uniqueness of the System, Covenantor agrees and covenants that for 2 years following the earlier of the expiration, termination or transfer of all Developer's interest in the Multi-Unit Agreement or the termination of his association with or employment by Developer, Covenantor will not without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Restaurants to any competitor;

b. Employ, or seek to employ, any person who is at the time or was within the preceding 180 days employed by Franchisor, any of its affiliates or any franchisee of Franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment; and

c. Except with respect to GOODCENTS RESTAURANTS not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership or corporation, without the prior written consent of Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures) become employed, advise, assist or make loans to, any business that is of a character and concept similar to the GOODCENTS RESTAURANT. As used in this Agreement, the term "similar" means a restaurant business which has a similar menu or similar trade dress or decor and which restaurant business is located, or is intended to be located, within the Development Area granted Developer by the Multi-Unit Agreement, within the Development Area granted other Developers pursuant to Multi-Unit Agreements, or within a 5 mile radius of the location of any GOODCENTS RESTAURANT or food service facility in existence or under construction, whether owned by Franchisor or its affiliates or by a Developer or where land has been purchased or a lease has been executed by a Franchisor, its affiliate or any Developer or franchisee of Franchisor.

**Miscellaneous**

1. Developer shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of a breach, or threatened or attempted breach of any of the provisions, Franchisor is entitled to enforce the provisions of this Agreement and is entitled, in addition to any other remedies available to it at law or in equity, including the right to terminate the Multi-Unit Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Developer in enforcing this Agreement.

4. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF JOHNSON COUNTY, KANSAS AND THE FEDERAL DISTRICT COURT IN WYANDOTTE COUNTY, KANSAS. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY KANSAS OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE JOHNSON COUNTY, KANSAS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR DEVELOPER MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within 3 business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Mr. Goodcents Franchise Systems, Inc.
8997 Commerce Drive
De Soto, Kansas 66018
Attn: Compliance Officer

If directed to Developer, the notice shall be addressed to:

_____
_____

Attention:_____
Facsimile:_____

If directed to Covenantor, the notice shall be addressed to:

_____
_____

Attention:_____
Facsimile:_____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given 3 business days after the time of mailing. Any change in the foregoing addresses shall be affected by giving 15 days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective affiliates, successor and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer or Covenantor without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

| FRANCHISOR: | DEVELOPER: |
|---|---|
| MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation | (If Developer is a corporation) |
| | _____ |
| | Name of Corporation |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |

COVENANTOR:

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

_____

Printed Name_____

_____
Developer

_____
Developer

_____
Developer

_____
Developer

(If Developer is a Limited Liability Company)

_____
Name of Limited Liability Company

By: _____

Title: _____

# EXHIBIT C

## FRANCHISE AGREEMENT

# FRANCHISE AGREEMENT

_____
FRANCHISEE

_____
DATE OF AGREEMENT

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# GOODCENTS® FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (the "Agreement") is made and entered into this _____ day of_____, 20__, by and between MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation with its principal place of business at 8997 Commerce Drive, De Soto, Kansas 66018 and _____ formed and operating under the laws of the State of_____, or _____, an individual, and having its principal place of business at _____ ("Franchisee").

**WHEREAS**, Franchisor has created and developed a unique and distinctive proprietary system (hereafter the "System"), for the establishment, development and operation of a sandwich and pasta fast food restaurant ("GOODCENTS RESTAURANT(S)" or "Restaurant(s)");

**WHEREAS**, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, furnishings, secret recipes, uniform standards, specifications and procedures for operations, procedures for inventory management, financial control, training and materials assistance in advertising and promotional programs, all of which may be changed, improved and further developed by Franchisor;

**WHEREAS**, Franchisor identifies the System by means of certain trade names, service marks, trademarks, emblems and indicia of origin, including the mark GOODCENTS® and other trade names, service marks, trademarks, domain names, logos and designs as are now designated and may hereafter be designated by Franchisor in writing for use with the System (the "Licensed Marks");

**WHEREAS**, Franchisee desires to use the System in the operation of a GOODCENTS RESTAURANT at the location specified in Schedule A of this Agreement in compliance with the terms of this Agreement;

**WHEREAS**, Franchisor grants to persons who meet Franchisor's qualifications and who are willing to undertake the investment and effort to establish a Restaurant, a franchise to own and operate a GOODCENTS RESTAURANT;

**WHEREAS**, Franchisee acknowledges that he has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted by GOODCENTS RESTAURANTS may evolve and change over time, that an investment in a GOODCENTS RESTAURANT involves business risks and that the success of the venture is largely dependent upon Franchisee's business abilities and efforts;

**WHEREAS**, Franchisor expressly disclaims the making of, and Franchisee acknowledges that he has not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that he has not received or relied on any representations about the franchise by Franchisor, or its officers, directors, employees, agents or independent contractors, that are contrary to the statements made in Franchisor's Franchise Disclosure Document or to the terms in this Agreement, and further represents to Franchisor, as an inducement to its entry into this Agreement, that Franchisee has made no misrepresentations in obtaining the franchise; and

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth herein, the parties, intending to be legally bound, agree as follows:

## 1. GRANT OF FRANCHISE

A. Subject to the terms and conditions contained in this Agreement, Franchisor grants Franchisee the right to own and operate a GOODCENTS RESTAURANT and to use the Licensed Marks and the System at, and only at, the premises of the Restaurant (the "Franchise"). The term of this Agreement is 10 years, commencing on the date this Agreement is signed.

B. Franchisor may review such financial statements and other information Franchisee submits regarding the development and operation of the proposed Restaurant (including pro forma statements and investment and financing plans for the proposed Restaurant) as Franchisor requests.

C. The location of the Restaurant is identified in Schedule A, or alternatively, Franchisor and Franchisee shall complete and execute Alternative Schedule A, in which Franchisor and Franchisee agree upon a geographic area in which the location of the Restaurant will be established, subject to Franchisor's approval. Franchisee must either acquire the land for the location of the Restaurant and/or enter into a lease for the location of the Restaurant within 90-120 days after the date of this Agreement. The designation of the geographic area in Alternative Schedule A does not confer any territorial rights of exclusivity upon Franchisee, and Franchisor and its affiliates have the right to operate and franchise other Restaurants within this geographic area. However, once a location for the Restaurant is approved by Franchisor within the geographic area established in Alternative Schedule A, Franchisor and Franchisee will then execute Schedule A and establish the location of the Restaurant. Franchisee must have the Restaurant open for business within 180 days from the date of this Agreement.

D. The rights granted by this Agreement are restricted to the operation of one Restaurant only at the location identified in Schedule A, which must be approved by Franchisor.

E. Notwithstanding the above, Franchisor (on behalf of itself and its affiliates) retains the right, in its sole discretion and without granting any rights to Franchisee:

(i) to itself operate, or to grant other persons the right to operate, GOODCENTS RESTAURANTS at locations and on terms Franchisor deems appropriate;

(ii) to sell the products and services authorized for GOODCENTS RESTAURANTS under the Licensed Marks or other trademarks, service marks and commercial symbols through dissimilar channels of distribution including, without limitation, via electronic means such as the Internet and websites established by Franchisor, and pursuant to terms Franchisor deems appropriate;

(iii) to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of a website using the Licensed Marks;

(iv) to advertise and promote the System;

(v) to offer and sell collateral products such as pre-packaged food and beverage products and GOODCENTS RESTAURANT memorabilia under the Licensed Marks, at or from any location;

(vi) to offer and sell food and beverage services and products under the Licensed Marks, at any other GOODCENTS RESTAURANT or other food service facility, at airports, railroad stations, bus terminals, highway plazas, convention centers, amusement parks, sporting events, festivals, ball parks, stadiums, concert venues, hospitals, military facilities, schools or hotels;

(vii) to offer and sell any food and beverage products and services under any other names or marks;

(viii) to establish and operate, and to grant to others the right to establish and operate, similar businesses or dissimilar businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations under trademarks or service marks other than the Licensed Marks and on any terms and conditions we deem appropriate;

(ix) to grant to others the right to establish and operate, businesses offering dissimilar products and services, at any location, under the Licensed Marks and on any terms and conditions we deem appropriate;

(x) to acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at GOODCENTS RESTAURANTS, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating; and

(xi) to be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at GOODCENTS RESTAURANTS, or by another business, even if such business regardless of their location.

## 2. DUTIES OF FRANCHISEE

If Franchisee is a corporation, partnership, or a limited liability company, Franchisee represents, warrants and covenants as of the date of this Agreement that:

A. Franchisee is, and shall at all times be, duly organized and validly existing under the state law of its formation.

B. Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require qualification.

C. Franchisee's corporate charter, written partnership agreement or operating agreement shall at all times provide that the activities of Franchisee are confined to the development and operation of GOODCENTS RESTAURANTS.

D. The execution of this Agreement and the transactions contemplated hereby are within Franchisee's corporate power, or, if Franchisee is a partnership, permitted under Franchisee's written partnership agreement, or if Franchisee is a limited liability company, permitted under Franchisee's management agreement.

E. If Franchisee is a corporation, copies of Franchisee's articles of incorporation, bylaws, other governing documents and any amendments thereto, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, shall be promptly furnished to Franchisor upon request; or, if Franchisee is a partnership, copies of the written partnership agreement, other governing documents and any amendments thereto shall be promptly furnished to Franchisor upon request, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners; or if Franchisee is a limited liability company, copies of the articles of organization and the management agreement, other governing documents and any amendments thereto shall be promptly furnished to Franchisor upon request.

F. If Franchisee is a corporation, Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation; or if Franchisee is a partnership, Franchisee shall maintain a current list of all owners with an interest in the partnership; or if Franchisee is a limited liability company, Franchisee shall maintain a current list of all members with an interest in the limited liability company and the managing member. Such lists shall be furnished to Franchisor upon request.

G. If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer of its records of any equity securities and each stock certificate of the corporation shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof, is subject to all restrictions imposed upon assignments by this Agreement. If Franchisee is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer are subject to, all restrictions imposed upon assignments by this Agreement. If Franchisee is a limited liability company, its articles of organization and management agreement shall provide that ownership of an interest in thelimited liability company is held subject to, and that further assignment or transfer is subject to, all restrictions imposed upon assignment by this Agreement.

H. Franchisee and each of Franchisee's Principals (as defined in Section 22 hereof), personally, unconditionally, jointly, severally, and irrevocably guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement and all other obligations owed by Franchisee to Franchisor or its affiliates will be punctually paid and performed and must each sign the Guaranty and Assumption of Obligations Agreement. Upon default by Franchisee or notice from Franchisor or its affiliates, Franchisee and its Principals will immediately make such payments and perform such obligations required of Franchisee. Partners, owners and spouses with an equitable interest in Franchisee must sign the Guaranty and Assumption of Obligations Agreement. Spouses of Principals owning less than 10% interest that are not a party to the franchise agreement are not required to sign the Guaranty and Assumption of Obligations Agreement.

I. Franchisee acknowledges and agrees that the representations, warranties and covenants set forth in this Section are continuing obligations of Franchisee and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement.

J. Franchisee makes the following representations, warranties and covenants and accepts the following obligations:

(1) Franchisee shall comply with all terms and conditions set forth in this Agreement; and

(2) Upon execution of this Agreement, Franchisee shall designate an individual who is fully authorized to act on behalf of Franchisee in all transactions with Franchisor concerning Franchisee's obligations under this Agreement ("Representative"). A qualified Representative shall be designated at all times during the terms of this Agreement by Franchisee and Franchisee shall designate a replacement Representative from time to time, as necessary.

K. Franchisee must comply with all standards and specifications required by this Franchise Agreement, the Operations Manual (as defined herein) and all written directives from Franchisor.

## 3. SITE SELECTION AND LEASE OF RESTAURANT

A. Franchisee assumes all costs, liability, expenses and responsibilities for the selection of the site, for obtaining and developing the site, for the terms of any purchase agreement or for the terms of the lease for the site of the GOODCENTS RESTAURANT, and for the construction and development of the GOODCENTS RESTAURANT at the approved site, which shall be recited in Schedule A to this Agreement. Franchisee hereby acknowledges and releases Franchisor of all costs, liabilities, expenses and responsibility of the Franchisor for the selection of the site, for the negotiation of the terms of the lease or of the purchase agreement and for the construction of the GOODCENTS RESTAURANT. Franchisee specifically agrees that Franchisor's approval of a site and any assistance in the selection of the site, in the negotiation of the lease or in the construction of the Restaurant, does not constitute a representation, promise or guaranty by Franchisor that the Restaurant operated at the site will be profitable or successful. Franchisor's approval of the site means only that the site meets certain minimum criteria.

Franchisor, or Independent Contractors selected by Franchisor, will review the site report submitted by Franchisee which must obtain demographic, commercial and other information and photographs as Franchisor may reasonably require for each site proposed for approval by Franchisee. Franchisor, or Independent Contractors selected by Franchisor, will review the site report and either approve or disapprove a proposed site within 30 days of receipt of the requested information. Franchisor's approval will not be unreasonably withheld. If a site is not agreed upon, this Agreement may be terminated.

The success or failure of any GOODCENTS RESTAURANT is acknowledged by Franchisee to be solely dependent upon a variety of factors, which include, without limitation, competition, Franchisee's business experience and operational abilities, economic factors and demographics, which factors are unpredictable and beyond Franchisee's or Franchisor's control. Franchisee acknowledges and agrees that Franchisee has chosen the site based upon its own investigation of the suitability and the failure of a site to meet Franchisee's expectations is acknowledged to be Franchisee's sole responsibility and Franchisor is not responsible.

B. Franchisee agrees that a lease for the premises of the Restaurant shall not be signed by Franchisee until approved in writing by Franchisor. Within 90-120 days of Franchisee's execution of this Agreement, unless otherwise approved in writing, Franchisee shall submit an unexecuted lease and purchase agreement for the proposed site of the Restaurant if the site of the Restaurant is to be purchased by either a Principal of the Franchisee or by an affiliate of the Franchisee to Franchisor to review on terms satisfactory to Franchisor. Such lease shall be for a term at least equal to the term of this Agreement or, in the alternative, for a shorter term provided such lease is renewable at the option of Franchisee for an additional term or terms which, together with the initial term, equal or exceed the term of this Agreement, unless waived in writing by the Franchisor. The Franchisor has seven days from receipt of the lease from Franchisee to approve or disapprove the terms of the lease. As a condition of its approval of the lease, but not by way of limitation, Franchisor may require that the lease contain language satisfactory to Franchisor providing for the following, unless otherwise approved in writing by Franchisor:

1. The use of the premises shall be restricted to the operation of a GOODCENTS RESTAURANT.

2. That Franchisor, or an Affiliate of Franchisor, is granted an option, without cost or expense to Franchisor, to assume, or have its assignee assume the lease in the event of termination of the Franchise Agreement for any reason.

3. That the amendment, assignment, subletting, exercise or non-exercise of any

option to extend, renew or purchase the lease cannot be effective without prior written consent of Franchisor.

4. That the Franchisor has the right to enter the leased premises to make modifications necessary to protect the Licensed Marks or the System.

5. That Franchisor will be given prior written notice, within 10 days of any default, and have the option to cure any default of Franchisee under the lease and to take occupancy of the premises.

6. That the layout, sign usage and hours of operation of the Restaurant as proposed in the Franchise Agreement and the Operations Manual are permitted under the terms of the lease.

7. That the Lessor will agree not to lease premises in the immediate vicinity of the Restaurant to competing retail establishments that offer, as its main food item, sandwiches and conveniently packaged balanced meals for sale without Franchisor's prior written consent.

8. GOODCENTS (or GOODCENTS' designee) will have the option, upon default, termination or expiration of the Franchise Agreement or upon default, termination or expiration of the lease, and upon notice to lessor, to assume all of your rights and obligations under the lease term, including the right to assign or sublease.

9. Upon the initial lease execution and subsequent lease modification, the franchisee and/or landlord will provide a copy of the fully executed lease documents to the franchisee and Mr. Goodcents Franchise Systems at the following email address Compliance@goodcentssubs.com.

In addition, to the extent that the landlord of the site provides Franchisee with any demographic information and/or statistics regarding the area within which the site is located, Franchisee shall provide a copy of such information to Franchisor.

## 4. DEVELOPMENT AND OPENING OF RESTAURANT

### A. DEVELOPMENT OF RESTAURANT

Franchisor furnishes Franchisee prototype plans and specifications for a GOODCENTS RESTAURANT, reflecting Franchisor's requirements for interior design and layout, image, fixtures, equipment, furniture, signs and decor. Franchisor must approve the floor plan specific to the location.

Franchisee must use the architect, new store opening project management, sign company, construction contractor and equipment vendors approved by Franchisor. If Franchisee proposes to use an unapproved architect, or sign company, or construction contractor or equipment vendor, Franchisee must obtain approval from Franchisor prior to utilization.

Franchisee must select and employ an architect to prepare architectural plans for the Restaurant which must be in compliance with Franchisor's standards and specifications for a new Restaurant.

Promptly after signing a lease or closing on a purchase of the premises of the Restaurant, and obtaining the plans and specifications from the architect selected by Franchisee, Franchisee will do or cause to be done the following:

(l) prepare and submit to Franchisor for written approval, which shall not be unreasonably withheld, any proposed modifications to Franchisor's basic plans and specifications, which may be modified only to the extent necessary to comply with applicable ordinances, building codes, permit

requirements and lease or deed requirements and restrictions, all modifications being subject to prior written notification to, and written approval by, Franchisor;

(2) obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

(3) construct all required improvements to the premises, purchase and install all required fixtures and equipment and decorate the premises in compliance with the plans and specifications approved by Franchisor and all applicable ordinances, building codes, permit requirements and lease requirements and restrictions;

(4) purchase, in accordance with Franchisor's specifications and requirements, an opening inventory of products required for the Restaurant; and

(5) establish filing, accounting and inventory control systems conforming to the requirements prescribed by Franchisor.

Franchisor, or Independent Contractors selected by Franchisor, provides such consultation services as it deems necessary in connection with the development of the Restaurant.

### B. FIXTURES, EQUIPMENT, FURNITURE AND SIGNS

Franchisee agrees to use in the construction and operation of the Restaurant only those types of fixtures, equipment (including computer hardware and software), furniture, and signs that Franchisor has approved for GOODCENTS RESTAURANTS as meeting its specifications and standards for appearance, function and performance. Franchisee may purchase approved types of fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor (which may include Franchisor and/or its affiliates). If Franchisee proposes to purchase any type of fixture, equipment, furniture or sign not then approved by Franchisor, and/or any items from any supplier not then approved by Franchisor, Franchisee must first notify Franchisor in writing and must submit to Franchisor, upon Franchisor's request, sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether the type of fixture, equipment, furniture or sign complies with its specifications and standards, and/or the supplier meets Franchisor's approved supplier criteria, which determination Franchisor makes and communicates in writing to Franchisee within a reasonable time.

### C. RESTAURANT OPENING

Franchisee agrees that Franchisee will not open the Restaurant for business without Franchisor's prior written approval. Franchisee agrees to complete the development and open the Restaurant for business within 180 days from the date of this Agreement.

Franchisee agrees to conduct a grand opening promotion for the Restaurant per the approved Marketing Plan for your Restaurant.

### D. RELOCATION OF RESTAURANT

If Franchisee's lease for the premises of the Restaurant expires or terminates without fault of Franchisee, or if in the judgment of Franchisor and Franchisee there is a change in the character of the location of the Restaurant sufficiently detrimental to its business potential to warrant its relocation, Franchisor may grant permission for relocation of the Restaurant to a location approved by Franchisor, or by Independent Contractors selected by Franchisor. Any relocation shall be at Franchisee's sole expense. Franchisor has the right to impose conditions upon its approval, including without limitation, the payment by Franchisee to Franchisor of a relocation fee in the amount of $5,000 to reimburse Franchisor for its expenses association with the relocation.

## 5. TRAINING AND OPERATING ASSISTANCE

### A. TRAINING

Before the opening of the Restaurant, Franchisor furnishes, and Franchisee (or if Franchisee is a partnership, corporation or limited liability company, a partner, shareholder or member who has been approved by Franchisor) and any proposed manager and assistant manager of the Restaurant must attend and successfully complete an initial training program on the operation of a GOODCENTS RESTAURANT, furnished at a place and time Franchisor designates. Franchisee is solely responsible for the compensation, travel, lodging and living expenses incurred by Franchisee and/or Franchisee's manager in connection with attendance at the initial training program or at any supplemental or refresher training programs.

The initial training program lasts approximately 30 days. However, Franchisor may require Franchisee and the manager and assistant manager to continue training until they have successfully completed training. The training program includes instruction relating to the operation of the Restaurant, understanding the equipment and product usage, costs and cash control, customer service, comprehensive marketing and sales programs, accountability for sales and marketing, employee scheduling and methods of controlling operating costs.

If, during any training program, Franchisor determines that any proposed manager is not successfully completing the initial training program and is therefore not qualified to manage the Restaurant, Franchisor may notify Franchisee in writing and Franchisee must select and enroll a substitute manager in the training program, who must successfully complete the initial program.

After the opening of the Restaurant, Franchisor provides training (subject to reasonable limitations prescribed by Franchisor as to frequency and time) to any new manager of the Restaurant. Franchisor has the right to assess reasonable charges for the training, up to a maximum of $500 per day, exclusive of applicable tax, for each person trained. Franchisor has the right to require that Franchisee (or the managing partner, shareholder or managing member) and any manager(s) and assistant manager(s) attend supplemental and refresher training programs during the term of the franchise, to be furnished at a time and place Franchisor designates. Franchisor has a right to assess Franchisee reasonable charges for the supplemental and refresher training programs, up to a maximum of $500 per day, exclusive of applicable tax, for each person trained.

### B. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

Franchisee must hire all employees of the Restaurant and be exclusively responsible for their employees' terms of employment, compensation and benefits, including the training and discipline of all of Franchisee's employees. Franchisee agrees to maintain at all times, a fully trained staff using the current GOODCENTS University Training Program, in order to successfully operate the Restaurant in compliance with Franchisor's standards.

### C. OPENING ASSISTANCE

GOODCENTS, or independent contractors selected by GOODCENTS, provides you with guidance and support regarding the opening and the initial operations of the Restaurant. GOODCENTS has the right to determine the time or times at which GOODCENTS, or independent contractors, is available to you (Paragraph C, Section 5 of the Franchise Agreement).

### D. OPERATING ASSISTANCE

Franchisor, or Independent Contractors selected by Franchisor, advise Franchisee of operating problems of the Restaurant disclosed by reports submitted to or inspections made by Franchisor, or by Independent Contractors selected by Franchisor. Further, Franchisor, or Independent Contractors selected

by Franchisor, furnish to Franchisee assistance in the operation of the Restaurant as they deem appropriate. Operating assistance may consist of guidance for:

(1) operating procedures utilized by GOODCENTS RESTAURANTS;

(2) evaluation of the Restaurant and the products and services offered to ensure compliance with the high standards of quality, appearance and service of the System;

(3) selection of additional food products, menu items and services authorized for GOODCENTS RESTAURANTS;

(4) employee relations, marketing assistance and sales promotion programs and accountability of employees;

(5) formulating and implementing advertising and promotional programs; and

(6) the establishment and operation of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for the proper operation of a GOODCENTS RESTAURANT.

Franchisor, or Independent Contractors selected by Franchisor, furnishes guidance, in their sole discretion, in the form of Franchisor's Operations Manual (as defined below), online training, bulletins or other written materials, materials posted on Franchisor's training website, telephonic consultations and/or consultations at the offices of Franchisor, or at the offices of the Independent Contractors selected by Franchisor, or at the Restaurant in conjunction with an inspection of the Restaurant. Additional assistance, at the sole discretion of Franchisor, or Independent Contractors selected by Franchisor, is available at per diem charges, which Franchisor establishes.

At Franchisor's option, Franchisor may post some or all of the Operations Manual or other manuals on a restricted website, intranet or extranet to which Franchisee will have access. For purposes of this Agreement "website" means an interactive electronic document contained in a network of computers linked by communications software, including, without limitation, the Internet and World Wide Web home pages. If Franchisor does so, Franchisee must monitor and access the Website, intranet, or extranet for any updates to the Operation Manual. Any password or other digital identification necessary to access the Operation Manual on a website, intranet or extranet will be deemed to be Franchisor's proprietary information, subject to Section 7.

## 6. LICENSED MARKS

### A. OWNERSHIP AND GOODWILL OF LICENSED MARKS

Franchisee acknowledges that Franchisee has no interest whatsoever in or to the Licensed Marks and that Franchisee's right to use the Licensed Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed by Franchisor during the term of the franchise. Any unauthorized use of the Licensed Marks by Franchisee constitutes an infringement of the rights of Franchisor in and to the Licensed Marks. Franchisor has registered the domain name "goodcentssubs.com". Franchisee acknowledges that Franchisor is the lawful and sole owner of the domain name "goodcentssubs.com" which domain name incorporates Franchisor's trademark GOODCENTS®. Franchisee agrees not to register the trademark GOODCENTS® or any of the Licensed Marks now or hereafter owned by Franchisor or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names.

Franchisee agrees that usage of the Licensed Marks and any goodwill established exclusively benefits Franchisor, and Franchisee acknowledges that this Agreement does not confer any goodwill or other interests in the Licensed Marks upon Franchisee. Franchisee must not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Licensed Marks or assist any other person in contesting the validity or ownership of any of the Licensed Marks.

All provisions of this Agreement applicable to the Licensed Marks apply to any additional trademarks, service marks, logo forms and commercial symbols authorized for Franchisor's use and licensed to Franchisee.

### B. LIMITATIONS ON FRANCHISEE'S USE OF LICENSED MARKS

Franchisee agrees to use the Licensed Marks as the sole identification of the Restaurant, but Franchisee must identify himself as the independent owner in the manner prescribed by Franchisor. Franchisee must not use any Licensed Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may Franchisee use any Licensed Mark in the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee agrees to display the Licensed Marks prominently and, in the manner, prescribed by Franchisor on signs and forms. Further, Franchisee agrees to give notices of trademark and service mark registrations and copyrights as Franchisor specifies and to obtain fictitious or assumed name registrations as may be required under applicable law.

### C. RESTRICTIONS ON INTERNET AND WEBSITE USE

Franchisor retains the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Licensed Marks. Franchisee has the right to access Franchisor's website. However, except as Franchisor may authorize in writing, in Franchisor's sole discretion, Franchisee shall not in any way: (i) link or frame Franchisor's website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (iii) create or register any Internet domain name in connection with Franchisee's franchise.

### D. NOTIFICATION OF INFRINGEMENTS AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of or challenge to Franchisee's use of any Licensed Mark or claim by any person of any rights in any Licensed Mark or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel regarding any infringement, challenge or claim. Franchisor has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Licensed Mark. Franchisee agrees to execute all documents, render assistance and do all acts and things as may, in the opinion of Franchisor's counsel, be advisable to protect and maintain the interests of Franchisor in any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of Franchisor in the Licensed Marks.

### E. INDEMNIFICATION OF FRANCHISEE/DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which he is held liable in any proceeding in which Franchisee's use of any Licensed Mark is held to constitute trademark infringement, unfair competition, or dilution, and for all costs reasonably incurred by Franchisee in the defense of any claim brought against him or in any proceeding in which he is named as a party, if Franchisee has timely notified Franchisor of the claim or proceeding and has otherwise complied with this Agreement and that Franchisor has the right to defend any claim. If Franchisor defends the claim,

Franchisor has no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor and/or Franchisee to modify or discontinue use of any Licensed Mark, and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply within a reasonable time after notice by Franchisor, and the sole liability and obligation of Franchisor in any event shallbe to reimburse Franchisee for the out-of-pocket costs of complying with this obligation.

## 7. CONFIDENTIAL INFORMATION

A. Franchisor possesses certain confidential information consisting of the methods, recipes, use of proprietary food products and ingredients, techniques, formats specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of GOODCENTS RESTAURANTS (the "Confidential Information"). Franchisor discloses the Confidential Information to Franchisee in furnishing Franchisee the training program, the Operations Manual and in guidance furnished to Franchisee during the term of the franchise.

B. Franchisee acknowledges and agrees that Franchisee does not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Restaurant during the term of the franchise, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary and is a trade secret of Franchisor and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does agree, that Franchisee:

(1) will not ever use the Confidential Information in any other business or capacity;

(2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the franchise;

(3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form;

(4) will adopt and implement all reasonable procedures prescribed by Franchisor to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to employees of the Restaurant and the use of nondisclosure and noncompetition clauses in employment agreements; and

(5) will sign a Confidentiality Agreement and will require all employees to sign such an agreement in a form approved by Franchisor (see Schedule B).

C. If Franchisee obtains Franchisor's prior written consent, which consent shall not be unreasonably withheld, the restrictions on Franchisee's disclosure and use of the Confidential Information shall not apply to (1) information, processes or techniques which are or become generally known in the sandwich and pasta restaurant industry, other than through disclosure (whether deliberate or inadvertent) by Franchisee; or (2) disclosure of Confidential Information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose information, provided Franchisee affords Franchisor the opportunity, to obtain an appropriate protective order or other insurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

D. Franchisee agrees that Franchisor has the perpetual right to use and authorize other GOODCENTS RESTAURANTS to use, and Franchisee must fully and promptly disclose to Franchisor, all ideas, concepts, designs, methods and techniques relating to the operation of a GOODCENTS

RESTAURANT or restaurant conceived or developed by Franchisee and/or his employees during the term of this Agreement.

## 8. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship between them, that Franchisor and Franchisee are independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint ventures, partner, employee or servant of the other for any purpose.

B. Franchisee must conspicuously identify himself at the premises of the Restaurant and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Restaurant under a franchise from Franchisor and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires.

C. Franchisor has not authorized or empowered Franchisee to use the Licensed Marks except as provided by this Agreement, and Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation without the prior written consent of Franchisor or employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for Franchisee's indebtedness or obligations.

D. Neither Franchisor nor Franchisee shall make any express or implied agreements, guaranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than Franchisor and Franchisee, and neither Franchisor nor Franchisee is obligated by or has any liability under any agreements or representations made by the other that are not expressly authorized, nor is Franchisor obligated for any damages to any person or property directly or indirectly arising out of the operation of the Restaurant, whether or not caused by Franchisee's negligent or willful action or failure to act.

E. Franchisor has no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Restaurant or its assets, or upon Franchisor in connection with sales made, services performed, or business conducted by Franchisee.

F. Franchisee agrees to indemnify and hold Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership or operation of the Restaurant, unless the loss, liability or damage is solely due to the negligence of Franchisor.

G. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

## 9. FEES AND PAYMENTS

### A. INITIAL FRANCHISE FEE

Franchisee must pay Franchisor an initial franchise fee in a lump sum when Franchisee signs the Franchise Agreement. Franchisor's initial franchise fee is $30,000 for a single restaurant.

In the event Franchisee signs a Multi-Unit Agreement, the initial franchise fee is $30,000 for the first restaurant and $15,000 for each additional Restaurant. The Multi-Unit agreement allows the Developer

the right to establish, develop, own, and operate more than one GOODCENTS RESTAURANT within a defined geographic area, pursuant to a development schedule.

### B. ROYALTY FEE

Franchisee agrees to pay to Franchisor a non-refundable royalty fee in an amount equal to 6% of Franchisee's total Gross Revenue as defined below (the "Royalty Fee").

The ongoing and continuing Royalty Fee is due and payable weekly on the Gross Revenue for the previous week. Franchisee must submit weekly Royalty Fee reports to Franchisor, as required by Franchisor in its sole discretion. Franchisor is authorized to draft Franchisee's bank account or other depository by electronic funds transfer for the amount of any weekly continuing Royalty Fee and Franchisee must execute the Electronic Funds Transfer Authorization, (Schedule D to Franchise Agreement) or such other documents authorizing Franchisor to draft Franchisee's bank account to effect payment of the weekly Royalty Fee.

### C. TAX INDEMNIFICATION

Franchisee shall indemnify Franchisor and/or reimburse Franchisor for all income, capital, gross receipts, sales, franchise, and other taxes imposed by the state where Franchisee's franchised business is located as a result of the conduct of the franchised business or the license of any of the Franchisor's intangible property in the jurisdiction in which the Franchisee's business is located. If more than one Franchisee is located in such jurisdiction they shall share the liability in proportion to their gross receipts from the franchised business except in the case of sales taxes and gross receipts taxes, which shall be divided in proportion to taxable sales to the Franchisees.

### D. DEFINITION OF "GROSS REVENUE"

The term "Gross Revenue" means the aggregate amount of all sales of goods, articles and any other merchandise or service, and the aggregate of all charges for services performed (including service charges in lieu of gratuity), whether for cash, on credit or otherwise, made and rendered in, about or in connection with the Restaurant, including off-premises sales and monies derived at or away from the Restaurant, provided they are in connection with the business conducted under this Franchise Agreement. The term "Gross Revenue" does not include any federal, state, municipal or other sales, value added, or retailer's excise taxes paid or accrued by Franchisee. The term "Gross Revenue" shall be less adjustments for net returns on salable goods and discounts allowed to customers on sales but shall not be modified for uncollected accounts. "Gross Revenue" is further defined to mean all revenues or receipts of any kind derived from the operation of the franchised business, including receipts from orders taken on or off the premises, regardless of whether the order is filled at or on the premises, and all receipts generated or in any way received as a direct or indirect consequence of use of Franchisor's Licensed Marks or any aspect of the System. For purposes of the Royalty Fee, the sale is made at the earlier of delivery of product or service, or receipt of payment. The Royalty Fee and report of sales in form and detail as Franchisor specifies must be provided to Franchisor in accordance with the requirements of Section 9(B) of this Agreement.

### E. INTEREST ON LATE PAYMENTS

All Royalty Fees, National Marketing and Promotional Fund fees, amounts due for purchases by Franchisee from Franchisor or its affiliates and other amounts which Franchisee owes to Franchisor or its affiliates shall bear interest after due date at the greater of: (1) one and one- half percent per month; or (2) an annual interest rate of three percent in excess of the Prime Rate (as defined below) announced by Wall Street Journal Prime Rate. "Prime Rate" means the per annum interest rate for 90-day unsecured commercial loans to large corporate customers of the highest credit standing. The interest rate must not exceed the highest applicable legal rate for open account business credit in the state in which the Restaurant is located.

Franchisee acknowledges that this paragraph does not constitute Franchisor's agreement to accept payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Restaurant. Further, Franchisee acknowledges that his failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 20.

### F. LATE PAYMENT PENALTY

In the event that Franchisee fails to timely pay the Royalty Fee, and/or the National Marketing and Promotional Fund Fee within five days of the due date, then in addition to the payment due and the interest accruing thereon, pursuant to this Section of this Agreement, Franchisee shall pay an additional amount equal to 10% of the amount of Royalty Fee and/or National Marketing and Promotional Fund Fee which is due for the previous payment period, which shall be designated as a late payment fee.

### G. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or any indebtedness of Franchisor to Franchisee to any past due indebtedness of Franchisee for Royalty Fees, advertising contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

### H. SALES AND USE TAXES

Franchisee may be required, upon written request by Franchisor, to pay to Franchisor the amount of all sales taxes, use taxes and similar taxes imposed upon or required to be collected or paid on account of goods or services furnished to Franchisee by Franchisor, whether such goods or services are furnished by sale, lease or otherwise.

### I. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that Franchisee will not withhold payment of any royalty, advertising contribution or any other amount due Franchisor and that the alleged non-performance or breach of any of Franchisor's obligations under the Franchise Agreement or any related agreement does not establish a right at law or in equity to withhold payments due Franchisor for Royalty Fees, advertising contributions or any other amounts due.

### J. INFORMATION MANAGEMENT FEE

Franchisee agrees, upon written notice from Franchisor, to pay Franchisor an Information Management fee ("Information Management Fee") each month, which will be up to two percent of Franchisee's Gross Revenue. The Information Management Fee is paid to Franchisor, upon written notice from Franchisor, by Franchisee, for additional services provided by Franchisor, that may include, without limitation, data warehousing, software support, documentation support, software training, accounting and financial support. In no event will the Information Management Fee charged by Franchisor to Franchisee exceed two percent of Gross Revenue. The Information Management Fee shall be paid weekly, as directed by Franchisor.

### K. ELECTRONIC FUNDS TRANSFER

Franchisee will be required to sign and agree to deliver to Franchisor the Electronic Funds Transfer Authorization, Schedule D to this Agreement, authorizing the Franchisor to draft Franchisee's bank account for payment of Royalty Fees and National Marketing and Promotional Fund fees prior to opening of the Restaurant.

### L. INTERNET SERVICE PROVIDER

Franchisee agrees to pay the monthly costs of providing Internet communication services between Franchisee and Franchisor.

## 10. PAYMENT OF ROYALTY AND NATIONAL MARKETING AND PROMOTIONAL FUND FEES; REPORTING REQUIREMENTS

A. Franchisee agrees to pay in cash or by cashier's check, or by any other means designated by the Franchisor, which may include payment by automatic electronic transfer, wire transfer or other similar means of payment, the Royalty Fee (as described in Section 9C), and National Marketing and Promotional Fund fees (as described in Section 14A). Such fees shall be accompanied by forms in the manner specified by Franchisor as more fully discussed elsewhere in this Agreement. The Royalty Fee and National Marketing and Promotional Fund fees shall be paid weekly and shall be paid by Electronic Funds Transfer, as Franchisor may determine in its sole discretion.

B. Franchisee shall deliver to Franchisor any sales data requested by Franchisor in the form, manner and frequency requested. Such data must include, without limitation: (1) dailysales reporting forms and accompanying cash register tapes or transaction reports which shall be received by Franchisor concurrently with the royalty and advertising fees described herein and
(2) monthly state sales tax returns for the previous sales month to be delivered to Franchisor concurrently with each profit and loss statement described below.

C. If requested by Franchisor, no later than 15 calendar days following the end of each Accounting Period (defined herein), Franchisee shall provide Franchisor with compiled financial statements, including (i) statements of profit and loss for the GOODCENTS RESTAURANT for such Accounting Period and from the beginning of the Fiscal Year (defined herein) through the end of such Accounting Period and (ii) a balance sheet reflecting the financial condition of the GOODCENTS RESTAURANT as of the last day of such Accounting Period. Currently, financial statements to be provided by Franchisee pursuant to this Agreement may be unaudited but Franchisor may require in the future that they be prepared by a Certified Public Accountant in an accounting firm in a form Franchisor designates at Franchisee's expense. Franchisee shall also deliver to Franchisor within 15 days of the end of each Fiscal Year End (defined below) financial statements prepared by Franchisee's accountant, including a balance sheet as of the Fiscal Year End and a statement of profit and loss for the GOODCENTS RESTAURANT for the Fiscal Year. If Franchisor has not timely received Franchisee's financial statements as stated above three or more times within any Fiscal Year, Franchisee agrees that an audit will be performed at Franchisee's expense if requested by Franchisor. For purposes of this Agreement, (i) "Accounting Period" means a monthly or other periodic accounting period, including 4-week or 5-week periods, as determined by Franchisor from time to time, (ii) "Fiscal Year" means the annual reporting period established by Franchisor from time to time, and (iii) "Fiscal Year End" means the last day of the Fiscal Year.

## 11. METHODS AND STANDARDS OF OPERATION

In order to maintain uniform standards of operation for all GOODCENTS RESTAURANTS and to protect the goodwill of Franchisor, the GOODCENTS System, and the Licensed Marks, Franchisee agrees to comply with the methods and standards of operation established by Franchisor as set forth herein, or in the Operations Manual or in writing to Franchisee.

Franchisor will use its reasonable efforts to make available a list of designated sources from which to purchase food, paper supply products, beverage products, an electronic sales recording devise, and a list of suggested sources from which to purchase furniture, fixtures, signage and equipment.

## A. STANDARDS ESTABLISHED BY FRANCHISOR

Franchisor retains the right to prescribe, and Franchisee agrees to and must comply with the standards of quality, service, production, merchandising and advertising for the Restaurant at all times during the term of this Agreement, or any extension or renewal thereof. Franchisee agrees to comply with all of the mandatory specifications, standards and operating procedures set forth in the Operations Manual and as communicated by Franchisor from time to time to Franchisee in writing for the operation of the Restaurant and not to deviate from same without obtaining the written consent of Franchisor.

Franchisee agrees to offer for sale only menu items, food products and services approved by Franchisor, including only approved food and beverage items, ingredients, materials, supplies and paper goods that conform to Franchisor's standards and specifications and which are purchased from suppliers approved by Franchisor. Unless elsewhere provided for in writing, Franchisee must purchase all such items only from Franchisor's approved suppliers, which may include Franchisor. Upon written notice from Franchisor or as specified in the Operations Manual, some of the supplies, forms, uniforms and other goods and products required under this Agreement may be purchased by Franchisee from any supplier, provided the supplier meets the standards and specifications established by Franchisor and provided that the items to be purchased are in strict accordance with the standard and specifications of Franchisor. Franchisee shall sell no product, or other item at the GOODCENTS RESTAURANT other than products or menu items approved by Franchisor. In addition, all products and items produced and sold by Franchisee shall be in strict compliance with Franchisor's specifications and requirements set forth in the Operations Manual or prescribed in writing from time to time by Franchisor. Franchisee shall submit in writing to Franchisor for written approval all proposed changes to products, brands, menu items, recipes and requests for additions to or deletions from the menu items sold in the GOODCENTS RESTAURANT, and Franchisee shall not make such changes without the prior written consent of Franchisor. Franchisee shall at all times maintain in supply such products sufficient to meet public demand. Franchisee will permit Franchisor or its agents, at any reasonable time, to remove samples of food or non-food items for review by Franchisor, or its designee to determine whether such sample meet Franchisor's then-current standards and specifications.

Franchisee acknowledges and agrees that Franchisor has developed and may continue to develop certain products for use in the System which are prepared using Franchisor's confidential recipes or unique process or which are unique to the System and which may be associated with the Licensed Marks. Franchisee acknowledges that the importance of the quality and uniformity of such products and the production thereof for the System is a mutual benefit to the Franchisee and the Franchisor and the Franchisor must control the production and distribution of such products. Franchisee therefore agrees that Franchisee shall use only such products as designated by Franchisor and shall purchase such products solely from Franchisor, or its affiliate, or from an approved supplier designated by Franchisor.

Franchisee agrees to utilize a Certified Public Accountant or firm of Certified Public Accountants to prepare financial statements and Royalty Fee reports as are required by Franchisor from monthly. Franchisee agrees to pay for the cost of such accounting services. Franchisee agrees to use Franchisor's uniform system of accounting and record keeping in the operation of the Restaurant, including without limitation, the use of Franchisor's standardized forms.

## B. RETAIL OPERATION ONLY

Franchisee acknowledges and agrees that Franchisee's Restaurant is restricted to providing approved products for retail sales only to the general public and not to wholesale or commercial customers. Franchisee may sell food products to wholesale or commercial accounts only with the prior written approval of Franchisor.

## C. INTERIOR AND EXTERIOR UPKEEP

Franchisee shall, at all times, maintain the condition, appearance and upkeep of the interior and exterior of the GOODCENTS RESTAURANT, parking areas and the surrounding area in the highest degree of cleanliness, attractiveness and sanitation and shall comply with the requirements of the Operations Manual regarding the maintenance, refurbishing and upkeep of the GOODCENTS RESTAURANT. Franchisee shall repair, refinish, paint and maintain the exterior and the interior of the GOODCENTS RESTAURANT at such times as are reasonably required by Franchisor to maintain the condition, appearance, operation, decor, ambiance and image of the RESTAURANT.

Franchisee agrees to replace worn out or obsolete fixtures, equipment, furniture or signs, repair the exterior or interior of the Restaurant and the appurtenant parking areas periodically throughout the term of this Agreement. If at any time in Franchisor's reasonable judgment, the general state of repair, appearance, or cleanliness of the premises or Restaurant, (including parking areas) or its fixtures, equipment, furniture or signs does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct the deficiency. If Franchisee fails or refuses to initiate within 10 days after receiving notice and continue in good faith and with due diligence, a bona fide program to undertake and complete any required maintenance and refurbishing, Franchisor has the right, but is not obligated, to enter upon the premises of the Restaurant and effect maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand, including the actual expenses of Franchisor.

## D. ALTERATIONS TO THE RESTAURANT

Franchisee must not make material alterations to the premises or appearance of the restaurant, nor make any unapproved replacements of or material alterations to the fixtures, equipment, furniture or signs of the Restaurant without prior written approval by Franchisor. Franchisor has the right, in its sole discretion and at the sole expense of Franchisee, to rectify any material alterations to the Restaurant not previously approved by Franchisor, or contrary to the specifications and standards of Franchisor. Franchisor will provide written notice to Franchisee and grant Franchisee a reasonable period of time to rectify and correct the material alteration before Franchisor makes the correction.

## E. MARKET RESEARCH TESTING

Franchisor may conduct market research and testing to determine consumer trends and the salability of menu items, food products and services. Franchisee agrees to cooperate by participating in Franchisor's market research programs by test marketing products, programs, procedures, equipment and services in the Restaurant and by providing Franchisor with timely reports and other relevant information regarding market research. In connection with any test marketing, Franchisee must purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

## F. APPROVED SUPPLIERS

Franchisee must obtain approved food products, services, paper goods, ingredients, fixtures, equipment and other supplies from suppliers approved by Franchisor who demonstrate the ability to meet Franchisor's then-current standards and specifications for food products, ingredients, supplies, materials, fixtures, furnishings and equipment used in the System. Franchisee must use an architect, sign company, construction contractor and equipment vendors which have been approved by Franchisor. An approved supplier must have adequate quality controls and be able to meet the needs of the System efficiently and effectively. If Franchisee proposes to purchase products or services from a supplier which has not been approved by Franchisor or proposes to offer for sale any food or related products or services which have not been approved by Franchisor, Franchisee must first notify Franchisor in writing and submit sufficient information, specifications and samples concerning the brand and/or the supplier proposed by Franchisee, for a determination by Franchisor whether the product, brand or the supplier complies with Franchisor's

specifications and standards and/or the supplier meets Franchisor approved supplier criteria and has therefore been approved by Franchisor. Franchisee is prohibited from using a supplier which has not been approved by Franchisor or any brand, product or service which has not been approved by Franchisor. Franchisor, will within a reasonable time, notify Franchisee whether or not the proposed brand, product and/or supplier has been approved by Franchisor. Franchisor may impose reasonable limits on the number of approved suppliers and/or brands for food and related products and services to be used in the Restaurants

## G. STANDARDS OF SERVICE

Franchisee acknowledges and agrees that customer service is a critical element of the GOODCENTS System. Franchisee must at all times give prompt, courteous and efficient service to its customers. Franchisee must, in all dealings with customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee must maintain a friendly, pleasant dining experience for all customers. Franchisee must adhere to all standards for customer service, sponsorship programs and other promotional programs as contained in the Operations Manual.

Franchisor will have the right to hire independent shopping or other customer feedback services to (a) visit the Restaurant, (b) interview the customers of the Restaurant electronically, by telephone, or in person, (c) summarize customer information from comment cards and other evaluation methods or devices, and/or (d) communicate with customers of the Restaurant by e- mail or in writing for the purpose of evaluating: (1) the operations of the Restaurant, (2) the quality provided to customers, (3) whether the Franchisee is in compliance with the operational and quality standards specified in the Manual. Franchisor will determine the frequency, nature and extent of the evaluation services that will be provided and the form of the reports the evaluation service will provide. The fees charged to evaluate the Restaurant will be paid by the Franchisor or from the Marketing Fund. Franchisor will provide Franchisee with copies of all evaluation reports prepared for the Restaurant.

## H. HOURS OF OPERATION

Franchisee shall continuously operate the Restaurant a minimum of 10 hours per day, seven days a week or as otherwise agreed to by Franchisor in writing.

## I. TIME AND ATTENTION

Franchisee's Restaurant must at all times be under the direct supervision of Franchisee or, in the case where Franchisee is a corporation, partnership or limited liability corporation, the managing partner, shareholder or managing member, or your approved manager who has satisfactorily completed GOODCENTS' training program. Franchisee or such Franchisee Designee must devote sufficient time and attention to the performance of its duties hereunder and a failure to do so shall constitute a breach of this Agreement. If Franchisee or its affiliate is licensed to operate more than one GOODCENTS RESTAURANT, Franchisee or Franchisee Designee, unless otherwise agreed to in writing, shall be involved in the operation of the business for a minimum of 40 hours per week during operating hours. Franchisee or Franchisee Designee, approved by Franchisor, who has been approved of in writing by Franchisor, shall be personally required to keep the accounting records, submit the financial statements, copies of sales tax forms and canceled checks for sales tax, and submit operating reports and sales figures with all royalty payments and advertising fees as provided elsewhere in this Agreement. In addition, Franchisee is required to submit to Franchisor copies of its annual federal, state and city income tax returns to the extent they relate to the operation of the Restaurant.

## J. MANAGEMENT

Franchisee, or a person designated by Franchisee prior to the opening of the Restaurant and approved of in writing by Franchisor, or Independent Contractors selected by Franchisor, (hereinafter referred to as the "Manager"), will assume responsibility for the day-to-day management and operation of the Restaurant,

overseeing, examining and supervising of personnel and quality control and, in addition, Franchisee may designate any number of assistant managers. The Manager of the Restaurant shall be required to spend at least 40 hours per week supervising and controlling the operation of the Restaurant; provided, however, that at all times during open and operating hours of the Restaurant, either Franchisee (or, in the case where Franchisee is a corporation, partnership or a limited liability company, a Principal or manager thereof), the approved Manager or an assistant manager shall be physically present at and actively supervising the operation of the Restaurant. Franchisee may replace the Manager or any assistant manager at any time provided that Franchisee immediately notifies Franchisor in writing of any such changes in management personnel, but in no event later than the day following the date on which any new Manager or assistant manager is hired. Franchisor may require any new Manager or assistant manager, as well as any other newly hired staff of Franchisee, to successfully complete Franchisor's training program as described in Section 5.A hereof.

### K. COMPUTER HARDWARE AND SOFTWARE

At its sole expense, Franchisee, unless otherwise agreed to in writing by Franchisor, shall only use the point of sale ("POS") system, computer hardware and software system (collectively, including the POS system, the "Computer System") that is approved by Franchisor and meets all of the specifications required by Franchisor from time to time, including the number of terminals required for access to the POS system. Franchisor has the right to approve one or more Computer Systems, and Franchisor, its affiliate or another supplier approved by Franchisor, may be the sole source of any or all of the components included in the Computer System, each of which may be licensed, rented, provided through a subscription agreement or sold to Franchisee on terms established by the applicable supplier. Franchisor may also require Franchisee to enter into an agreement to pay for maintenance and/or support services for the Computer System with one or more approved suppliers, including Franchisor or its affiliate. Franchisee agrees to maintain, update, add to and/or replace the Computer System, or components thereof, from time to time, as required by Franchisor. Franchisee shall allow the transmission of any and all information from the Computer System to Franchisor, and Franchisee must obtain, install and maintain any Internet connections, specialized telephone lines or other equipment or technology necessary to link and connect Franchisee's Computer System with any computer system maintained by Franchisor. Franchisee also shall provide Franchisor or its employees with any and all passwords for the Computer System and permit Franchisor to access, download and/or copy any and all information on the Computer System, including information relating to sales and the operations of the Computer System, at any time, at Franchisor's discretion. Unless otherwise specified in a written agreement or invoice, Franchisee agrees to timely pay suppliers and/or Franchisor or its affiliate for computer software maintenance and upgrades within 30 days of billing. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees to comply with those reasonable new standards that Franchisor establishes as if Franchisor periodically revised this Section 12.K for that purpose.

### L. OPENING

Franchisee shall not open the GOODCENTS RESTAURANT to the public without the written approval of Franchisor and without complying with the insurance requirements of this Agreement and without obtaining required licenses and permits.

### M. EMPLOYEES OF FRANCHISOR

Franchisee shall not interfere with the employees and agents of Franchisor in the performance of such employee's and agent's duties. Franchisee further agrees that during the term of this Agreement, Franchisee will not employ or seek to employ any of Franchisor's employees or agents, any employees or agents of Franchisor's affiliates, or any employees of Franchisor's GOODCENTS RESTAURANT for a period of at least two years following the separation of any such employee from employment by Franchisor unless prior written approval is obtained from Franchisor.

## N. COOPERATION

Franchisee shall cooperate with Franchisor in taking any action, or refraining from taking any action, which, in the judgment of Franchisor, is necessary or desirable to protect the GOODCENTS System or the Licensed Marks, or to promote and enhance the quality of the products, the service provided, or the image of GOODCENTS in the community.

## O. TRADE ACCOUNTS

Franchisee agrees to maintain its trade accounts in a current status and to seek to resolve any disputes with trade suppliers promptly. Should Franchisee not so maintain its trade accounts, Franchisor may, but shall not be required to, pay any or all such accounts on behalf of Franchisee, in which event Franchisee agrees to immediately repay Franchisor therefor in the manner provided herein. Failure of Franchisee to keep its trade accounts current or to make the immediate repayment to Franchisor specified herein shall constitute a default under this Agreement.

## P. COMPLIANCE WITH LAWS

Franchisee shall operate the Restaurant in strict compliance with all applicable laws, rules, and regulations of duly constituted governmental authorities. Franchisee shall be solely responsible for and shall, as required by law, procure and maintain all necessary permits and licenses required for the operation of the Restaurant.

## Q. PAYMENT OF TAXES

Franchisee shall be responsible for the payment of all taxes on its real and personal property, leasehold improvements, fixtures and equipment related to the operation of the Restaurant, and for payment of all sales, use, payroll and other taxes when due and hold Franchisor harmless therefrom. All such taxes shall be paid directly to the taxing authorities prior to the delinquent date. If such taxes become delinquent, Franchisor may, but is not obligated to, elect on behalf of Franchisee to pay the same, together with penalties and interest, if any; however, Franchisor shall not be considered a successor in interest to the Franchisee, and Franchisee agrees to immediately repay Franchisor therefor in the manner provided herein. Failure of Franchisee to keep all taxes current or to make immediate repayment to Franchisor shall constitute a default under this Agreement.

## R. UNIFORMS

Franchisee agrees that Franchisee and Franchisee's employees must wear GOODCENTS' standard uniforms and apparel when working in the Restaurant, as specified in the Operations Manual.

## S. PRIVACY AND DATA SECURITY

Franchisee shall adopt and maintain sufficient safeguards and procedures to protect Franchisee's customers' non-public, personal information and to protect the non-public and personal information of Franchisee's employees from unauthorized use by third parties. Franchisee must comply with the following:

(1) comply with all state and federal laws for the protection and security of non- public, personal information;

(2) comply with all industry standards for protection of non-public, personal information such as PCI-DSS or its equivalents;

(3) maintain appropriate oversight of Franchisee's vendors and service providers with respect to the operation of the Franchised Business and specifically in respect to collection and use of non-public, personal information.

Franchisee shall notify Franchisor of any incident involving a customer or an employee employed by Franchisee from the operation of the GOODCENTS RESTAURANT related to the unauthorized acquisition or access of non-public, personal information by a third party within ten days of the date Franchisee learns of such incident. The notification by Franchisee to Franchisor must be in writing.

Franchisee agrees to use the PCI compliance service and suppliers approved by Franchisor.

## 12. FRANCHISOR'S OBLIGATIONS

Franchisor may designate individuals or entities who are independent contractors or area representatives of the Franchisor to provide franchise sales, initial and ongoing training and operations support and assistance to Franchisee before Franchisee opens its Restaurant and during the operation of Franchisee's Restaurant.

In exchange for the Franchise Fee, and except as otherwise provided in this Agreement, Franchisor, or Independent Contractors selected by Franchisor, will provide the following services:

A. Provide on request to Franchisee one set of prototype design plans and specifications for GOODCENTS RESTAURANTS. This may be via electronic or made available through a website.

B. Review and approve floor plan specific to Franchisee's site.

C. Provide on loan to Franchisee one set of the confidential Operations Manual. This may be provided electronically or made available through a webpage.

D. Provide an initial training program as required by this Agreement.

E. Provide opening assistance to Franchisee, as Franchisor deems appropriate.

F. Provide operating and management procedures to assist Franchisee in the operation of its Restaurant.

G. Upon request of Franchisee, provide ongoing consultation and operations support services to Franchisee periodically in connection with the operation of the Restaurant.

H. Provide periodic inspection of the Restaurant.

I. Provide a list of approved suppliers.

J. Provide Franchise with one set of Franchisor's approved forms. This may be provided electronically or made available through a webpage.

## 13. INSURANCE

Franchisee must at all times during the term of this Agreement maintain in force, at its sole expense, at least the following insurance coverage:

(1) Commercial General Liability Insurance: a combined single limit of at least $1,000,000 per occurrence, $2,000,000 aggregate. Coverage is to include Premises and Operations Liability (including catering and off-site operations), Products and Completed Operations Liability, and

Personal and Advertising Inquiry Liability. Coverage is to be primary and non-contributory. If coverage is applicable to more than one location, there must be a "per location" aggregate endorsement attached to this policy;

(2) Worker's Compensation & Employers Liability and other insurance to meet statutory requirements: Coverage shall apply to all workers and employees, including sole proprietors, partners, members of an LLC, and officers of a corporation, regardless of whether or not such persons come under the statutory requirements to carry this coverage;

(3) Property Insurance: Coverage is to be written on a "Special Form" policy or its equivalent, with limits not less than 100% replacement value of the total of all improvements and betterments, facility fixtures and equipment, and inventory.

(4) Automobile Liability Insurance: A combined single limit of $1,000,000 per Occurrence. Coverage shall apply to all owned, hired, and/or non-owned automobiles used in the business, including vehicles used for delivery or catering operations;

(5) if applicable, specific insurance may be required for hurricane, flood, earthquake or other insurance specifically related to your geographic area.

All insurance policies must be issued by an Admitted Insurance Company, authorized as such in the states in which Franchisee does business, and must have an A.M. Best rating of A(IX) or higher. Formal certificates of insurance must be provided to Franchisor, evidencing all of the above as well as the following:

1. All policies must name Franchisor as additional insured;

2. All policies must provide 30 days prior written notice to the Franchisor of termination, non-renewal, expiration, or cancellation of such policy; and

3. The Worker's Compensation and General Liability Insurance must contain a waiver of subrogation in favor of the Franchisor.

Franchisor may reasonably increase the minimum liability protection requirement annually and require at any time, on reasonable prior notice to Franchisee, different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product or motor vehicle liability litigation or other relevant changes in circumstances.

Franchisee must submit to Franchisor annually a copy of the certificate of or other evidence of the renewal or extension of each insurance policy. If Franchisee at any time fails or refuses to maintain in effect any insurance coverage required by Franchisor, or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies, may obtain insurance coverage on Franchisee's behalf, and Franchisee must promptly execute any applications or other forms or instruments required to obtain any insurance and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor.

Franchisee's obligations to obtain and maintain the insurance described is not limited in any way by reason of any insurance maintained by Franchisor, nor does Franchisee's performance of obligations relieve Franchisee of any obligations under Section 9 of this Agreement.

Franchisee must submit to Franchisor within 90 days of execution of the Franchise Agreement, or at least two weeks before Franchisee takes possession and commence development of the premises from which it will operate the franchise, whichever first occurs, a copy of the Certificate of Insurance in compliance with requirements.

**Business Interruption/Loss of Revenue Insurance Proceeds.** In the case of a fire or other event that results in the damage or destruction of your Franchised Business, you shall pay to GOODCENTS, from any insurance proceeds received by you for business interruption or loss of revenue, an amount equal to six percent (6%) of such insurance proceeds. This amount shall be paid to GOODCENTS within 10 days upon receipt. At the same time, you shall notify GOODCENTS in writing as to whether you will repair or rebuild your Franchised Business in a prompt and timely manner. In the event you notify GOODCENTS that you will not do so, this Franchise Agreement will automatically terminate, and you must then immediately comply with all of the obligations set forth in Section 21 of this Franchise Agreement that GOODCENTS may reasonably require under the circumstances.

## 14. ADVERTISING

Recognizing the value of consistent and coordinated advertising and marketing programs and the development of new food products, services and equipment to the good will and public image of the System, the parties agree that Franchisor will develop and administer at its discretion, advertising, public relations, sales promotion and franchisee solicitation programs and develop, at its discretion, new food products to promote and enhance the collective success of all Restaurants in the System. It is expressly understood, acknowledged and agreed that Franchisor, in its sole discretion, will direct all phases of such advertising, promotion and solicitation programs and the development of new food products, including, without limitation, the creative concepts, materials, choice of media, market areas, selection of advertising agencies and public relation firms, for market research and the development of new products.

Franchisee expressly agrees and acknowledges that Franchisor is not required or obligated to make expenditures for Franchisee which are equivalent or proportional to Franchisee's contribution or to ensure that any particular Franchisee benefits directly or pro-rata from the placement of any advertising or for carrying out of any promotional marketing program.

### A. NATIONAL MARKETING AND PROMOTIONAL FUND

Upon commencement of business, Franchisee must contribute to a National Marketing and Promotional Fund (the "Fund") an amount equal to three and one-half percent of Franchisee's Gross Revenue, payable weekly together with any Royalty Fee due. Payments due for the Fund for Gross Revenue shall be payable to Franchisor each week on Gross Revenue for the previous week. Franchisor, in its sole discretion, is authorized to draft Franchisee's bank account for the amount of any weekly payments due to the Fund and Franchisee must execute any document authorizing Franchisor to draft Franchisee's bank account to effect payment of the weekly payments due to the Fund by electronic funds transfer.

Franchisee agrees that the Fund will be administered by Franchisor and, in Franchisor's sole discretion, the Fund may be used to meet any and all costs related to the following programs and activities:

1. maintaining, administrating, directing and preparing national, regional or local advertising materials, programs and public relations activities, including the cost of preparing and conducting television, radio, magazine, billboard, newspaper, internet and other media programs and activities and to provide merchandising equipment and upgrades and operation support to franchisees;

2. employing advertising agencies;

3. providing promotional brochures and advertising materials to GOODCENTS RESTAURANTS and to regional and local advertising cooperatives of GOODCENTS RESTAURANTS;

4. developing training programs and materials;

5. conducting market research, testing and development of new products, services and equipment considered for the GOODCENTS Franchise System;

6. reimbursement of Franchisor's administrative and personnel costs associated with advertising, telemarketing, public relations, market research, product development and solicitation of new franchisees; and

7. solicitation and development of new franchisees.

Franchisor may spend in any Fiscal Year an amount greater or less than the aggregate contributions of GOODCENTS RESTAURANTS to the Fund in that year and Franchisor may make loans to the Fund bearing reasonable interest to cover any deficits of the Fund and may cause the Fund to invest any surplus for future use by the Fund. Franchisor will prepare an annual report of the operations of the Fund, which will be available to Franchisee upon reasonable request. The annual report will be unaudited.

Franchisor reserves the right to determine, in its sole discretion, the composition of all geographic territories and market areas for the development and implementation of Fund programs and activities. Franchisee understands and acknowledges that such advertising, marketing, public relation, promotion and solicitation programs and activities are intended to maximize the public's awareness of all GOODCENTS RESTAURANTS, and that Franchisor accordingly undertakes no obligation to ensure that any individual franchisee or advertising cooperative (see paragraph C. below) benefits directly or pro rata from the placement of such programs and activities.

Franchisor assumes no direct or indirect liability or obligation to Franchisee or to the Fund with respect to the maintenance, direction or administration of the Fund, including any failure by a franchisee to make a required contribution to the Fund.

Franchisee agrees to participate in all advertising and marketing programs as directed by Franchisor periodically, and to purchase such advertising and marketing materials as reasonably necessary to participate in all regional and national advertising marketing and promotion campaigns.

## B. LOCAL ADVERTISING

In addition to the contributions to the Fund required above, upon written notice from Franchisor, Franchisee agrees to spend up to three percent of Gross Revenue on local advertising and public relations activities designed to publicize the operation of the franchised business in Franchisee's market as required by Franchisor. Franchisee will, upon request by Franchisor, provide Franchisor with an accurate accounting of the advertising expenditures, public relations and marketing expenses.

You agree to have a Facebook page for your GOODCENTS RESTAURANT and authorize GOODCENTS to post and maintain content and advertising on your behalf. GOODCENTS will maintain brand pages on Twitter, Snapchat, Instagram and other digital/social channels. You are not permitted to maintain an individual location page through these other digital channels without written consent from GOODCENTS.

Through the Advertising Cooperative (see paragraph C. below), Franchisor may furnish Franchisee approved local marketing plans and materials on the same terms and conditions as the plans and materials will be furnished to other franchisees of GOODCENTS RESTAURANTS which may be purchased by Franchisee.

## C. REGIONAL OR LOCAL ADVERTISING COOPERATIVE

(1) Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate any geographic area in which one or more GOODCENTS RESTAURANT is located in a region for purposes of establishing an advertising cooperative ("Advertising Cooperative"). The members of the Advertising Cooperative for any area shall consist of all GOODCENTS RESTAURANTS within the geographic area, as designated by Franchisor. Each Advertising Cooperative shall be formed, organized and operated in compliance with the requirements of Franchisor, as may be established in Franchisor's discretion. Franchisee shall execute such documents as are required by Franchisor immediately upon the request of Franchisor to participate and remain a member of the Advertising Cooperative pursuant to the terms of those documents. The organizational documents, bylaws and structure of the Advertising Cooperative must be in compliance with Franchisor's requirements. At the time monthly contributions to the Advertising Cooperative are required in accordance with written notice from Franchisor, they will be credited to Franchisee's obligations to spend up to three percent of Gross Revenue per month on local advertising. Contributions to the Advertising Cooperative shall be determined by the Advertising Cooperative and are generally a percentage of Gross Revenue of the Restaurant. No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without the prior written approval of Franchisor. Franchisor may form, change, or dissolve the Advertising Cooperative in its discretion.

(2) Franchisee shall contribute to the Advertising Cooperative such monthly amounts required by the documents governing the Advertising Cooperative; provided, however, Franchisee will not be required to contribute more than three percent of Franchisee's Gross Revenues during each month to the Advertising Cooperative, unless, subject to Franchisor's written approval, the members of the Advertising Cooperative agree to the payment of the larger fee. Franchisee shall contribute to the Advertising Cooperative the amounts required to be contributed to the Advertising Cooperative as determined by the members of the Advertising Cooperative or as determined by Franchisor. Failure of Franchisee to timely remit amounts required by the Advertising Cooperative or the amount determined by the Franchisor, not to exceed three percent of Gross Revenues, to the Advertising Cooperative, shall be good cause for termination of this Agreement. Franchisor has the right to provide the amount of Franchisee's Gross Sales to the Advertising Cooperative.

(3) Franchisee shall timely submit to the Advertising Cooperative and to the Franchisor the requirement of monthly contributions to the Advertising Cooperative and such statements and reports as may be required by Franchisor or the Advertising Cooperative. Failure to timely submit the required such statements and reports or to timely submit the required monthly payments to the Advertising Cooperative shall constitute good cause for termination of this Agreement. All contributions to the Advertising Cooperative shall be maintained and administered in accordance with the documents governed by the Advertising Cooperative. No advertising or promotional materials may be used by the Advertising Cooperative or furnished to its members without the prior written approval of Franchisor.

(4) Franchisee shall participate in all advertising and marketing programs, as may be designated by Franchisor or by the Advertising Cooperative. Franchisee agrees to purchase reasonable quantities of advertising and marketing materials from the Advertising Cooperative or from the Franchisor in order for Franchisee to participate in advertising and marketing programs.

## D. ADVERTISING APPROVAL

Unless provided to Franchisee by Franchisor, all local advertising, promotions or other forms of publicity to be employed by Franchisee, which may include without limitation, newspaper, television and radio advertisements, signs, billboards, appearances by public figures, fliers, coupons and promotional merchandise in the form of uniforms, caps, buttons and similar items, shall be submitted in advance to Franchisor, which has up to 20 business days after receipt to approve or disapprove said advertising. No form of advertisement, promotion or publicity shall be employed without the prior written consent of

Franchisor which consent may be withheld by Franchisor, in its sole discretion. Notwithstanding such prior written approval by Franchisor, Franchisor reserves the right to request that Franchisee resubmit to Franchisor any previously approved advertising or promotional material, at which time Franchisor may re-inspect such materials and consent to its continued use or, in the alternative, withhold consent in its sole discretion.

## 15. RECORDS AND REPORTS

A. Franchisee must maintain during the term of this Agreement, and must preserve for at least three years from the dates of their preparation, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner Franchisor prescribes in the Operations Manual or otherwise in writing, including without limitation, financial records, reports, service contracts, employee contracts, time records and all other information and records requested by Franchisor at locations Franchisor reasonably requests (the "Business Records). Franchisee must maintain and preserve all of its books, records, state and federal tax returns for at least three years after the later of preparation or filing and must furnish Franchisor copies of such federal and state tax returns each year within 10 days of filing.

B. If requested by Franchisor, Franchisee must prepare and send Franchisor weekly sales reports each Accounting Period in the manner, form and frequency as Franchisor may require in its sole discretion. Each statement must be signed and verified by Franchisee or its treasurer or chief financial officer. Franchisee acknowledges and agrees that failure to provide such reports is a material breach of this Agreement.

C. Franchisee must maintain readily available for inspection by Franchisor, and must furnish to Franchisor upon its request, exact copies of all state sales tax returns and portions of Franchisee's federal and state income tax returns as reflect the operation of the GOODCENTS Business. In addition, Franchisee, at his expense, must furnish to Franchisor (and its agents) for inspection or audit the Business Records, financial statements and other information as Franchisor requires. Franchisee must make the Business Records, including, without limitation, financial records, reports, service contracts, employee contracts, time records and all other information and records requested by Franchisor at locations Franchisor reasonably requests (including Franchisor's office), and must afford Franchisor (and its agents) full and free access to the Business Records at the GOODCENTS Business during regular business hours. Franchisor (and its agents) has the right to make extracts from, and copies of, all documents and information.

D. Franchisor or its designees shall have the right at all reasonable times to review, audit, examine and copy any and all of the books and records of Franchisee at the Restaurant. Franchisee shall make such books and records available to Franchisor or its designees immediately upon request.

E. Franchisee authorizes Franchisor in its sole discretion to disclose data from Franchisee's financial reports to prospective or existing franchisees or to other third parties, as long as Franchisee is not specifically identified.

## 16. INSPECTION AND AUDITS

### A. THE FRANCHISOR'S RIGHT TO INSPECT THE RESTAURANT

To determine whether Franchisee is complying with this Agreement, Franchisor, or Independent Contractors selected by Franchisor, has the right at any time during business hours, and without prior notice to Franchisee, to inspect the Restaurant. Franchisee must fully cooperate with representatives of Franchisor making any inspection and must permit representatives of Franchisor, or Independent Contractors selected by Franchisor, to take photographs, movies or videotapes of the Restaurant and to interview employees and customers of the Restaurant, as long as Franchisee's ability to operate the Restaurant is not impeded.

### B. THE FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor, or Independent Contractors selected by Franchisor, has the right at anytime during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, accounts receivable and accounts payable ledgers, vendor invoices, and other books and records of the Restaurant and the books and records of any corporation, partnership or limited liability company which owns any interest in or holds the franchise. Franchisee may maintain all books, records and supporting documents at all times at the Restaurant premises or at another location. Franchisee must fully cooperate with representatives of Franchisor and independent accountants hired by Franchisor to conduct any examination or audit. Failure of Franchisee to cooperate with Franchisor's representatives or independent accountants is a material breach of this Agreement.

### C. AUDIT

If any examination or audit discloses an understatement of Gross Revenues, Franchisee must pay to Franchisor, within 15 days after receipt of the examination or audit report, the Royalty Fees and any advertising contributions due on the amount of the understatement, plus interest (at the rate and on the terms provided in this Agreement) from the date originally due until the date of payment. Further, if the examination or audit is made necessary by the failure of Franchisee to furnish reports, supporting records, financial statements or other documents or information, as required, or failure to furnish reports, records, financial statements, documents or information on a timely basis, or if an understatement of Gross Revenues for any month is determined by any examination or audit to be greater than two percent, Franchisee must reimburse Franchisor for all costs of the audit or examination, including, without limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of employees of Franchisor. The foregoing remedies are in addition to all other remedies and rights of Franchisor under applicable law.

## 17. ASSIGNMENT

### A. BY THE FRANCHISOR

This Agreement and the franchise are fully assignable by Franchisor and benefits any assignee or other legal successor to the interest of Franchisor.

### B. FRANCHISEE MAY NOT ASSIGN OR SELL SUBSTANTIALLY ALL OF ITS ASSETS WITHOUT APPROVAL OF THE FRANCHISOR

Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and its owners and that Franchisor has granted the franchise in reliance upon Franchisee's individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Unless otherwise provided with respect to an assignment to a corporation or limited liability company, neither this Agreement or the franchise or the Restaurant (or any interest) or substantially all of the assets or any part or all of Franchisee's ownership may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, sub franchised or otherwise transferred by Franchisee or its owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest in Franchisee, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Franchisee or in this Agreement, in a divorce proceeding, or if Franchisee or an owner dies, by will, declaration of or transfer in trust or the laws of the intestate succession) without the prior written approval of Franchisor, and any assignment or transfer or sale of assets without written approval constitutes a breach of this Agreement and conveys no rights to or interests in this Agreement or the franchise, or the Restaurant or the assets. The rights granted by the Franchise Agreement may not be sold or assigned by Franchisee except as provided in Paragraph C below. The assets of the Restaurant may be sold in compliance with Paragraph C below.

C. **CONDITIONS FOR APPROVAL OF ASSIGNMENT OR SALE OF ASSETS**

If Franchisee and its owners are in full compliance with this Agreement, Franchisor shall not unreasonably withhold its approval of either an assignment of this Agreement or the sale of assets of the Restaurant, provided that the proposed assignee, buyer, or other transferee (the "Transferee") is of good moral character and has sufficient business experience, aptitude and financial resources to own and operate the Restaurant and otherwise meets Franchisor's then- applicable standards for franchisees, and further provided that Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the effective date of the assignment or sale of assets or other interest in Franchisee:

(1) all of Franchisee's or its owners' obligations incurred in connection with this Agreement have been assumed by the Transferee;

(2) Franchisee has paid Royalty Fees, advertising contributions, amounts owed for purchases by Franchisee for Franchisor or its affiliates and any other amounts owed to Franchisor or its affiliates which are then due and unpaid;

(3) the Transferee agrees to successfully complete the training program required of new franchisees;

(4) if required, the lessor of the premises of the Restaurant has consented to Franchisee's assignment or sublease of premises to the proposed Transferee of the assets;

(5) the Transferee (and, if a corporation, partnership or limited liability company, its owners or members) must, execute and agree to be bound by the then-current form of Franchise Agreement and ancillary agreements used by Franchisor in the grant of franchises for GOODCENTS RESTAURANTS, which shall provide for the same Royalty Fees and advertising contributions as in this Agreement and a term equal to the initial term of the then-current form of Franchise Agreement, and Transferee must pay the initial franchise fee established in the then- current form of Franchise Agreement to Franchisor at the time of Franchisee's execution of the then-current form of Franchise Agreement;

(6) Franchisee or the Transferee pays to Franchisor the Franchisor's then- current initial franchise fee established in the then-current Franchise Agreement.

(7) except to the extent limited or prohibited by applicable law, Franchisee (and each of its owners or members, if Franchisee is a corporation, partnership or a limited liability company) executes a general release, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, employees and agents;

(8) Franchisor approves the material terms and conditions of the assignment or sale of assets and determines that the price and terms of payment are not so burdensome as to materially affect the future operations of the Restaurant by the Transferee(s);

(9) Franchisee (and each of its owners or members, if Franchisee is a corporation, partnership or limited liability company) executes a non-competition covenant in favor of Franchisor and the Transferee, agreeing that for a minimum period of two years, commencing on the effective date of the assignment or sale of assets, it will not have any direct or indirect interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any sandwich and pasta restaurants located or operating within a radius of 15 miles of the Restaurant or a radius of 15 miles of any other GOODCENTS RESTAURANTS in operation on the effective date of assignment or sale of assets, except for other GOODCENTS RESTAURANTS operated under franchise agreements granted by Franchisor and the ownership of securities listed on a stock exchange or traded on the over-the- counter market that represent one percent or less of that class of stock; and

(10) Franchisee enters into an agreement with Franchisor agreeing to subordinate Transferee's obligations to Franchisor, including any Royalty Fees and advertising contributions, any obligations of Transferee to make installment payments of the purchase price to Franchisee.

(11) Franchisee, at its expense, shall renovate, modernize and otherwise upgrade the Restaurant and the premises to conform to Franchisor's then-current standards and specifications for the Restaurant and System, and shall complete the upgrading by the transfer date and other requirements as will be required by Franchisor or with Franchisor's approval and in Franchisor's sole discretion, the cost of the upgrades required by Franchisor that are not completed by the transfer date shall be escrowed at the transfer date and the upgrades required by Franchisor are to be completed by transferee within the time period reasonably specified by Franchisor.

Franchisor's consent to an assignment or sale of substantially all of the assets or of any other interest subject to the restrictions of Paragraph B or C of this Section 17 does not constitute a waiver of any claims it has against the Franchisee, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of the Franchise by the Transferee.

### D. DEATH OR DISABILITY OF FRANCHISEE

Upon Franchisee's death or permanent disability (or the managing shareholder, managing member or partner if Franchisee is a corporation, limited liability company or partnership), Franchisee's executor, administrator, conservator or other personal representative, managing member or the remaining shareholders or partners, must appoint a competent Manager within 30 days from the date of death or permanent disability. The appointment of a Manager is subject to Franchisor's training program. If the Restaurant is not being managed by a Franchisor-approved Manager within 30 days after Franchisee's death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a Manager to maintain the operations of the Restaurant for and on Franchisee's behalf until an approved assignee is able to assume the management and operation of the Restaurant. Franchisor's appointment of a Manager of the Restaurant does not relieve Franchisee of his obligations, and Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Restaurant or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Restaurant while it is managed by Franchisor's appointed Manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time.

Upon Franchisee's death or permanent disability (or any shareholder, partner or member, if Franchisee is a corporation, partnership or limited liability company), Franchisee's executor, administrator, conservator or other personal representative must transfer his interest within 12 months from the date of death or permanent disability, to a person approved by Franchisor. Approval of a transfer will not be unreasonably withheld. Transfers, including transfers by devise or inheritance, are subject to all the terms and conditions for assignments and transfers contained in Paragraphs B and C of this Section 17. Failure to so dispose of this interest within this period of time constitutes grounds for termination under Paragraph C of Section 21.

### E. ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY COMPANY

Upon 30 days' prior written notice to Franchisor, the franchise and the assets and liabilities of the Restaurant may be assigned, by an agreement in form and substance approved by Franchisor, to a corporation or limited liability company that conducts no business other than the Restaurant (or other GOODCENTS RESTAURANTS under franchise agreements granted by Franchisor), which is actively managed by Franchisee and in which Franchisee owns and controls not less than 100% of the shares and voting power of all issued and outstanding capital stock of the corporation or maintains 100% ownership interest in a limited liability company. An assignment does not relieve Franchisee of his obligations, and Franchisee remains jointly and severally liable for all obligations. The articles of incorporation, by-laws and other organizational documents of any corporation which is Franchisee must recite that the issuance and

assignment of any interest is restricted by the terms of this Agreement and all issued and outstanding stock certificates of the corporation must bear a legend reflecting or referring to the restrictions of Paragraphs B and C of this Section 17. There is no assignment fee due for transfer.

Any person who is or becomes a shareholder or member of Franchisee or has or acquires beneficial ownership of any of Franchisee's shares of stock or ownership in a limited liability company must execute an agreement in form furnished or approved by Franchisor undertaking to be bound jointly and severally by all provisions of this Agreement. Franchisee must furnish to Franchisor at any time upon request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form Franchisor requires, of all shareholders of record and all persons having beneficial ownership of shares of stock or all persons who are members of any limited liability company, reflecting their respective interests in Franchisee.

**F. PUBLIC OR PRIVATE OFFERINGS**

If Franchisee (or any of its owners), subject to the restrictions and conditions of transfer contained in this Section, attempts to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in Franchisee or any affiliate of Franchisee, Franchisee, recognizing that the written information used may reflect upon Franchisor, agrees to submit any written information to Franchisor before its inclusion in any registration statement, prospectus or similar offering circular or memorandum and to obtain the written consent of Franchisor to the method of financing before any offering or sale of securities. The written consent of Franchisor pursuant to this paragraph does not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering. No information respecting Franchisor or any of its affiliates shall be included in any securities disclosure document, unless information has been furnished by Franchisor, in writing, pursuant to Franchisee's written request, in which Franchisee states the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or any of its affiliates or any of their businesses in the offering literature or prospectus, the literature or prospectus must not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever.

The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:

> **"NEITHER MR. GOODCENTS FRANCHISE SYSTEMS, INC. NOR ANY OF ITS AFFILIATES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER MR. GOODCENTS FRANCHISE SYSTEMS, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER MR. GOODCENTS FRANCHISE SYSTEMS, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**

Franchisee and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) incurred in the defense of claims, demands or liabilities, arising from the offer or sale of securities, whether asserted by a purchaser of any security or by a governmental agency. Franchisor has the right (but not the obligation) to defend any claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or any of its affiliates or any of their respective officers, directors, employees or agents is named as a party.

### G. THE FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Franchisee or its owners at any time determine to sell or to transfer for consideration the franchise or the assets of the Restaurant, Franchisee or its owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must submit an exact copy of the offer to Franchisor. Franchisor has the right, exercisable by written notice delivered to Franchisee or its owners within 30 days from the date of delivery of an exact copy of the offer to Franchisor to purchase the Restaurant for the price and on terms contained in the offer, provided that Franchisor may substitute cash for any form of payment proposed in the offer and has a minimum of 60 days to prepare for closing. If Franchisor does not exercise its right of first refusal, Franchisee or its owners may complete the sale to purchaser pursuant to and on the terms of the offer, in accordance with Paragraphs B and C of this Section 17, provided, that if the sale to purchaser is not completed within 180 days after delivery of the offer to Franchisor, or, if there is a material change in the terms of the sale, Franchisor again has the right of first refusal.

## 18. RENEWAL OF FRANCHISE

### A. FRANCHISEE'S RIGHT TO RENEW

If, upon expiration of the initial term of the Franchise:

(1) Franchisee has, during the term of this Agreement, substantially complied with all its provisions; and

(2) (a) Franchisee maintains possession of and agrees to and does refurbish and decorate the premises of the Restaurant, replace fixtures, equipment, signs, and otherwise modify the Restaurant, in compliance with specifications and standards then applicable under new franchises for GOODCENTS RESTAURANTS; or

(a) Franchisee is unable to maintain possession of the premises, or in the judgment of Franchisor the Restaurant should be relocated, and Franchisee secures substitute premises approved by Franchisor and agrees to develop substitute premises in compliance with specifications and standards then applicable under new franchises for GOODCENTS RESTAURANTS;

then Franchisee has the right to renew the Franchise for one additional term equal to the then- customary initial term granted under Franchisor's then-current form of standard Franchise Agreement. Franchisee must pay Franchisor, one year prior to the date of renewal, a renewal fee equal to 50% of the then-current standard initial franchise fee in the then-current Franchise Agreement.

### B. NOTICE OF RENEWAL AND NONRENEWAL

Franchisee must give Franchisor written notice of his desire to exercise his option to renew at least one year before the expiration of this Agreement. If Franchisor determines that Franchisee does not have the right to renew the Franchise, Franchisor agrees to give Franchisee written notice of its determination at least 60 days from receipt of said notice of renewal. A notice of nonrenewal by Franchisor shall state the reasons for Franchisor's refusal to renew, and may include, without limitation, the failure of Franchisee to comply with the terms and conditions of this Agreement even if Franchisee has subsequently cured the breaches of this Agreement. A notice of nonrenewal for the reason of Franchisee's substantial default of this Agreement on three or more occasions during the term of this Agreement cannot be cured and Franchisee may be prohibited from renewing the Franchise in Franchisor's discretion.

If the reasons cited by Franchisor for Franchisee's nonrenewal are rectified and cured within 30 days of Franchisor's notice of nonrenewal, then the nonrenewal is not effective and Franchisee is allowed to renew the Franchise in compliance with the terms of this Agreement. Provided that if the reasons for nonrenewal include Franchisee's insolvency, or the occurrence of an assignment for the benefit of creditors

by Franchisee or Franchisee's filing of a petition in bankruptcy, then the nonrenewal is effective upon delivery of Franchisor's notice of nonrenewal.

If the reason given for nonrenewal is Franchisee's nonpayment of sums due under the Franchise Agreement to Franchisor and its affiliates, the Franchisee is entitled to a written notice of default and nonpayment and Franchisee has 10 days in which to cure and rectify default by payment of all sums, including interest due, in compliance with the terms of this Agreement.

### C. RENEWAL AGREEMENTS/RELEASES

As a condition precedent to the renewal of the Franchise, Franchisor, Franchisee (and its owners, partners or members, if Franchisee is a corporation, partnership or limited liability company) must execute the then-current form of the Franchise Agreement one year prior to the end of the term, pay the renewal fee and be bound by the Franchise Agreement and any ancillary agreements Franchisor then customarily uses in the grant of franchises for the ownership and operation of GOODCENTS RESTAURANTS (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal Franchise) and which may contain terms and conditions which are materially different from those in your previous Franchise Agreement, such as, but without limitation, (1) increases in the Royalty Fee, (2) increases in the contributions to the National Marketing Fund and Promotional Fund or to expenditures for advertising and promotion, (3) increases in other fees and (4) implementing new fees. Franchisee and its owners, partners or members must execute general releases, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, employees and agents. In addition, Franchisee and its managers may be required to attend and successfully complete a refresher training program required by Franchisor as a condition of renewal. Failure by Franchisee and its owners, partners or members to sign agreement(s) and releases within 30 days after delivery to Franchisee is deemed an election by Franchisee not to renew the Franchise.

## 19. COVENANTS

A. Franchisee covenants that during the term of this Franchise Agreement, Franchisee shall devote full time, energy and best efforts to meet its obligation under this Agreement and shall require its managers to devote full time and best efforts to the operation of the Restaurant.

B. Franchisee and Franchisee's Principals specifically acknowledge, pursuant to this Agreement, that they will receive valuable specialized training, trade secrets and Confidential Information, including, without limitation, information regarding the operation, site selection, and other methods and techniques of Franchisor and the System, which are beyond their present skills and experience. Franchisee and Franchisee's Principals acknowledge that such training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development of the Restaurant and that gaining access to such training, trade secrets and Confidential Information is a primary reason for entering into this Agreement. In consideration for such training, trade secrets and Confidential Information, Franchisee and Franchisee's Principals covenant that, with respect to Franchisee, during the term of this Agreement and, with respect to each of Franchisee's Principals, during the term of this Agreement and for so long as such individual or entity satisfies the definition of "Principal" as described in Section 22, paragraph L, of this Agreement, neither Franchisee nor any of Franchisee's Principals shall, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, corporation, limited liability company, limited liability partnership or any other entity:

(1) divert, or attempt to divert, any business or customer of the franchised business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks and the System;

(2) except with respect to GOODCENTS RESTAURANTS operated under franchise agreements between Franchisee and its affiliates, and Franchisor or its affiliates, own, maintain, operate,

engage in, or have an ownership interest, or serve as an employee, or consultant, or representative or any in other capacity, (including any right to share in revenues or profits) in any "Competitive Business," without written approval of Franchisor. For the purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a GOODCENTS RESTAURANT. As used herein, the term "similar" means a restaurantbusiness which looks like, copies, imitates, or operates in any manner similar to a GOODCENTS RESTAURANT, including, but not limited to, a restaurant which has a similar menu or similar decor, design or trade dress, or which features sandwiches or pasta as menu items, and which restaurant business is located, or is intended to be located, within the United States, its territories or commonwealth, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of, or registered the same or similar Licensed Marks or operate or licenses others to operate businesses under the same or similar Licensed Marks;

(3) during the term of this Agreement, neither the Franchisee nor any Principal may employ or seek to employ any person employed by Franchisor or by any other franchisee of Franchisor or otherwise, directly or indirectly, induce persons to leave their employment, except with the express written permission of Franchisor, in its sole discretion; and

(4) the above provisions relating to interests in other Restaurants does not apply to Franchisee's ownership of the outstanding equity securities of any publicly-held company, if the interest is held for investment only and that Franchisee's total holdings do not constitutemore than one percent of the outstanding securities of the corporation.

C. Franchisee and Franchisee's Principals specifically acknowledge they will receive valuable specialized training, trade secrets and Confidential Information, including, without limitation, information regarding the operation of the Restaurant and other methods and techniques of Franchisor and the System, which are beyond the present skills and experience possessed by Franchisee and that such training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurant and that gaining access to such training, trade secrets and Confidential Information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such training, trade secrets, and Confidential Information, Franchisee and the Principals covenant that with respect to Franchisee, commencing upon the earlier of:

(1) the expiration, termination of, or transfer of all of Franchisee's interest in, this Agreement;

(2) the time that any individual or entity ceases to satisfy the definition of "Principal" and

(a) continuing for two years thereafter, neither Franchisee, nor any of the Principals, shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company or corporation;

(b) divert, or attempt to divert any business or a customer of the franchise business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks and the System;

(c) except as provided in this Agreement, employ, or seek to employ any person who is employed by Franchisor by any of its affiliates or by any other franchisee (including, as applicable, any Developer of Franchisor), or otherwise directly or indirectly induce such person to leave that person's employment;

(d) own, maintain, operate, engage in, or have an ownership interest,or serve as an employee, or consultant, or representative or in any other capacity (including any right to share in

revenues or profits) or serve as an employee, or consultant, or representative or in any other capacity, in any Competitive Business that is located at or within or that is intended to be located at or within a 15 mile radius of the location of Franchisee's Restaurant or within a 15 mile radius of the location of any existing GOODCENTS RESTAURANT, any GOODCENTS RESTAURANT under construction or under lease or purchase agreement executed by Franchisor, its affiliates or any franchisee. For the purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a GOODCENTS RESTAURANT. As used herein, the term "similar" means a restaurant business that looks like, copies, imitates, or operates in any manner like a GOODCENTS RESTAURANT, including but not limited to, a Restaurant which has a similar menu or has similar decor, design or trade dress or which features sandwiches or pasta as menu items;

(e) Franchisee and the Principals expressly agree that the existence of any claims that they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 19.

D. Franchisee acknowledges that a violation of any covenant in this Section 19 would cause irreparable damage to Franchisor, the exact amount of which may not be subject to reasonable or accurate ascertainment. Franchisee consents that if there is a violation of a covenant, Franchisor may seek injunctive relief to restrain Franchisee, or anyone acting for or on Franchisee's behalf from violating covenants or any other remedies to which Franchisor may then be entitled. If Franchisor prevails in any suit to enforce any provision, Franchisor is entitled to receive, in addition to any relief or remedy granted, the cost of bringing the suit, including reasonable attorney's fees. The covenants set forth in this Section 19 survive the termination or expiration of this Agreement.

E. Franchisee must not, during the term of this Agreement or after its termination or nonrenewal, communicate or divulge to any other person, persons, partnership or corporation, except to employees, agents, or contractors who must know for purposes of operating the franchised business, any information or knowledge concerning the methods of service, promotion or sale used in a GOODCENTS franchise nor shall Franchisee disclose or divulge in whole or in part, any other Confidential Information, trade secrets or marketing techniques of Franchisor or its affiliated companies. Franchisee must require each of its employees, agents and contractors with access to information to execute a nondisclosure agreement in a form approved by Franchisor.

F. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 19 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 19.

## 20. TERMINATION

A. Franchisee shall be deemed to be in default under this Agreement, and all rights granted by this Agreement shall automatically terminate without notice to Franchisee if:

(1) Franchisee shall become insolvent or make a general assignment for the benefit of creditors; or

(2) a petition in Bankruptcy is filed under any chapter of Title 11 of the United States Code by Franchisee or by a Principal of the Franchisee who has signed the Guaranty and Assumption of Obligations Agreement attached to this Franchise Agreement; or

(3) such a petition is filed against Franchisee and not opposed by Franchisee; or

(4) if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or

(5) if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or

(6) if proceedings for a composition with or assignment for the benefit of creditors under any state or federal law should be initiated by or against Franchisee; or

(7) if a final judgment against Franchisee for money damages remains unsatisfied or of record for 30 days or longer (unless supersedes bond is filed); or

(8) if Franchisee is dissolved; or

(9) if execution is levied against Franchisee's business or property; or

(10) if suit to foreclose any lien against the premises or equipment or any Restaurant operated hereunder is instituted against Franchisee and not dismissed within 30 days; or

(11) if the personal property of the Restaurant developed hereunder shall be sold after levy thereupon by any sheriff, marshal or constable.

B. Franchisee is deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted without granting Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, upon the occurrence of any of the following events:

(1) if Franchisee fails on three separate occasions within any 12-month consecutive period to comply with a material provision of this Agreement, whether or not failure to comply is corrected after notice is sent to Franchisee;

(2) if Franchisee fails to develop or open the Restaurant for business as a GOODCENTS RESTAURANT within the period specified in this Agreement;

(3) if Franchisee or any of the Principals is convicted of, or enters a plea of nolo contendere to, a felony, or a crime involving moral turpitude, or any other crime or offense Franchisor believes is reasonably likely to have an adverse effect on the System, the Licensed Marks, the goodwill of the System or Franchisor's interests;

(4) if an immediate threat or danger to public health or safety results from the construction, maintenance or operation of the Restaurant;

(5) if Franchisee, or an owner, member, principal or shareholder, of Franchisee, or an affiliated company of Franchisee, regardless of the percentage of ownership, has breached the terms of any other Franchise Agreement with Franchisor for the operation of a Restaurant which results in the termination of the other Franchise Agreement;

(6) if Franchisee ceases to operate the Restaurant for two consecutive days without prior approval or otherwise abandons the Restaurant;

(7) if Franchisee maintains false books or records, or submits any false reports to Franchisor;

(8) if Franchisee or Franchisee's Restaurant Manager fails to satisfactorily complete Franchisor's training program in compliance with the terms of this Agreement;

(9) if Franchisee misuses or makes any unauthorized use of the Licensed Marks;

(10) if Franchisee fails to timely pay Royalty Fees, advertising contributions, amounts due for purchases from Franchisor or its affiliates or other payments due to Franchisor or its affiliates, after 10 days written notice to Franchisee and the Franchisee fails to cure the good cause of termination of the Franchise Agreement by payment of the past due amount for Royalty Fees, advertising contributions, or for purchases from Franchisor or its affiliates during the 10-day notice period;

(11) if Franchisee fails to timely pay amounts due to trade accounts in the operation of this business, after 10 days written notice to Franchisee and the Franchisee fails to cure the good cause for termination of the Franchise Agreement by paying the past due trade accounts during the 10-day notice period; or

(12) Franchisee or any direct or indirect owner makes an unauthorized assignment or transfer of this Agreement, the Restaurant or an ownership interest in the Franchisee.

C. Franchisor has the absolute right to terminate this Agreement by providing Franchisee 30 days prior written notice of the termination for a default of the terms of this Agreement, said notice stating the default constituting good cause for termination. For purposes of this Agreement a default constituting good cause includes any default set forth below or any other breach of this Agreement or Franchisee's failure to comply substantially with the essential and reasonable requirements imposed upon Franchisee by Franchisor. The written notice of termination shall give Franchisee 30 days in which to cure the matter giving rise to the good cause for termination. Termination shall be effective upon the expiration of the 30-day notice period and Franchisee's failure to cure the default or Franchisee's failure to comply substantially with the essential and reasonable requirements imposed upon Franchisee by Franchisor. It shall be a default of the Franchise Agreement if Franchisee or an affiliated company of Franchisee and/or any ofits owners and/or managers and/or the Restaurant:

(1) fails to obtain lawful possession of an approved location for the Restaurant as provided in this Agreement, or fails to satisfactorily complete the training program as provided in this Agreement;

(2) abandons, surrenders, transfers control of, loses the right to occupy the premises of the Restaurant, fails to obtain an alternative site, or fails to actively operate the Restaurant;

(3) has made a material misrepresentation or omission in the application for the franchise;

(4) fails to attend any supplemental or refresher training programs required pursuant to this Agreement;

(5) makes an unauthorized use or disclosure of the Confidential Information or the Operations Manual;

(6) submits a report understating the Royalty Fee;

(7) violates any of the covenants or requirements contained in this Agreement;

(8) fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedures prescribed by Franchisor, including any procedure or requirement set forth in the Operations Manual or any standard relating to image or customer service; or

(9) violates the terms of any other Franchise Agreement with Franchisor, or if an affiliate company of Franchisee violates the terms of any Franchise Agreement with Franchisor, or if any owner of a 10% or greater equity interest in Franchisee is an owner of a 10% or greater equity interest in another franchisee entity pursuant to a franchise agreement with Franchisor and such other franchisee violates the terms of the other franchise agreement with Franchisor.

## 21. POST-TERMINATION

A. Upon termination or expiration of this Agreement, Franchisee's right to operate the Restaurant shall cease and Franchisee shall immediately:

(1) cease to operate the Restaurant and shall not thereafter, directly or indirectly represent to the public or hold itself out as a present or former Franchisee of Franchisor;

(2) immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, materials, confidential methods, procedures, and techniques associated with the GOODCENTS SYSTEM or which display the Licensed Marks or any other distinctive forms, slogans, interior and exterior signs, symbols, or devices associated with or belonging to Franchisor and Franchisee shall, at Franchisee's expense, return to Franchisor, without compensation, all materials, equipment, signs, menu boards, packaging and other materials bearing the Licensed Marks;

(3) make such modifications or alterations as may be necessary to distinguish the former Restaurant so clearly from its former appearance and from other GOODCENTS RESTAURANTS to prevent any possibility of confusion by the public, including removal of all distinctive physical and structural features identifying GOODCENTS RESTAURANTS and removal of all distinctive signs and emblems. Franchisee shall, at his expense, make such specific additional changes as Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within five days, Franchisee agrees that Franchisor or its designated agents may enter the premises of the former Restaurant and adjacent areas at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to Franchisor and consents to entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order. Franchisee will make such other modifications or alterations to the Restaurant site operated hereunder (including, without limitation, the changing of all telephone numbers and other communication equipment listings), including the improvements thereon, as may be necessary or as requested by Franchisor to prevent the operation of any business on the Restaurant site which might be deemed substantially similar to that of Franchisor or any other Franchisee of Franchisor; provided, however, that Franchisor may waive this provision in the case where Franchisor exercises its option to obtain an assignment of the Lease under the Lease Assignment Agreement or otherwise takes over the Restaurant site. In the event Franchisee fails or refuses to comply with the requirements of this Section, Franchisor shall have the right without affecting its other rights at law or in equity to enter upon the Franchisee's business premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee;

(4) return to Franchisor the Operations Manual and all copies of all Business and Reporting Forms, records, files, instructions, correspondence, agreements, and any signage and menu board inserts and all materials, equipment using the Licensed Marks, and all other materials relating to the franchised business operated hereunder in Franchisee's possession, and all copies thereof (all of which are

hereby acknowledged to be Franchisor's sole property) without copying or duplication of any sort; and

(5) assign to Franchisor all telephone numbers utilized by Franchisee in the operation of its GOODCENTS RESTAURANT. As to each telephone number for which Franchisee may be the subscriber and which shall have been listed or advertised by Franchisee at any time within the 24 month period prior to termination in any telephone directory or other medium in connection with any of the Licensed Marks or any similar designation, Franchisee shall immediately transfer and assign any such number to Franchisor or to such person or firm as Franchisor may designate, and shall immediately execute such instruments and take such steps as in the opinion of Franchisor may be necessary or appropriate to transfer and assign each such telephone number, and Franchisee further irrevocably appoints the then-acting President of MR. GOODCENTS FRANCHISE SYSTEMS, Inc., or its successor as his duly authorized agent and attorney-in-fact to execute all such instruments and take all such steps to transfer and assign each such telephone numbers.

B. In the event of termination, Franchisor may retain all obligations of Franchisee to Franchisor and all rights of Franchisee under this Agreement shall automatically terminate; however, any obligations of Franchisee to take or abstain from taking any action upon termination pursuant to this Agreement shall not be affected by such termination, including the payment to Franchisor of all sums due from Franchisee at the time of termination.

C. Upon termination, expiration or refusal by Franchisee to renew or extend this Agreement, Franchisor shall have the right with respect to any lease for equipment used in the operation of the Restaurant or with respect to a lease for the premises of the Restaurant to require Franchisee to assign to Franchisor any interest which Franchisee has in any lease or sublease for the premises of the Restaurant or any lease for any equipment used in the operation of the Restaurant. Franchisor may exercise such option at or within 30 days after the termination or expiration of this Agreement.

D. If this Agreement expires (without renewal) or is terminated for good cause by Franchisor in accordance with the provisions of this Agreement, then Franchisor has the option, exercisable by giving written notice within 30 days from the date of expiration or termination, to purchase from Franchisee the tangible assets (including inventory of salable products, materials, supplies, signs, equipment and fixtures owned by Franchisee, but excluding any unamortized portion of the initial franchise fee, cash, short term investments and accounts receivable) of the Restaurant (collectively, the "Purchased Assets") and to an assignment of Franchisee's lease for (i) the premises of the Restaurant (or, if an assignment is prohibited, a sublease for the fully remaining term and on the same terms and conditions as Franchisee's lease) and (ii) any other tangible assets used in connection with the Restaurant. Franchisor has the unrestricted right to assign this option to purchase separate and apart from the remainder of this Agreement. If Franchisor does not elect to exercise its option to acquire the lease or sublease for the Restaurant premises, Franchisee must make modifications or alterations to the Restaurant as are reasonably necessary to distinguish the appearance of the Restaurant from that of the GOODCENTS RESTAURANTS operating under this System. If Franchisee fails to comply with these requirements, Franchisor has the right to enter the premises, at Franchisee's expense, to make or caused to be made the changes as may be required by Franchisor.

E. The purchase price for the Purchased Assets in the event this Agreement is terminated for good cause by Franchisor, shall be at Franchisee's cost or fair market value, whichever is less. If the parties cannot agree on the fair market value within 30 days of Franchisor's exercise of its option, fair market value will be determined by an audit/appraisal to be conducted by three appraisers. Franchisor and Franchisee shall each select one appraiser. The two appraisers chosen by Franchisor and Franchisee shall then select the third and final appraiser. Franchisor and Franchisee shall be responsible for the costs of the appraiser appointed by them. The cost of the audit and the cost of the third appraiser shall be shared equally by Franchisor and Franchisee. The decision of the majority of the appraisers on the audit/appraisal shall be final and binding on the parties. Fair market value shall not contain any amount or factor for any trademark, service mark or other commercial symbol used in connection with the operation of the GOODCENTS RESTAURANT, or for any goodwill for the GOODCENTS RESTAURANT. Any assets purchased

hereunder which do not meet quality standards of Franchisor may also be excluded from the purchase price or ascribed no value.

F. The purchase price, as determined above, shall be paid in cash at the closing of the purchase, which shall take place no later than 60 days after the delivery of Franchisor's notice of its election to purchase the Purchased Assets (unless fair market value is determined by audit, in which case, the closing shall take place within 60 days after the results of the audit are made available). At the closing, Franchisee must:

(1) Deliver instruments transferring good and merchantable title to the Purchased Assets, free and clear of all liens, encumbrances and liabilities to Franchisor or its designee, with all sales and other transfer taxes paid by Franchisee;

(2) Transfer or assign all licenses or permits which may be assigned or transferred;

(3) Assign to Franchisor or its designee Franchisee's leasehold interest to the premises of the Restaurant or, if an assignment is prohibited, sublease same to Franchisor for the full remaining term and on the same terms and conditions as Franchisee's lease, including renewal and/or purchase option; and

(4) Assign to Franchisor or its designee, any leases for other tangible assets used in connection with the Restaurant. If Franchisee cannot deliver clear title to all the Purchased Assets above, or if there are other unresolved issues, the closing of the sale shall, at Franchisor's option, be accomplished through an escrow. Franchisor has the right to set off against and reduce the purchase price by all amounts owed by Franchisee to Franchisor or to any of its affiliates.

G. In addition to the options granted above, if Franchisee owns the premises of the Restaurant, then Franchisor shall have the option, which may be exercised by Franchisor in its sole discretion within 30 days after termination or expiration of this Agreement, to purchase the premises (including land and all improvement thereon), for the fair market value of the land and building. The purchase price shall be at fair market value which will be determined as provided in paragraph E and the purchase price shall be paid in compliance with paragraph F. Franchisor shall purchase only assets and shall assume no liabilities, unless otherwise agreed to in writing by Franchisor and Franchisee.

H. If the Franchisor exercises the foregoing option to purchase the Restaurant, Franchisor has the right pending the closing of purchase to appoint a manager to maintain the operation of the Restaurant.

I. If Franchisor terminates this Agreement for good cause under Section 20, Franchisee acknowledges and agrees that (i) the actual or anticipated damages suffered by Franchisor, including, but not limited to the lost royalties and related fees, would be difficult if not impossible to calculate. Therefore, if Franchisee terminates this Agreement under Section 20, Franchisee must pay to Franchisor an amount equal to $100,000 (hereinafter referred to as a "Liquidated Damages Payment"). Such amount shall be paid by Franchisee to Franchisor promptly, but in no event later than 15 days after the effective date of the termination of this Agreement. The parties agree that the agreements contained in this Section 21(I) are an integral part of this Agreement and that Franchisor has no adequate remedy at law in the event of Franchisee's breach of this Agreement, because it is impossible to compute exactly the damages that would accrue to Franchisor in such event. The parties therefore have taken these facts into account in setting the amount of the Liquidated Damages Payment and hereby agree that the applicable Liquidated Damages Payment (i) represents damages and not a penalty against Franchisee, and (ii) represents a reasonable estimate of the damages incurred by Franchisor upon Franchisee's breach of this Agreement. Franchisor's right to receive the Liquidated Damages Payment from Franchisee shall be in addition to Franchisor's other rights under this Agreement.

J. All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect subsequent to its expiration or termination until they are satisfied or expire.

## 22. ENFORCEMENT

### A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement is considered severable. If for any reason, any portion of this Agreement is held in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as may remain otherwise intelligible. The surviving portions of this Agreement shall continue to be given full force and effect and bind the parties to this Agreement. Any portion of this Agreement held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party, otherwise upon Franchisee's receipt of a notice of non-enforcement from Franchisor.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure Franchisor prescribes is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions, or any specification, standard or operating procedure Franchisor prescribes, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

### B. WAIVER OF OBLIGATIONS

No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee under this Agreement constitutes a waiver by Franchisor to enforce any right, option, duty or power against Franchisee or as to any subsequent breach or default by Franchisee. Acceptance by Franchisor of any payments due to it after the time at which the payment is due, is not deemed to be a waiver of Franchisor of any preceding breach by Franchisee of any terms, provisions, covenants or conditions of this Agreement. Franchisor specifically is not deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant, or to declare any breach to be a default and to terminate the franchise before the expiration of its term) by virtue of any custom or practice of the parties at variance with the terms of this Agreement; or by any failure, refusal or neglect of Franchisor to exercise any right under this Agreement or to insist upon exact compliance by the Franchisee with its obligations, including any mandatory specification, standard or operating procedure.

Neither Franchisor nor Franchisee are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the

foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

### C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Franchisee acknowledges that in the event of a breach of the covenants and agreements of Franchisee herein concerning the use of the Licensed Marks and obligation to honor the non- competition provisions of the Franchise Agreement, both those applicable during the term of the Franchise Agreement and applicable after the termination thereof, Franchisor would suffer irreparable injury and harm which would not be calculable in terms of money damages and money damages would not make Franchisor whole.

Notwithstanding anything herein to the contrary, Franchisee consents that Franchisor shall be entitled to injunctive relief, both temporary and permanent, to restrain Franchisee's breach of said covenants and agreements and such relief may be granted to any Court to which Franchisee is subject to jurisdiction. Franchisee also agrees that Franchisor will be entitled to such injunctive relief without posting any type of bond.

### D. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy precludes the exercise or enforcement by Franchisor or Franchisee of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

### E. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by Franchisee to Franchisor or any of its affiliates is asserted in any legal proceeding before a court of competent jurisdiction or by arbitration, or if Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding, the Franchisor is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and attorney's fees.

### F. JURY TRIAL WAIVER

Franchisor and Franchisee irrevocably each waive trial by jury in any action brought by either of them. Franchisee and Franchisor agree that any litigation, suit, action, counterclaim, cross claim or proceeding, whether at law or in equity, which arises out of, concerns, or as related to this Agreement or any of the relationships or transaction contemplated hereunder, the performance of this Agreement, the relationship between the parties or otherwise, trial shall be to a court of competent jurisdiction and not to a jury. Franchisor and Franchisee irrevocably waive any right either party may have to trial by jury.

### G. GOVERNING LAW

To the extent not inconsistent with applicable law, this Agreement and the offer and sale of a franchise is governed by the laws of the State of Kansas which laws shall prevail in the event of any conflict of laws.

### H. EXCLUSIVE JURISDICTION

With respect to any claims, controversies or disputes which are not finally resolved through mediation or as otherwise provided in this Agreement, Franchisee and the Principals hereby irrevocably

submit themselves to the state courts of the state and county of Kansas and the Federal District Court having jurisdiction over the same geographical area. Franchisee and the Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by the law of the state of Kansas. Franchisee and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be in Johnson County, Kansas; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or Federal District Court which has jurisdiction.

## I. VARIANCES

Franchisee acknowledges that Franchisor has and may at different times approve exceptions or changes from the uniform standards of the System in Franchisor's absolute sole discretion which Franchisor deems desirable or necessary under particular circumstances. Franchisee understands that he has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance from Franchisor in writing. Franchisee understands existing franchisees may operate under different forms of agreements and that the rights and obligations of existing franchisees may differ materially from this Agreement.

## J. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

## K. CONSTRUCTION/INTEGRATION CLAUSE

Nothing in this Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document. Franchisee acknowledges that Franchisee is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Franchisee's own independent investigation of the franchised business and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, Independent Contractors, attorneys, or franchisees, which are contrary to the terms set forth in this Agreement or of any franchise disclosure document, offering circular, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

Franchisee hereby acknowledges and further represents and warrants to Franchisor that:

(1) Franchisee has placed no reliance on any oral or written statements, whether referred to as representations, warranties, inducements or otherwise, which are not contained in this Agreement or in the Franchise Disclosure Document given Franchisee by Franchisor;

(2) Franchisee has entered into this Agreement after making an independent investigation of Franchisor's operations and the System;

(3) Franchisor has not made any guarantee or provided any assurance that the business location will be successful or profitable regardless of whether Franchisor may have approved of the franchise or site location;

(4) Franchisee has (i) read this Agreement in its entirety and understands its contents; (ii) been given the opportunity to clarify any provisions that Franchisee did not understand and (iii) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and the operation of the System;

(5) Franchisee has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the franchise offered by Franchisor;

(6) Franchisee has received a copy of the Franchisor's Franchise Disclosure Document 14 calendar days before execution of this Agreement or 14 calendar days before any payment of any consideration.

Except as may have been disclosed at Item 19 of Franchisor's Franchise Disclosure Document, Franchisee represents and warrants to Franchisor that no claims, representations or warranties regarding the earnings, sales, profits, success or failure of the franchised businesshave been made to Franchisee and no such claims, representations or warranties have induced Franchisee to enter into this Agreement.

Except for those changes permitted to be made unilaterally by Franchisor, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

Nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the disclosure document.

### L. PRINCIPALS

The term "Principals" includes any officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) or the managing member of a limited liability company and the spouse of any officer or director or managing member and of any person or entity directly or indirectly owning and/or controlling 10% or more of Franchisee. The initial Franchisee's Principals shall be listed in Schedule C. Each Principal must sign and must comply with the requirements of the Guaranty and Assumption of Obligations Agreement attached to this Agreement.

## 23. WAIVER OF DAMAGES

Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, Independent Contractors, servants and employees of each of them, in their corporate and individual capacities, arising out of any cause whatsoever (whether that cause is based on contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee is limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) continues in full force and effect.

## 24. NOTICES

All notices, requests, demands, payments, consents and other communications hereunder shall be transmitted in writing and shall be deemed to have been duly given when delivered in person or when sent by regular, registered or certified United States mail, postage prepaid, return receipt requested, or when deposited with a public telegraph company or facsimile for immediate transmittal, charges prepaid, addressed as follows:

FRANCHISOR: MR. GOODCENTS FRANCHISE SYSTEMS, INC.
8997 Commerce Drive
De Soto, Kansas 66018
Attention: Compliance Officer

FRANCHISEE: _____

_____

_____

Either party may change their address by giving notice of such change of address to the other party. Mailed notices shall be deemed communicated within three days from the time of mailing if mailed as provided in this Section.

## 25. CAVEAT

A. The success of the business venture contemplated to be undertaken by this Franchise Agreement is speculative and depends, to a large extent, upon the ability of the Franchisee as an independent businessperson, and the active participation of Franchisee in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

B. Franchisee acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to Gross Revenue, volume, potential earnings or profits which Franchisee in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth in this Agreement, or in the franchise disclosure document provided Franchisee by Franchisor to induce the Franchisee to accept this Franchise and execute this Agreement.

C. Franchisee represents and acknowledges that he has received Franchisor's Franchise Disclosure Document 14 calendar days before the date of the execution of this Agreement, and that a copy of this Agreement with all blanks filled was received from Franchisor at least seven calendar days before the date of execution of this Agreement.

D. Franchisee represents that he has read this Agreement in its entirety and that he has been given the opportunity to clarify any provisions that Franchisee did not understand and to consult with any attorney or other professional advisor. Franchisee further represents that he understands the terms, conditions and obligations of this Agreement and agrees to be bound.

## 26. MISCELLANEOUS

A. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.

C. Franchisee will be responsible for all costs and expenses associated with complying with Franchisee's obligations under this Agreement.

D. The "Franchisee" as used in this Agreement is applicable to one or more persons, a corporation, partnership, limited partnership or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee under this Agreement, their obligations and liabilities to Franchisor shall be joint and several. References to "Franchisee" and "Assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Franchisee or the Assignee, if Franchisee or the Assignee is a corporation, partnership, limited partnership or limited liability company.

This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

IN WITNESS WHEREOF the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

FRANCHISOR:

MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation

By:_____

Title:_____

FRANCHISEE:

(If Franchisee is a corporation)

_____
Name of Corporation

By: _____

Title: _____

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

_____
Franchisee

_____
Franchisee

_____
Franchisee

_____
Franchisee

(If Franchisee is a Limited Liability Company)

_____
Name of Limited Liability Company

By: _____
Title: _____

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this_____day of_____, 20___ by _____ (the "Guarantor").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (the "Agreement") by MR. GOODCENTS FRANCHISE SYSTEMS, INC. (the "Franchisor"), and with_____, a _____, each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and all other obligations owed by Franchisee to the Franchisor or any affiliate of the Franchisor; and (b) agrees to be bound by, and personally liable for the breach of, each and every provision in the Agreement or any other agreement between Franchisee, on the one hand, and the Franchisor or any affiliate of Franchisor, on the other hand, including monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor or its affiliates of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this Guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor or its affiliates of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or its affiliates may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Guarantor hereby consents and agrees that:

(1) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners of Franchisee;

(2) Guarantor shall render any payment or performance required under the Franchise Agreement or otherwise upon demand if Franchisee fails or refuses punctually to do so;

(3) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Franchise Agreement or other agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(4) Franchisor or any of its affiliates may proceed against Guarantor and Franchisee jointly and severally, or Franchisor or any of its affiliates may, at its option, proceed against Guarantor, without

having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(5) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

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

GUARANTOR(S)

_____

_____

_____

_____

**SCHEDULE A**
**TO THAT CERTAIN**
**GOODCENTS FRANCHISE AGREEMENT**
**BY AND BETWEEN MR. GOODCENTS FRANCHISE SYSTEMS, INC.**
**AND _____**
**DATED_____, 20___**
**(the "Franchise Agreement")**

1. Restaurant Location. The parties to this Agreement agree that the Restaurant to be operated by Franchisee pursuant to the Franchise Agreement shall be located at the following premises:

_____

_____

_____

_____

2. Restaurant Opening. Franchisee agrees to complete the development and open the Restaurant for business in a time period not to exceed one hundred eighty (180) days from the date of this Agreement.

3. Defined Terms. All capitalized or initial capitalized terms contained in this Schedule and not defined in this Schedule shall have the same meaning as ascribed to them in the Franchise Agreement.

| | |
|---|---|
| FRANCHISOR: | FRANCHISEE: |
| MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation | (If Franchisee is a corporation) |
| | _____ |
| | Name of Corporation |
| By:_____ | By: _____ |
| Title:_____ | Title: _____ |

**ALTERNATIVE TO SCHEDULE A**
**TO THAT CERTAIN**
**GOODCENTS FRANCHISE AGREEMENT**
**BY AND BETWEEN MR. GOODCENTS FRANCHISE SYSTEMS, INC.**
**AND _____**
**DATED_____, 20___**
**(the "Franchise Agreement")**

1. Area For Restaurant Location. Within 90-120 days after the date of the Franchise Agreement, Franchisee shall submit to Franchisor a lease for the site of the Restaurant and obtain approval of the location within the following described geographical area (the "Area"):

_____

_____

_____

_____

2. Approval of Location and Restaurant Opening. In order to obtain Franchisor's approval of proposed premises for the Restaurant, Franchisee must submit to Franchisor a complete site report (containing information Franchisor requires) for the location at which Franchisee proposes to establish and operate the Restaurant and which Franchisee reasonably believes to conform to the standardized site selection criteria established by Franchisor. The proposed location is subject to Franchisor's prior written approval, which will not be unreasonably withheld. In approving or disapproving the proposed location, Franchisor will consider matters it deems material, including demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses, including other GOODCENTS RESTAURANTS, commercial characteristics, the rental obligations and other lease terms for the proposed location, and the size of premises, appearance and other physical characteristics. Franchisor will, by delivery of written notice to Franchisee, approve or disapprove a location proposed by Franchisee for the Restaurant within 30 days of receipt by Franchisor of the complete site report and other materials requested by Franchisor, containing all information reasonably required by Franchisor. A site will be deemed to be approved if not disapproved by Franchisor in writing within 30 days of receipt of the complete site report and other requested materials.

Franchisor and Franchisee agree that Franchisor's written approval of a proposed location is deemed an agreement by Franchisor and Franchisee that the location shall be the location of the Restaurant to be operated by Franchisee pursuant to the Franchise Agreement. As soon as reasonably practical after approval of the location, Franchisor and Franchisee shall complete and execute Schedule A.

At Franchisee's request, Franchisor will provide Franchisee with reasonable assistance in the selection and evaluation of a proposed location for the Restaurant.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S SELECTION OR APPROVAL OF A PROPOSED LOCATION AND ANY INFORMATION IMPARTED TO FRANCHISEE REGARDING THE PROPOSED LOCATION SHALL NOT CONSTITUTE A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED LOCATION FOR A GOODCENTS RESTAURANT OR FOR ANY OTHER PURPOSE.

Franchisee agrees to complete the development and open the Restaurant for business within 360 days from the date of the Franchise Agreement.

3. Termination of Franchise Agreement. Franchisor has the right to terminate the Franchise Agreement, effective upon delivery of notice of termination to Franchisee, if Franchisee fails to open the

Restaurant within 180 days after the date of the Franchise Agreement.

4. Defined Terms. All capitalized and initial capitalized terms contained in this Schedule and not defined in this Schedule shall have the same meaning as ascribed to them in the Franchise Agreement.

FRANCHISOR:

MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation

By:_____

Title:_____

FRANCHISEE:

(If Franchisee is a corporation)

_____
Name of Corporation

By: _____

Title: _____

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

_____
Franchisee

_____
Franchisee

_____
Franchisee

_____
Franchisee

(If Franchisee is a Limited Liability Company)

_____
Name of Limited Liability Company

By: _____

Title: _____

# SCHEDULE B
# CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this_____day of_____, 20___, between Mr. Goodcents Franchise Systems, Inc., a Kansas corporation ("Franchisor"), _____ _____("Franchisee"), and _____ ("Covenantor").

## RECITALS

WHEREAS, Franchisor has obtained the right to develop a unique system (the "System") for the development and operation of GOODCENTS RESTAURANTS under the name and marks GOODCENTS® ("GOODCENTS RESTAURANTS"); and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks GOODCENTS® and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service and distinctive marketing, uniform standards, specifications and procedures for performing services, for marketing inventory, merchandising, management and financial control; operations; quality and uniformity of services offered; training and assistance; and advertising, marketing and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time and are used by Franchisor in connection with the operation of the System ("Trade Secrets"); and

WHEREAS, the Licensed Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has grated Franchise the limited right to develop a GOODCENTS RESTAURANT using the System, the Licensed Marks and the Trade Secrets, pursuant to a Franchise Agreement entered into on _____, 20_____ ("Franchise Agreement"), by and between Franchisor and Franchise; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain employees, agents, Independent Contractors, officers, directors and equity interest holders of Franchisee, or any entity having an interest in Franchisee ("Covenantor") to have access to and to use some of all of the Trade Secrets in the management and operation of Franchisee's GOODCENTS RESTAURANT using the System; and

WHEREAS, Franchisee has agreed to obtain from those covenantors written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Franchisee; and

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform the services for Franchisee; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein;

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained herein, the parties agree as follows:

**Confidentiality Agreement**

1. Franchisor and/or Franchisee shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, manuals, drawings, marketing techniques, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or Covenantor shall be deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenantor shall receive the Trade Secrets in confidence and shall, at all times, maintain them in confidence, and use them only in the course of his employment or association with a Franchisee and then only in connection with the development and/or operation by Franchisee of a GOODCENTS RESTAURANT for so long as Franchisee is licensed by Franchisor to use the System.

3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of a GOODCENTS RESTAURANT.

5. Covenantor shall surrender any material containing some or all of the Trade Secrets to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Covenantor.

6. Covenantor shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

7. All manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

**Covenants Not to Compete**

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Covenantor of the Trade Secrets, Covenantor further agrees and covenants as follows:

a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the GOODCENTS RESTAURANT to any competitor; and

b. Not to employ, or seek to employ, any person who is at the time or was within the preceding 180 days employed by Franchisor, any of its affiliates or any franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Franchisee's employment of such person if permitted under the Franchise Agreement.

c. Not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership, corporation or limited liability company, without the prior written consent of Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures) become employed, advise, assist or make loans to, any business that is of a character and concept similar to a GOODCENTS RESTAURANT. As used in this Agreement, the term "similar" means a business engaged in obtaining, selling or otherwise dealing in sandwiches or pasta restaurant or in any other substantially similar or competitive establishment for the promotion or sale of sandwiches and pasta or other food related products which looks like, copies, imitates, or operates in a manner similar to a GOODCENTS RESTAURANT and which the Restaurant is located at or within, or is intended to be located, at or within a 15 mile radius of the location of Franchisee's Restaurant or within a 15 mile radius of the location of any GOODCENTS RESTAURANT in existence or under construction, whether owned by Franchisor or its affiliates or by a Franchisee or where land has been purchased or a lease has been executed by a Franchisor, its affiliate or any Franchisee.

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and to protect the uniqueness of the System, Covenantor agrees and covenants that during the time of Covenantor's employment with Franchisee and for two years following the earlier of the expiration, termination or transfer of all Franchisee's interest in the Franchise Agreement or the termination of his association with or employment by Franchisee, Covenantor will not without the prior written consent of Franchisor:

a. divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the GOODCENTS RESTAURANTS to any competitor;

b. employ, or seek to employ, any person who is at the time or was within the preceding 180 days employed by Franchisor, any of its affiliates or any franchisee of franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment; and

c. own, maintain, operate, engage in, or have an ownership interest, or serve as an employee, or consultant, or representative or in any other capacity (including any right to share in revenues or profits) or serve as an employee, or consultant, or representative or in any other capacity, in any Competitive Business that is located at or within or that is intended to be located at or within a 15 mile radius of the location of Franchisee's Restaurant or within a 15 mile radius of the location of any existing GOODCENTS RESTAURANT, any GOODCENTS RESTAURANT under construction or under lease or purchase agreement executed by Franchisor, its affiliates or any franchisee. For the purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a GOODCENTS RESTAURANT. As used herein, the term "similar" means a restaurant business that looks like, copies, imitates, or operates in any manner like a GOODCENTS RESTAURANT, including but not

limited to, a Restaurant which has a similar menu or has similar decor, design or trade dress or which features sandwiches or pasta as menu items;

**Miscellaneous**

1. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

4. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF JOHNSON COUNTY, KANSAS AND THE FEDERAL DISTRICT COURT FOR KANSAS. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY KANSAS OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE JOHNSON COUNTY, KANSAS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Mr. Goodcents Franchise Systems, Inc.
8997 Commerce Drive
De Soto, Kansas 66018
Attention: Compliance

If directed to Franchisee, the notice shall be addressed to:

_____

_____

_____

Attention: _____

Facsimile: _____

If directed to Covenantor, the notice shall be addressed to:

_____

_____

_____

Attention: _____

Facsimile: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving 15 days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successor and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation

By:_____

Title:_____

COVENANTOR:

_____

Printed Name:_____

FRANCHISEE:

(If Franchisee is a corporation)

_____

Name of Corporation

By: _____

Title: _____

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, a general partner must sign below)

_____

Franchisee

_____

Franchisee

_____

Franchisee

(If Franchisee is a Limited Liability Company)

_____

Name of Limited Liability Company

By: _____

Title: _____

## SCHEDULE C

## STATEMENT OF OWNERSHIP INTEREST AND PRINCIPALS

## STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

A. The following is a list of shareholders, partners, members, or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

| Name | Percentage of Ownership/Nature of Interest |
|---|---|

B. The following is a list of all Principals described in and designated pursuant to this Agreement.

C. Each of the Principals is jointly and severally liable for the obligations of the Franchise Agreement.

Goodcents

**SCHEDULE D**

**ACH DEBIT TRANSACTION REQUEST FORM**

I hereby authorize Mr. Goodcents Franchise Systems, Inc. to initiate ACH Debit entries to my account(s) indicated below for Weekly Royalties and AD Fees, Point of Purchase (POP) Marketing Kits, Goodcents University and Gift Cards.

Restaurant #:_____

Application of Customer's Account: ☐ Checking ☐ Savings (Please check one)

Receiving Bank's Routing No. (ABA): _____

Customer's Account No.: _____

Owner Operators Restaurant No.: _____

Customer's Name: _____

Customer's Address: _____

_____

Customer's Email Address: _____

This authorization is to remain in full force and effect until Mr. Goodcents Franchise Systems, Inc. has received written notification from me of its termination in such time and in such manner as to afford Mr. Goodcents Franchise Systems, Inc. a reasonable opportunity to act on it. I realize that my current Mr. Goodcents Franchise Systems, Inc. franchise agreement requires weekly ACH debit payments which will automatically withdraw from my bank account in the amount of the 6% Royalty fee, the 3.5% National Marketing and Promotional. The payment amount will be based on weekly sales information taken from the GIS system every Monday morning and will be based on sales from the prior week Monday through Sunday. I also realize that monthly charges for the Goodcents University training platform will automatically withdraw from my bank account in or around the 10th of each month.

**I understand that this is an electronic transaction, and these funds may be withdrawn from my account on or after the indicated date. If the payment is rejected for Non-Sufficient Funds (NSF) I understand that Mr. Goodcents Franchise Systems, Inc., may, at its discretion, attempt to process the charge again within 14 days, and I agree to pay any and all additional fees for each attempt returned NSF. I will not dispute Mr. Goodcents Franchise Systems, Inc. billing with my bank so long as the transaction corresponds to the terms indicated in this agreement.**

Name: _____

Signature: _____ Date _____

# EXHIBIT D

## AGENTS FOR SERVICE OF PROCESS

# AGENTS FOR SERVICE OF PROCESS

| STATE | AGENT | ADDRESS |
|---|---|---|
| California | Department of Financial Protection and Innovation | 320 West 4th Street, Suite 750<br>Los Angeles, CA 90013-1105 |
| Hawaii | Commissioner of Securities | 335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| Illinois | Illinois Attorney General | 500 South Second Street<br>Springfield, Il 62706 |
| Indiana | Indiana Secretary of State | 302 W Washington Street, Room E-111<br>Indianapolis, IN 46204 |
| Maryland | Maryland Securities Commissioner | 200 St. Paul Place<br>Baltimore, MD 21202-2020 |
| Michigan | Michigan Department of Commerce<br>Corporations and Securities Bureau | 525 West Ottawa<br>670 Law Building<br>Lansing, MI 48913 |
| Minnesota | Commissioner of Commerce | 85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198 |
| New York | Secretary of State of the State of NewYork | 41 State Street<br>Albany, NY 12231-0001 |
| North Dakota | Securities Commissioner | 600 East Boulevard<br>Fifth Floor<br>Bismarck, ND 58505 |
| Rhode Island | Director of the Department of Business Regulation | 1511 Pontiac Avenue<br>Cranston, RI 02920 |
| South Dakota | Department of Labor and Regulation<br>Division of Securities | 124 S. Euclid, Suite 104<br>Pierre, SD 57501 |
| Virginia | Clerk of the State Corporation Commission | 1300 East Main Street, 1st Floor<br>Richmond, VA 23219 |
| Washington | Department of Financial Institutions | 150 Israel Rd. S.W.<br>Tumwater, WA 98501 |
| Wisconsin | Commissioner of Securities | Department of Financial Institutions<br>Division of Securities<br>345 W. Washington Ave., 4th Floor<br>Madison, WI 53701 |

# EXHIBIT E

## STATE ADMINISTRATORS

# STATE ADMINISTRATORS

| STATE | STATE ADMINISTRATOR | ADDRESS |
|---|---|---|
| California | Department of Financial Protection and Innovation | 320 West 4th Street, Suite 750<br>Los Angeles, CA 90013-2344<br>Toll Free Telephone #: 1-866-275-2677 |
| Hawaii | Commissioner of Securities | 335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| Illinois | Office of the Attorney General | 500 South Second Street<br>Springfield, IL 62706 |
| Indiana | Indiana Securities Commissioner<br>Securities Division | 302 West Washington Street, RoomE111<br>Indianapolis, IN 46204 |
| Maryland | Office of the Attorney General<br>Securities Division | 200 St. Paul Place<br>Baltimore, MD 21202-2020 |
| Michigan | Consumer Protection Division<br>Franchise Section | 525 West Ottawa<br>670 Law Building<br>Lansing, MI 48913 |
| Minnesota | Department of Commerce | 85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198 |
| New York | New York State Department of Law<br>Bureau of Investor Protection and Securities | 120 Broadway, 23rd Floor<br>New York City, NY 10271 |
| North Dakota | North Dakota Securities Department | 600 East Boulevard Avenue<br>State Capitol Fifth Floor Dept. 414<br>Bismarck, ND 58505-0510<br>Phone: 701-328-4712 |
| Rhode Island | Department of Business Regulation<br>Securities Division | 1511 Pontiac Ave<br>Cranston, RI 02920 |
| South Dakota | Department of Labor and Regulation<br>Division of Securities | 124 S. Euclid, Suite 104<br>Pierre, SD 57501 |
| Virginia | Virginia State Corporation Commission<br>Division of Securities and RetailFranchising | 1300 East Main Street, 9th Floor<br>Richmond, VA 23219 |
| Washington | Department of Financial Institutions<br>Securities Division | 150 Israel Rd. S.W.<br>Tumwater, WA 98501 |
| Wisconsin | Department of Financial Institutions<br>Securities Division | 345 W. Washington, 4th Floor<br>Madison, WI 55103 |

# EXHIBIT F

## LIST OF FRANCHISEES

# LIST OF FRANCHISEES

The names, addresses, and phone numbers of the franchisees as of December 31, 2022 is listed as follows:

| TERRITORY | CORPORATE NAME | FRANCHISEE | RESTAURANT ADDRESS | RESTAURANT PHONE NUMBER |
|---|---|---|---|---|
| **ARIZONA** | The Brady Group, LLC | Michael "Mitch" Brady | 4920 W Thunderbird, Suite 101 | (602) 843-9900 |
| Glendale | | | Glendale, AZ 85306 | |
| **ARIZONA** | E-Roc Enterprises LLC | Eric Lessard | 420 N Litchfield Rd | (623) 248-4899 |
| Goodyear | | | Goodyear, AZ 85338 | |
| **ARIZONA** | The Brady Group, LLC | Michael "Mitch" Brady | 8940 W Bell Road, Suite B107 | (623) 977-2120 |
| Peoria | | | Peoria, AZ 85382 | |
| **ARIZONA** | E-Roc Enterprises 2 LLC | Eric Lessard | 18413 N 19th Avenue | (602) 548-8600 |
| Phoenix | | | Phoenix, AZ 85023 | Fax (502) 548-8800 |
| **ARIZONA** | JMB Investments, LLC | Michael "Mitch" Brady | 16572 W Greenway Road, Suite 107 | (623) 243-7827 |
| Surprise | | | Surprise, AZ 85388 | Fax (623) 243-7827 |
| **ARKANSAS** | Rapid Stop, LLC | Mohsin Virani<br>Asif Valan<br>Hyder Lalani | 1800 Lorene Street | (870) 863-4858 |
| El Dorado | | | El Dorado, AR 71730 | |
| **KANSAS** | Dharmi LLC | Jasdeep Gill<br>Sarbit Singh | 630 S 130th Street | (913) 441-4041 |
| Bonner Springs | | | Bonner Springs, KS 66012 | Fax (914) 422-1282 |
| **KANSAS** | | Moussa Sobaiti | 32501 W 200th St | (913) 361-6006 |
| Edgerton | | | Edgerton, KS 66021 | |
| **KANSAS** | JCP Enterprises LLC | Jermy W. Hinkle<br>Nicolas B. Cerretti<br>Peter S. deBlonk | 1004 E 12th Street | (620) 343-3100 |
| Emporia | | | Emporia, KS 66801 | Fax (620) 341-9929 |
| **KANSAS** | Fox Enterprises, LLC | Steven Fox<br>Mary Fox | 796 E Main | (913) 856-4611 |
| Gardner | | | Gardner, KS 66030 | Fax (913) 856-4694 |
| **KANSAS** | Barkman Enterprises, Inc | David Barkman | 7933 State Avenue | (913) 788-3800 |
| Kansas City | | | Kansas City, KS 66112 | Fax (913) 788-8889 |
| **KANSAS** | Shiv Restaurants, LLC | Ravinder Patel | 1410 Kasold | (785) 841-8444 |
| Lawrence | | | Lawrence, KS 66049 | Fax (785) 842-3592 |
| **KANSAS** | Vieques LLC | Jacob Campbell<br>Lindsay Campbell | 2915 Trailhead Drive | (913) 682-2368 |
| Leavenworth | | | Leavenworth, KS 66048 | Fax (913) 682-3338 |
| **KANSAS** | Bhagyalaxmi, LLC | Jitesh Modi | 12807 W 87th Street | (913) 599-2368 |
| Lenexa | | | Lenexa, KS 66215 | Fax (913) 498-3456 |
| **KANSAS** | Hari Om Enterprises LLC | Shveta Patel<br>Hirenkumar "Harry" Patel | 9542 Lackman Road | (913) 888-5544 |
| Lenexa | | | Lenexa, KS 66219 | |
| **KANSAS** | Pleasant Enterprises 1, LLC | Vick Modi | 13416 College Boulevard | (913) 451-2368 |
| Lenexa | | | Lenexa, KS 66210 | Fax (913) 498-3456 |
| **KANSAS** | St John LLC | Jacob Campbell<br>Lindsay Campbell | 1317 Anderson Avenue | (785) 539-1900 |
| Manhattan | | | Manhattan, KS 66502 | |
| **KANSAS** | ARD, Inc | Rupinder Dhillon<br>Davinder Dhillon | 6250 Johnson Drive | (913) 722-6454 |
| Mission | | | Mission, KS 66202 | Fax (913) 722-3045 |
| **KANSAS** | ASG, LLC | Jasdeep Gill<br>Harmandip Gill | 776 N Ridgeview Road | (913) 764-2368 |
| Olathe | | | Olathe, KS 66061 | Fax (913) 764-8263 |
| **KANSAS** | BDS Enterprises | Dale Mahli,<br>Sanjeev "Sean" Khurana<br>Brijpal "Brij" Singh | 2133 E 151st Street | (913) 780-1797 |
| Olathe | | | Olathe, KS 66062 | Fax (913) 780-5754 |

| TERRITORY | CORPORATE NAME | FRANCHISEE | RESTAURANT ADDRESS | RESTAURANT PHONE NUMBER |
|---|---|---|---|---|
| **KANSAS** | Culebra LLC | Jacob Campbell<br>Lindsay Campbell | 10432 S Ridgeview Road | (913) 894-6200 |
| Olathe | | | Olathe, KS 66061 | |
| **KANSAS** | St Thomas LLC | Jacob Campbell<br>Lindsay Campbell | 13600 S Alden Street | (913) 839-3221 |
| Olathe | | | Olathe, KS 66062 | |
| **KANSAS** | AKAL, LLC | Hardip Dosanjh<br>Inderjit Dosanjh | 8808 Santa Fe Drive | (913) 649-2244 |
| Overland Park | | | Overland Park, KS 66212 | Fax (913) 649-2294 |
| **KANSAS** | Pleasant Enterprises, LLC | Vick Modi | 7580 W 119th Street | (913) 338-5710 |
| Overland Park | | | Overland Park, KS 66213 | Fax (913) 338-1705 |
| **KANSAS** | Gilt Gratify, LLC | Jeff Snyder | 6760 West 135th Street | (913) 402-9191 |
| Overland Park | | | Overland Park, KS 66223 | Fax (913) 294-2202 |
| **KANSAS** | AKALDD, LLC | Hardip Dosanjh<br>Japdip Dhillon | 4530 W 107th Street | (913) 383-1177 |
| Overland Park | | | Overland Park, KS 66207 | Fax (913) 888 4978 |
| **KANSAS** | MSC, Inc. | Shital "Ron" Cheema<br>Jaswinder "Sid" Sidhu | 3954 W 69th Terrace | (913) 432-3362 |
| Prairie Village | | | Prairie Village, KS 66208 | Fax (913) 432-1311 |
| **KANSAS** | Marzbars Foods, Inc. | Scott Mars<br>Gena Mars | 13216 W 62nd Terrace | (913) 631-4244 |
| Shawnee | | | Shawnee, KS 66216 | Fax (913) 631-2368 |
| **KANSAS** | SINGH, Inc. | Surya P. Singh | 22724 Midland Drive | (913) 441-5588 |
| Shawnee | | | Shawnee, KS 66216 | Fax (913) 681-9717 |
| **KANSAS** | Graham Restaurant Group, LLC | Brandon Graham<br>Andrea Graham | 4210 SW 21st Street | (785) 272-4747 |
| Topeka | | | Topeka, KS 66604 | Fax (785) 272-4755 |
| **KANSAS** | Graham Restaurant Group, LLC | Brandon Graham<br>Andrea Graham | 2060 N Topeka Boulevard | (785) 233-4663 |
| Topeka | | | Topeka, KS 66608 | Fax (785) 232-0673 |
| **KANSAS** | JDUNN VENTURES LLC | Jennifer Dunn | 1212 S Tyler Road | (316) 773-1010 |
| Wichita | | | Wichita, KS 67209 | Fax (316) 773-1060 |
| **KANSAS** | M&J's, Inc | Jean Darrah<br>Robert Darrah | 4921 S Broadway Ave | (316) 524-4200 |
| Wichita | | | Wichita, KS 67216 | Fax (316) 554-8660 |
| **MINNESOTA** | BEC Investments, LLC | Kenneth Trice<br>Holly Trice | 15594 Pilot Knob, Suite 700 | (952) 431-0888 |
| Apple Valley | | | Apple Valley, MN 55124 | Fax (952) 431-0890 |
| **MISSOURI** | 1601 M, LLC | Margaret Rothe | 3870 Vogel Road | (636) 333-3368 |
| Arnold | | | Arnold, MO 63010 | Fax (636) 333-3369 |
| **MISSOURI** | Avarus, LLC | Greg Mirkowski<br>Kristi Mirkowski | 1332 N. 7 Hwy | (816) 229-1100 |
| Blue Springs | | | Blue Springs, MO 64014 | Fax (816) 229-0170 |
| **MISSOURI** | EllaMarie Enterprises, LLC | Brian Schwentker | 173 Long Road | (636) 537-5300 |
| Chesterfield | | | Chesterfield, MO 63005 | Fax (636) 537-9080 |
| **MISSOURI** | Rang Advhoot LLC | Krunal Shah | 3801 S Noland Road, Suite 1 | (816) 252-5533 |
| Independence | | | Independence, MO 64055 | Fax (816) 252-1312 |
| **MISSOURI** | M & O Construction, LLC | Donata Craig<br>William "Bill" Craig | 17003 E US Hwy 24 Suite A | (816) 796-0044 |
| Independence | | | Independence, MO 64056 | Fax (816) 796-0045 |
| **MISSOURI** | Shreeji Charan Investments, LLC | Meghal Patel<br>Rajnikant Patel | 117 NW Barry Road | (816) 468-1212 |
| Kansas City | | | Kansas City, MO 64155 | Fax: (816) 468-6060 |

| TERRITORY | CORPORATE NAME | FRANCHISEE | RESTAURANT ADDRESS | RESTAURANT PHONE NUMBER |
|---|---|---|---|---|
| **MISSOURI** | Shreeji Krishna Charan Investments, LLC | Meghal Patel<br>Rajnikant Patel | 6310 N Chatam Avenue | (816) 584-9100 |
| Kansas City | | | Kansas City, MO 64151 | Fax: (816) 584-9102 |
| **MISSOURI** | Royal Blue Partners, LLC | Jene Hynek<br>Lori Hynek | 1321 NE Douglas, Suite D | (816) 246-5166 |
| Lee's Summit | | | Lee's Summit, MO 64086 | Fax: (816) 246-0238 |
| **MISSOURI** | Royal Blue LLC | Jene Hynek<br>Lori Hynek | 705 SE Melody Lane | (816) 524-6677 |
| Lee's Summit | | | Lee's Summit, MO 64063 | Fax: (816) 524-0205 |
| **MISSOURI** | | Ravindrakumar D. Patel | 809 NE Lakewood Boulevard | (816) 478-4883 |
| Lee's Summit | | | Lee's Summit, MO 64064 | Fax: (816) 478-0489 |
| **MISSOURI** | Liberty Foods, Inc | Chong Sauter | 314 S 291 Highway | (816) 792-9700 |
| Liberty | | | Liberty, MO 64068 | Fax: (816) 792-9777 |
| **MISSOURI** | Sheerman Properties, LLC | John Sheerman<br>Julie Sheerman | 1515 N Missouri Avenue | (660) 376-4116 |
| Marceline | | | Marceline, MO 64658 | |
| **MISSOURI** | Saxon Group Co. LLC | Michael "Mike" Saxon<br>Debra Saxon | 842 Bryan Road | (636) 379-4900 |
| O'Fallon | | | O'Fallon, MO 63366 | Fax: (636) 272-4944 |
| **MISSOURI** | | Moussa Sobaiti | 7502 NW River Park Drive | (816) 800-4244 |
| Parkville | | | Parkville, MO 64152 | |
| **MISSOURI** | Falk Enterprises, Inc | Dean Falk<br>Deborah Falk | 3342 National Avenue | (417) 886-8200 |
| Springfield | | | Springfield, MO 65807 | Fax: (417) 886-4454 |
| **MISSOURI** | Falk Enterprises, Inc | Dean Falk<br>Deborah Falk | 521 S Glenstone Avenue | (417) 863-2900 |
| Springfield | | | Springfield, MO 65802 | Fax: (417) 863-2999 |
| **MISSOURI** | Falk Enterprises, Inc | Dean Falk<br>Deborah Falk | 2445 N Kansas Expressway, Unit G | (417) 863-7722 |
| Springfield | | | Springfield, MO 65803 | Fax: (417) 863-1613 |
| **MISSOURI** | Falk Enterprises, Inc | Dean Falk<br>Deborah Falk | 3250 East Battlefield St, Suite C | (417) 882-3232 |
| Springfield | | | Springfield, MO 65804 | Fax: (417) 882-0935 |
| **MISSOURI** | BR Diversified, LLC | Bart Brant<br>Randy Russell | 4315 Commonwealth Court | (816) 279-9396 |
| St. Joseph | | | St Joseph, MO 64507 | Fax: 816-279-9606 |
| **MISSOURI** | 1602 A, LLC | Margaret Rothe | 5837 S Lindbergh Boulevard | (314) 939-1402 |
| St. Louis | | | St. Louis, MO 63123 | |
| **MISSOURI** | TNVGoodcents LLC | Theodosius Vogt | 2961 Dougherty Ferry Rd, Suite 110 | (314) 858-1153 |
| St. Louis | | | St. Louis, MO 63122 | |
| **MISSOURI** | Darnell Management LLC | Ian Darnell | 4101 Mexico Road, Suite D | (636) 441-6888 |
| St. Peters | | | St. Peters, MO 63376 | Fax (636) 441-9984 |
| **MISSOURI** | 1604 S, LLC | Margaret Rothe | 1044 Town & Country Crossing Drive | (636) 227-1100 |
| Town & Country | | | Town and Country, MO 63017 | Fax: (636) 227-9280 |
| **NEBRASKA** | JBSR, Inc | Scott Ritter<br>Jeff Barclay | 4333 S 70th Street, Suite 1 | (402) 484-7111 |
| Lincoln | | | Lincoln, NE 68516 | Fax: (402) 484-7257 |
| **NEBRASKA** | JBSR, Inc | Scott Ritter<br>Jeff Barclay | 2712 Cornhusker Highway, Suite 4 | (402) 465-0077 |
| Lincoln | | | Lincoln, NE 68521 | Fax: (402) 465-0079 |
| **NEBRASKA** | JBSR, Inc | Scott Ritter<br>Jeff Barclay | 801 S 27th Street | (402) 438-3333 |
| Lincoln | | | Lincoln, NE 68510 | |
| **NEBRASKA** | JBSR, Inc | Scott Ritter<br>Jeff Barclay | 5633 S 16th Street, Suite 300 | (402) 423-1212 |
| Lincoln | | | Lincoln, NE 68512 | Fax: (402) 423-1216 |

| TERRITORY | CORPORATE NAME | FRANCHISEE | RESTAURANT ADDRESS | RESTAURANT PHONE NUMBER |
|---|---|---|---|---|
| **NEBRASKA** | JBSR, Inc. | Scott Ritter<br>Jeff Barclay | 1801 N 84th Street | (402) 513-6352 |
| **Lincoln** | | | Lincoln, NE 68505 | |
| **NEBRASKA** | TWGL Investments, LLC | William Gregalunas<br>Gina Gregalunas | 16811 Burke Street, Suite 106 | (402) 933-2885 |
| Omaha | | | Omaha, NE 68118 | Fax: (402) 991-1608 |
| **OKLAHOMA** | JM Restaurant Co, LLC | Jason Mims<br>Melissa Mims | 8222 East 103rd Street, Suite 108 | (918) 364-7827 |
| Bixby | | | Bixby, OK 74133 | |
| **SOUTH DAKOTA** | Asgard, Inc | Tim Fjellestad | 917 S Cliff Avenue | (605) 373-9999 |
| Sioux Falls | | | Sioux Falls, SD 57104 | Fax: (605) 373-9073 |

## LIST OF MULTI-UNIT DEVELOPERS

The names of the Multi-Unit developers as of December 31, 2022 are listed as follows:

| TERRITORY | CORPORATE NAME | MULTI-UNIT DEVELOPER | PHONE NUMBER |
|---|---|---|---|
| **MISSOURI** | Falk Enterprises, Inc. | Dean & Deborah Falk | (334) 358-3845 |
| Springfield | | | |

## LIST OF AREA REPRESENTATIVES

The names of the area representatives as of December 31, 2022 are listed as follows:

| TERRITORY | CORPORATE NAME | AREA REPRESENTATIVE | PHONE NUMBER |
|---|---|---|---|
| **MISSOURI**<br>St. Louis Metro Area | 1603 G, LLC | Margaret Rothe | (314) 565-3696 |
| **KANSAS**<br>Kansas City Metro Area | Moussa Sobaiti | Moussa Sobaiti | (831) 905-1377 |
| **PENNSYLVANIA**<br>Adams, Dauphin, Delaware and Lehigh counties in Pennsylvania | Shree Harikrishna LLC | Hetalben R Patel, Ketankumar P Patel and Hitesh Patel | |

# EXHIBIT G

## STATE ADDENDA

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR CERTAIN STATES FOR MR. GOODCENTS FRANCHISE SYSTEMS, INC.**

## ***ILLINOIS***

The Cover Page, Item 5 and Item 7 of the FDD and Article VI of the Franchise Agreement, shall be amended by the addition of the following language:

> "Based on our financial condition, the Illinois Attorney General's Office, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Fitness Facility is open for business."

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

_____ _____

DATE PROSPECTIVE FRANCHISEE

_____

PRINTED NAME

***INDIANA***

Item 13 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

***MARYLAND***

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement is amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.).

_____ _____

DATE PROSPECTIVE FRANCHISEE

_____

PRINTED NAME

***MICHIGAN***

**NOTICE REQUIRED BY STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us, and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our sub franchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer

our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building 525 W. Ottawa Street, Lansing, Michigan 48913, telephone number: (517) 373-7117.

***MINNESOTA***

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

4. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

5. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5, which requires that no action may be commenced more than three years after the cause of action accrues.

6. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

7. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

8. The following language will appear as a new paragraph of the Franchise Agreement:

   No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

9. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

10. Item 6 of the FDD and Section I of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

***NORTH DAKOTA***

Sections of the FDD and the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD and the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Sections of the FDD and the Franchise Agreement relating to choose of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51- 19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

***RHODE ISLAND***

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

## ***VIRGINIA***

Item 17(h). The following is added to Item 17(h):

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any rightgiven to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for NM Franchise Operations or use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## ***WASHINGTON***

**FDD**

Item 17 entitled "RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION" shall be amended by the addition of the following paragraphs at the end of Item 17:

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD and the Franchise Agreement are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the timeof the arbitration, or as determined by the arbitrator. The FDD and are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD and the Franchise Agreement are amended accordingly.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The FDD and the Franchise Agreement are amendedaccordingly.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD and the Franchise Agreement are amended accordingly.

**Franchise Agreement**

Article VIII, Section 3, under the heading "TERMINATION" shall be amended by adding the following language:

> "The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise."

***WISCONSIN***

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

## 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.

The 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:

| Registration State | Effective Date |
|---|---|
| California | N/A |
| Hawaii | N/A |
| Illinois | In process |
| Indiana | In process |
| Maryland | N/A |
| Michigan | In process |
| Minnesota | In process |
| New York | N/A |
| North Dakota | In process |
| Rhode Island | In process |
| South Dakota | In process |
| Virginia | N/A |
| Washington | N/A |
| Wisconsin | In process |

The document is effective in all other states upon the issuance date.

# EXHIBIT H

## GENERAL RELEASES

# RELEASE

## (For renewal franchise)

This Release is made as of_____(Effective Date of renewal Franchise Agreement) between _____, a [corporation/limited liability company/partnership/proprietorship] ("Franchisee"), those individuals or companies listed as "Principals" on the signature page hereof and MR. GOODCENTS FRANCHISE SYSTEMS, INC., a corporation ("Franchisor").

## RECITALS

1. Franchisee and Franchisor are party to a certain GOODCENTS FRANCHISE AGREEMENT, dated_____("Current Franchise Agreement"), for operation by Franchisee of a GOODCENTS RESTAURANT located at _____, the term of which Current Franchise Agreement expires on_____;

2. Franchisee desires to renew the Current Franchise Agreement;

3. The terms and provisions for renewal by Franchisee of the Current Franchise Agreement are set forth in Section 18 of said Current Franchise Agreement; and

4. Among the requirements and conditions for renewal set forth in Section 18 of the Current Franchise Agreement is the provision that Franchisee, its owners and partners, or stockholders or members (if Franchisee is a corporation or limited liability company), hereinafter "Releasors," execute a general release of any and all claims against Franchisor and its affiliates, officers, directors, employees, and agents, hereinafter "Releasees." Under COMAR 02.02.08.16L, the general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

THEREFORE, in consideration of Franchisor's willingness to execute a renewal Franchisee for Franchisee's operation of a GOODCENTS RESTAURANT under a renewal Franchise Agreement:

1. Releasors hereby release Releasees (including Franchisor) from any and all claims of Franchisee or any Releasor arising out of or in any way connected with or based on:

   (i) any representations alleged to have been made by Franchisor or any Releasee in connection with the negotiation and inducement to Franchisee's execution of the Current Franchise Agreement or any renewal Franchise Agreement between Franchisee and Franchisor;

   (ii) Franchisor's administration and performance under the Current Franchise Agreement;

(iii) any financial obligation claimed to be owed by Franchisor to Franchisee or any Releasor under the Current Franchise Agreement; and

(iv) any action or conduct related to the franchise relationship created by the Current Franchise Agreement,

whether now known or hereafter discovered, fixed or contingent, and whether or not previously made or communicated to the other.

2. Nothing herein to the contrary, or any other writing or statement alleged to have been orally made by Franchisor or any Releasee to the contrary, shall release any claim of Franchisor against Franchisee or any Guarantor, under the Current Franchise Agreement.

3. Notwithstanding the effectiveness of this Release, nothing herein shall in any way diminish, impair, or release any of the obligations of Franchisee or Franchisor under the renewal Franchise Agreement being made concurrently herewith.

IN WITNESS WHEREOF, Releasors have, through Franchisee's duly authorized officers and/or managers (or if Franchisee is a proprietorship or partnership, through the individual or partners thereof) and, individually, executed this Release to bind each of them the day and year first above written.

"RELEASORS"

_____:
FRANCHISEE

_____
By: Officer/Manager

"PRINCIPALS"

_____

_____

_____

_____

**RELEASE**
**(Transfer)**

*«Month» «Day», «Year»*

*«PrsntOwnrCorpName»*
*«PrsntGuarntee1»*
*«PrsntGuarntee2»*

Re: Transfer of Assets of GOODCENTS RESTAURANT

«RestAddCitySTZip»

«PrsntOwnrCorpName» *to* «NewOwnrCorpName»

Dear *«PrsntOwnr1stName»*:

MR. GOODCENTS FRANCHISE SYSTEMS, INC. ("GOODCENTS") is a party to that certain Franchise Agreement with *«PrsntOwnrCorpName», «PrsntGuarntee1» and «PrsntGuarntee2»*, operating a GOODCENTS RESTAURANT at the above-captioned address.

This letter will acknowledge GOODCENTS' receipt of all royalties due and shall constitute GOODCENTS' consent to the transfer by *«PrsntOwnrCorpName», «PrsntGuarntee1» and «PrsntGuarntee2»* to *«NewOwnrCorpName»* under that certain Asset Purchase Agreement, dated *«Month» «Day», «Year»*. This consent refers both to the sale of the equipment and other assets at the Restaurant and *«PrsntOwnrCorpName», «PrsntGuarntee1» and «PrsntGuarntee2»* assignment of its lease for the premises at *«RestAddCitySTZip»*.

Upon closing of said transfer and assignment from *«PrsntOwnrCorpName»* to *«NewOwnrCorpName»*, the Franchise Agreement between *«PrsntOwnrCorpName»*, *«PrsntGuarntee1» «PrsntGuarntee2»* and GOODCENTS is hereby deemed terminated as of said date and neither of us shall have any further obligation to the other, except that *«PrsntOwnrCorpName», «PrsntGuarntee1» and «PrsntGuarntee2»* as Guarantors, shall be bound by the post-termination covenants applicable to former franchisees of GOODCENTS as set forth in Section 20(C) of the Franchise Agreement.

Further, *«PrsntOwnrCorpName», «PrsntGuarntee1» and «PrsntGuarntee2»* and GOODCENTS hereby mutually release each other from claims and liabilities of any sort arising out of or relating to any inducements or representations which may have been made by either of them in connection with the sale and grant of the Franchise Agreement and further mutually release each other from any and all claims relating to the duties and obligations of the parties under the Franchise Agreement, or any claim of breach thereunder. Under COMAR 02.02.08.16L, the general release required as a condition of transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Very truly yours,

MR. GOODCENTS FRANCHISE SYSTEMS, INC.

By: _____

Accepted and Agreed to this *«Day»* day of *«Month» «Year»*.

By: _____
*«PrsntGuarntee1»* *President*

_____
*«PrsntGuarntee1»*

_____
*«PrsntGuarntee2»* *Vice President*

_____
*«PrsntGuarntee2»*

cc: *«NewOwnrCorpName»*
*«newown*
*rfullname*
*»*

**FRANCHISEE ACKNOWLEDGMENT STATEMENT**

A. I, the undersigned, being the Franchisee, hereby acknowledge that I have been advised by the Franchisor that I should obtain:

a) Independent Legal Advice;

b) Independent Accounting Advice;

c) Independent Business Advisory Advice.

B. I, the undersigned, being the Franchisee, hereby acknowledge that I have not received or relied on, any warranty or guarantee, express or implied, as to the revenues, profits or success of the business venture contemplated by the Franchise Agreement or Franchisor.

C. I, the undersigned, being the Franchisee, hereby acknowledge that I have not received or relied on any representations about the franchise by Franchisor, or its officers, directors, employees or agents, that are contrary to the statements made in Franchisor's Franchise Disclosure Document or to the terms of the Franchise Agreement, and further represent to Franchisor as an inducement to entry into the Franchise Agreement, that Franchisee has made no misrepresentations in obtaining the franchise.

D. I, the undersigned, being the Franchisee, hereby acknowledge that I have read the Franchise Agreement and Franchisor's Franchise Disclosure Document and that I understand and accept the terms, conditions and covenants contained in the Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and uniformity of those standards in order to protect and preserve the goodwill of the Licensed Marks.

Dated this _____ day of _____, 20_____

FRANCHISEE:

_____

By:

Title: Franchisee

# EXHIBIT I

## INFOKING SYSTEMS, LLC
## POINT OF SALE RESTAURANT
## SOLUTION AGREEMENT

Brand: GC Location: _____ Unit #____

_____

# INFOKING SYSTEMS, LLC

## Point of Sale

## Restaurant Solution Agreement
## Goodcents

**(monthly subscription)**

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*Requires signature

Brand: GC Location: _____ Unit #____

_____

# OVERVIEW

You are entering into an agreement with InfoKING Systems, LLC for your restaurants POS System. The hardware has been staged with the INFOKING POS software, which was specifically designed for Goodcents franchisees. InfoKING Systems, LLC a leader in the POS industry and well known value added reseller and nationwide provider of help desk and equipment maintenance programs has developed a program which includes the staging of the INFOKING POS software and hardware, installation, help desk services, and a maintenance service agreement which provides advance replacement services. Please review the order form, and the Help Desk and Maintenance Service Agreement sections for details concerning these services. **A 'complete order packet' must be returned to InfoKING Systems, LLC to begin the order process.**

# ORDER CHECKLIST

**If you are preparing these documents manually** (pen and ink), simply print this complete document, sign the forms indicated below and mail or fax all forms to InfoKING Systems, LLC. Be sure and save a copy for your files.

**A complete order packet** will consist of the following components:

- Order Form (Complete the Information in the box at the top of the applicable Order number of Terminals)
- ACH Payment Authorization Form (requires signature)
- POS System Subscription Agreement
- End User License Agreement and Addendum
- Help Desk Agreement
- Maintenance Service Agreement - Advanced Replacement
- Agreement Signature Page (requires signature)

**If you have questions** concerning these documents, please call:

David Gerler, at 913-207-5821

A completed order packet, including the initial payment, should be mailed or faxed to:

InfoKING Systems, LLC
8997 Commerce Drive
DeSoto, KS 66018
Fax: 866-714-2368

Brand: GC Location: _____ Unit #_____

# Schedule A – Order Form

| Customer Address | | | | Billing Address (if different) | | | |
|---|---|---|---|---|---|---|---|
| Store Name | | | | Co. Name | | | |
| Store # | | | | EIN | | | |
| Address | | | | Address | | | |
| City/ST/Zip | | | | City/ST/Zip | | | |
| Contact | | | | Contact | | | |
| E-Mail | | | | E-Mail | | | |
| Phone | | Fax | | Phone | | Fax | |
| Install Date | | | | | | | |

| ***Monthly Charges**** | | | | ***Monthly*** |
|---|---|---|---|---|
| InfoKING 3.2 Software Subscription (includes license for point-of-sale software, Scheduled updates and enterprises data reporting.) [3018-003] | | | | $250.00 |
| Kitchen Display System (KDS) Software Subscription | | | | $50.00 |
| Maintenance Service Agreement (Schedule F) and Help Desk (Schedule E) for 2 register system. [3021-002] | | | | $99.00 |
| Maintenance Support for additional Terminals | # Terminals | | @ $45.00 | |
| Maintenance Support for Kiosk | # Kiosk | | @ 65.00 | |
| Kitchen Display System support | # Displays | 2 | @ 20.00 | $40.00 |
| **Total Monthly** | | | | **$439.00** |
| **Total Ongoing Monthly (Total Monthly + Applicable Tax**)** (Payable by ACH on the first day of the month starting the first month) | | | | **- $439.00** |
| ***One-Time Charges*** | | | | |
| Existing Store Inspection Fee (Inspect and service existing hardware for Ownership Transfer) **If buying an existing store, Enter** | | | $750.00 | |
| New Store Installation Fee (Install and configure new hardware onsite) **If opening a new location, Enter** | | | $1,500.00 | $1,500.00 |
| Additional installation for Kiosk and KDS Systems | | | | $250.00 |
| Security Deposit - One month's subscription amount from above | | | | $439.00 |
| Equipment/Hardware Purchase (includes software staging, configuration, 2 POS touch screen terminals, 2 receipt printers, 1 report printer, 1 cash drawer, 2 surge protectors, 1 mouse, 1 keyboard and misc. cables) [3075-002] | | | | $6,948.00 |
| **Optional Additional Equipment** | | | | |
| Additional Station (1 Station incl. Register, Receipt printer and cash drawer). Payment device not included (below) | # Station | | $2,997.00 | |
| Touch Dynamic Kiosk w/ P400 Payment Device | # Units | | $3,845.00 | |
| Additional Payment Device for terminals | # Devices | | $399.00 | |
| Add Kitchen Printer | # Printers | | $350.00 | |
| Kitchen Display System (KDS) Equipment and software license - 1 *video controller 1 bump bar, LCD monitor w/ mounts [3075-002]* | # Stations | 2 | $1,200.00 | $2,400.00 |
| Add-on Monitor for Slicer | | | | |
| Wall Mount for POS Terminal | # Wall Mounts | | $60.00 | |
| **Sub-Total Before Tax** | | | | **11,537.00** |
| *****Applicable tax will be charged in these states:* (KS) *9.725%*** **If the location is outside KS, the Owner is responsible to pay applicable Use Tax to their state** | | | | |
| **Total Due at Signing (Subtotal + Applicable Tax**) (Due at Signing)** | | | | |

ATTACHED VOIDED CHECK TO SCHEDULE B AND SUBMIT WITH ORDER

Brand: GC Location: _____ Unit #_____

# Schedule B –ACH Payment Authorization Form

Instructions – Please complete the following in order for Infoking Systems, LLC to deduct your monthly Subscription Payment obligations set forth on the Order Form (Schedule A) by automatic bank debit. ACH payment of monthly Subscription Payment is required to enter into this agreement.

| **Financial Institution Information** | | **Account Information** | | | |
|---|---|---|---|---|---|
| Name | | Routing Number | | | |
| Address | | Account Number | | | |
| City, St Zip | | Type | | Checking | Savings |
| Phone | | Withdrawal Date | 1st day of each month | | |
| **Company Information** | | | | | |
| Co. Name | | Accounts Payable Contact | | | |
| Address | | | | | |
| City, St Zip | | Accounts Payable Phone Number | | | |
| Phone | | Accounts Payable Email Address | | | |
| Email Address | | | | | |

**ACH Authorization Statement**

I (we) hereby authorize InfoKING Systems, LLC to initiate debit entries to my (our) account in the entity named Above ("institution"), and I (we) authorize the institution to accept and to debit the amount of such entries to my (our) account. Each debit will be made each month in an amount equal to the withdrawal amount indicated on the Order Form (Schedule A). I direct said payment shall be deducted from my account on the day indicated above of each calendar month. I (We) understand any ACH returned for any reason will result in an additional fee of $35 for a returned ACH.

Authorized Signer (Printed): _____

Authorized Signer Signature: _____ Date: _____

**Attach Voided Check Here**

# SCHEDULE C – POS SYSTEM SUBSCRIPTION AGREEMENT

This POS System Subscription Agreement ("Agreement") is made and entered into this ____ day of ___ _____, 2023, by and between InfoKING Systems, LLC ("InfoKING") and _____ ("Subscriber"), upon the terms and conditions hereinafter set forth and for the consideration stated herein.

Subscriber agrees to subscribe for use of the Software and Services described on the attached Order Form (Schedule A) from InfoKING. The equipment and software, as applicable, will be covered by the attached Help Desk Support Agreement (Schedule E) and Maintenance Service Agreement (Schedule F). Additionally, Subscriber is bound by the terms of the attached End-User License Agreement (Schedule D) as it relates to all software described on the attached Order Form (Schedule A) and the licensing thereof.

The **AGREEMENT TERM** is set forth in Section 4 below.

Subscriber agrees to pay the monthly Subscription Payments set forth on the Order Form attached hereto on the 1st day of each month during the Agreement term. The first monthly payment will occur by ACH on the first day of the first month following the date this agreement is signed or equipment installed whichever is later. After the initial payment, all payments must be made by electronic funds transfer (ACH – See Schedule B). The Software and Services Subscription Payments are not subject to change unless additional hardware and equipment are agreed to be supported for by Subscriber pursuant to this Agreement by InfoKING. The monthly Software License and Maintenance Subscription Payment is subject to increase to capture any costs directly attributable to any third-party vendor upgrades, price increases, *etc.* All such cost increases will be subject to a 15% add for InfoKing's overhead.

Subscriber will pay the first month's Subscription Payments along with the installation fee upon submitting the Order Form (Schedule A) and prior to delivery and installation of the equipment.

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## SUBSCRIPTION TERMS AND CONDITIONS

Subscriber requests that InfoKING permit Subscriber to use the software for business or commercial purposes. Subscriber's offer will be binding upon InfoKing when accepted by delivering and installing the software at Subscriber's place of business.

1. **SUBSCRIPTION SERVICE REQUIREMENTS.** During the term of the software and service subscription period (defined below), InfoKING will provide support for such equipment purchased pursuant to the attached Help Desk Support Agreement (Schedule E) and Maintenance Service Agreement (Schedule F). InfoKING will deliver and install the equipment in good working order. Delivery and installation of the equipment is conditioned upon Subscriber's compliance with the attached Specification Schedule (Schedule I) and Pre-Install Checklist (Schedule J).

2. **MAINTENANCE AND SUPPORT.** Subscriber understands and agrees that InfoKING did not manufacture the equipment. InfoKING will provide support and maintenance for the equipment as set forth in the attached Help Desk Support Agreement (Schedule E) and Maintenance Service Agreement (Schedule F). Except for the foregoing, the equipment is provided "AS IS", subject to any existing manufacturer's warranty, if any. InfoKING **MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED REGARDING THE EQUIPMENT AND THERE IS EXPRESSLY EXCLUDED ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. EXCEPT AS EXPRESSLY ASSUMED UNDER THIS AGREEMENT INFOKING SHALL HAVE NO LIABILITY WITH RESPECT TO ITS OBLIGATIONS UNDER THIS AGREEMENT FOR ACTUAL, CONSEQUENTIAL, INDIRECT, DIRECT, EXEMPLARY, INCIDENTAL OR ANY OTHER DAMAGES EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

3. **PAYMENT:** Subscriber will pay each and every Subscription Payment as shown on the Order Form (Schedule A) above via automatic ACH (See Schedule B). Regardless of any dispute with InfoKing including, but not limited to, disputes regarding maintenance or support provided by InfoKING or otherwise related to the loss or damage to the equipment, Subscriber is required to timely make each and every Subscription Payment.

4. **SUBSCRIPTION TERM; NONCANCELABILITY.** This Agreement begins when InfoKing accepts Subscriber's offer. The Agreement term begins when the equipment and software is delivered and installed and continues thereafter for a period of (i) 120 months (the "software subscription period") for the software subscription and related support and maintenance services and (ii) for that period set forth in the End-User License Agreement (Schedule D) for the license of the software and related support services. This Agreement cannot be canceled or terminated for any reason except as expressly provided herein. InfoKING may terminate this Agreement for any reason upon thirty (30) days prior written notice to Subscriber. Because it is impractical and extremely difficult to determine the actual damages InfoKING would suffer in the event of termination of the Agreement by Subscriber – if this agreement is terminated by Subscriber for any reason not expressly permitted herein, or if the Agreement is terminated due to Subscriber's default as described below, Subscriber agrees to pay InfoKING, as an early termination fee, an amount equal to 50% of the remaining Software License and Maintenance Subscription Payments for the remainder of the term of Subscriber's Goodcents franchise agreement. If Subscriber sells the assets of its business and the buyer becomes a Goodcents franchisee, this Agreement may be transferred to the buyer under the same terms and conditions for the remaining term of the Agreement to the extent permitted in writing signed by InfoKING, in its sole discretion. If Subscriber closes its business, this agreement will be deemed terminated by Subscriber in violation of this Agreement.

5. **LATE PAYMENTS/DEFAULT/TERMINATION:** Failure by Subscriber to make any Subscription Payment on the date such payment is due or its breach of any other provision of this Agreement shall constitute default of this Agreement. Subscriber may cure the payment default by paying the full amount due within 14 calendar days of the default. InfoKing, at its option, may terminate this Agreement a) if Subscriber fails to cure the payment default within 14 calendar days or b) within 30 calendar days after notice of any other material default.

6. **ASSIGNMENTS.** Subscriber may not assign, transfer, or sublet any interest in this Agreement or the software without InfoKING's written consent.

7. **DISCLAIMER OF WARRANTY.** UNLESS SPECIFIED IN THIS AGREEMENT, ALL EXPRESS OR IMPLIED CONDITIONS, REPRESENTATIONS AND WARRANTIES, INCLUDING BY EXAMPLE AND NOT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, ARE DISCLAIMED.

8. **LIMITATION OF LIABILITY.** IN NO EVENT SHALL INFOKING BE LIABLE FOR ANY LOST REVENUE, PROFIT OR DATA, OR FOR ANY OTHER SPECIAL, INDIRECT, CONSEQUENTIAL OR INCIDENTAL DAMAGES ARISING OUT OF, ON ACCOUNT OF, OR IN ANY WAY RELATED TO, THE USE OF OR INABILITY TO USE THE EQUIPMENT, EVEN IF INFOKING HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. In no event shall InfoKING's liability to Subscriber, whether in contract, tort (including by way of example and not limitation negligence) or otherwise, exceed the greater of $1.00, or the amount paid by Subscriber for the software or the services provided hereunder. Subscriber waives all rights to punitive or exemplary damages and further agrees and confirms that (a) Subscriber shall not apply for or seek any punitive or exemplary damages against InfoKING in any connection with this Agreement, the software or the conduct of InfoKING; and (b) the provisions of Sections 7, 8 and 9 of this Agreement have induced InfoKING to enter into this Agreement and that InfoKING would not have entered into this Agreement but for such provisions. Sections 7, 8 and 9 shall survive any termination of this Agreement for any reason whatsoever.

**9. INDEMNITY.** Subscriber shall indemnify, defend, and hold InfoKING harmless from any costs, expenses, damages, injuries, charges, penalties, loss, fines or amounts paid in settlement of claims, demands or causes of action arising from the Subscription, possession, use, condition, or return of the equipment. Subscriber's obligations under this section shall survive the expiration or termination of this Agreement.

**10. GOVERNING LAW**. This Agreement shall be governed and construed in accordance with the laws of the State of Kansas, USA, without regard to conflicts of law principles. The parties submit and consent to the exclusive jurisdiction of the courts in Johnson County, Kansas USA.

**11. SEVERABILITY.** If any part of this Agreement is held to be invalid or unenforceable, for any reason, it shall not affect, impair, invalidate or modify the remainder of this Agreement, but the effect shall be confined to the specific part of this Agreement judged to be invalid or unenforceable and any court of competent jurisdiction shall blue-line this Agreement to the minimal extend necessary to otherwise make the remainder of this Agreement effective and of full force and effect.

**12. ENFORCEABILITY.** The failure or delay of InfoKING to enforce at any time or any period of time any of the provisions of this Agreement shall not constitute a present or future waiver of such provisions nor the right of InfoKING to enforce each and every provision. Subscriber will pay InfoKING any attorneys' fees, court costs or other costs of collection incurred by InfoKING in connection with the enforcement of this Agreement.

Brand: GC Location: _____ Unit #_____

# SCHEDULE D – END-USER LICENSE AGREEMENT
# INFOKING POINT-OF-SALE SOFTWARE

This End-User License Agreement ("EULA") is a legal agreement between you (either an individual or a single entity) and InfoKING Systems, LLC ("InfoKING") for the license of (i) InfoKING Point-of-Sale Software, including the user manual, any associated software components, any media, any printed materials other than the user manual, and any online or electronic documentation and (ii) sublicense of certain third-party anti-virus software and 911 credit card software (collectively, the "SOFTWARE"). By signing this EULA as Licensee where indicated below, you agree to be bound by the terms of this EULA.

We agree and confirm that this EULA is entered into by both parties for good and valuable consideration.

1. License. The SOFTWARE is licensed, not sold. InfoKING grants you a personal, non-exclusive, non-transferable and non-assignable limited license only for the use of the SOFTWARE for the period(s) for which all proper fees have been paid.

2. Property of InfoKING. The SOFTWARE is the confidential and proprietary property of InfoKING or its licensors. All right, title and interest, including, without limitation, copyright, in and to the SOFTWARE is the sole and exclusive property of InfoKING or its licensors. For greater certainty, the SOFTWARE shall include all parts and aspects of the SOFTWARE, including, without limitation, all source code, object code and any images, graphic user interface, design elements, order of operation, so-called "look and feel," data organization, ideas, concepts, photographs, animations, text and applets that are incorporated into the SOFTWARE and all accompanying printed material.

3. Grant of License. The SOFTWARE is licensed as a single product. Its component parts may not be separated for use on more than one server. You may use this SOFTWARE only on as many workstations for which you have purchased licenses. Under no other circumstances may the SOFTWARE be operated at the same time on more than the number of computers for which you have paid a separate license fee. After you have purchased the license for SOFTWARE, and have received the file enabling the registered copy, you are licensed to copy the SOFTWARE only into the memory of the number of computers corresponding to the number of licenses purchased, regardless of the computer network architecture on which the SOFTWARE is stored and operated. InfoKING will have the right, at any time, to audit and verify your compliance with this EULA, including, without limitation, entry upon your premises to inspect your information technology and related records.

4. Termination and Transfer. Without prejudice to any other rights, InfoKING may terminate this EULA if you fail to comply with the terms and conditions of this EULA and such failure to comply continues for a period of 30 days following written notice of noncompliance. In such event, you must destroy all copies of the SOFTWARE and pay InfoKING the early termination fees set forth in the POS System Subscription Agreement. InfoKING may terminate this EULA for any reason upon thirty (30) days prior written notice to Subscriber.

5. Restrictions. You may not modify, enhance, revise, alter, reverse engineer, de-compile or disassemble the SOFTWARE. You may not sublicense, subscribe to, lease or lend either the SOFTWARE or your rights under this EULA. You may not use the SOFTWARE to perform any unauthorized transfer of information, including, without limitation, any transfer of files in violation of a copyright, or for any illegal purpose. You shall not allow unauthorized use or access to the SOFTWARE or to InfoKING or third-party networks or servers interfacing with the SOFTWARE. No proprietary or intellectual right, title or interest in or to any trademark, logo or trade name of InfoKING or its licensors is granted under this EULA.

6. Upgrades. Future SOFTWARE that InfoKING labels as an upgrade shall replace and / or supplement the SOFTWARE that constitutes the basis of this EULA. You may use the resulting upgraded SOFTWARE only in accordance with the terms and conditions of this EULA unless amended by the terms of that upgrade.

7. Support Services. InfoKING may provide you with support services related to the SOFTWARE. Use of support services is governed by InfoKING policies and programs described in the user manual, in online documentation,

and / or other InfoKING-provided materials, as they may be modified from time to time. Any supplemental software code provided to you as part of the support services shall be considered part of the SOFTWARE and subject to the terms and conditions of this EULA. With respect to technical information you provide to InfoKING as part of the support services, InfoKING may use such information for its business purposes, including for product support and development. InfoKING will not utilize such technical information in a form that personally identifies you.

8. Intellectual Property. The SOFTWARE is protected by U.S. intellectual property law and international treaty provisions governing intellectual property. You acknowledge that no title to the intellectual property in the SOFTWARE is transferred to you. You further acknowledge that title and full ownership rights to the SOFTWARE shall remain the exclusive property of InfoKING or its licensors and you shall not acquire any rights to the SOFTWARE except as expressly set forth in this license. You agree that any copies of the SOFTWARE shall contain the same proprietary notices which appear on and in the SOFTWARE.

9. Export Restrictions. You agree that you shall not export or re-export the SOFTWARE to any country, person, entity or end-user subject to U.S. export restrictions. Restricted countries currently include, without limitation, Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria. You warrant and represent that neither the U.S. Bureau of Industry and Security nor any other federal agency has suspended, revoked or denied your export privileges.

10. Limited Warranty. With respect to the InfoKING POS Software, InfoKING warrants to you that for a period of 30 days from the date that you licensed and made the first installment of the Software License and Maintenance Subscription Payment, the SOFTWARE (as evidenced by a copy of such payment receipt); the SOFTWARE shall materially perform in accordance with the written materials that are enclosed or provided with the SOFTWARE. EXCEPT FOR THE FOREGOING, THE SOFTWARE PRODUCT IS PROVIDED "AS IS." INFOKING DOES NOT PROVIDE ANY WARRANTY FOR THIRD-PARTY SOFTWARE INCLUDED IN THE SOFTWARE SUBLICENSED TO YOU HEREUNDER.

11. CUSTOMER REMEDIES. INFOKING'S AND ITS SUPPLIERS' SOLE AND ABSOLUTE LIABILITY, AND YOUR EXCLUSIVE REMEDY, UNDER THIS EULA SHALL BE, AT INFOKING'S SOLE DISCRETION, TO EITHER REPAIR OR TO REPLACE THE SOFTWARE THAT DOES NOT MEET INFOKING'S LIMITED WARRANTY STATED IN SECTION 10, OR REFUND THE FEE PAID BY YOU FOR SUCH SOFTWARE FOR SUCH PERIOD OF TIME THAT YOU WERE UNABLE TO USE THE SOFTWARE IN MATERIAL COMPLIANCE WITH THE WRITTEN MATERIALS ENCLOSED OR PROVIDED WITH THE SOFTWARE UPON RECEIPT BY INFOKING OF THE SOFTWARE. THE LIMITED WARRANTY IN SECTION 10 IS VOID IF ANY FAILURE OF THE SOFTWARE TO OPERATE HAS RESULTED FROM MISUSE, BREACH OF THIS EULA, ACCIDENT, ABUSE OR MISAPPLICATION BY ANY PERSON OTHER THAN INFOKING. ANY REPLACEMENT OF THE SOFTWARE SHALL BE WARRANTED, ON THE ORIGINAL TERMS AND CONDITIONS AS STIPULATED HEREIN, AND FOR THE ORIGINAL PERIOD AS STIPULATED UNDER SECTION 10.

12. Indemnification. You shall defend, indemnify and hold InfoKING harmless against any loss or damage (including by way of example and not limitation reasonable attorneys' fees) incurred in connection with any claim, demand, suit or proceeding made or brought against InfoKING by a third party arising out of your use of the SOFTWARE.

13. DISCLAIMER OF WARRANTY. UNLESS SPECIFIED IN THIS EULA, ALL EXPRESS OR IMPLIED CONDITIONS, REPRESENTATIONS AND WARRANTIES, INCLUDING, BY WAY OF EXAMPLE AND NOT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, ARE DISCLAIMED.

14. LIMITATION OF LIABILITY. IN NO EVENT SHALL INFOKING, INFOKING'S SUPPLIERS OR ITS LICENSORS BE LIABLE FOR ANY LOST REVENUE, PROFIT OR DATA, OR FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR INCIDENTAL DAMAGES ARISING OUT OF, OR IN ANY WAY RELATED TO, THE USE OF OR INABILITY TO USE THE SOFTWARE, EVEN IF INFOKING HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. In no event shall InfoKING's liability to you, whether in contract, tort (including by way of example and not limitation negligence) or otherwise, exceed the greater of $1.00 or the amount paid by you for the SOFTWARE under this EULA. You agree and confirm that you waive all rights to claim or seek any punitive or exemplary damages against InfoKing and that (a) you shall not apply for or seek any punitive or exemplary damages against InfoKING or any of its suppliers or licensors in any

connection with this EULA, the SOFTWARE or the conduct of InfoKING; and (b) the provisions of Sections 10, 11, 12, 13 and 14 have induced InfoKING to enter into this EULA and that InfoKING would not have entered into this EULA but for such provisions. Sections 10, 11, 12, 13 and 14 shall survive any termination of this EULA for any reason whatsoever.

15. U.S. Government Restricted Rights. The SOFTWARE is provided with RESTRICTED RIGHTS. Use, duplication or disclosure by the Government is subject to restrictions as set forth in subparagraph (c)(1)(ii) of The Rights in Technical Data and Computer Software clause of DFARS 252.227-7013 or subparagraphs (c)(i) and (2) of the Commercial Computer Software -Restricted Rights at 48 CFR 52.227-19, as applicable. Manufacturer is InfoKING Systems, LLC / 8997 Commerce Drive / De Soto, Kansas 66018, USA.

16. Governing Law. This EULA shall be governed and construed in accordance with the laws of the State of Kansas, USA, without regard to conflicts of law principles. The parties submit and consent to the exclusive jurisdiction of the courts in Johnson County, Kansas USA.

17. Severability. If any part of this EULA is held to be invalid or unenforceable, for any reason, it shall not affect, impair, invalidate or modify the remainder of this EULA, but the effect shall be confined to the specific part of this EULA judged to be invalid or unenforceable and any court of competent jurisdiction shall blue-line this Agreement to the minimal extend necessary to otherwise make the remainder of this Agreement effective and of full force and effect.

18. Enforceability. The failure or delay of InfoKING to enforce at any time or any period of time any of the provisions of this EULA shall not constitute a present or future waiver of such provisions nor the right of InfoKING to enforce each and every provision.

19. Entire Agreement. This EULA and the entire Point of Sale Restaurant Solution Agreement is the entire agreement between you and InfoKING relating to its subject matter. It supersedes all prior or contemporaneous oral or written communications, proposals, representations and warranties and prevails over any conflicting or additional terms of any quote, order, acknowledgement or other communication between the parties relating to its subject matter during the term of this EULA. No modification of this EULA shall be binding, unless in writing and signed by an authorized representative of each party.

**InfoKING Systems, LLC acknowledges:**

YOUR INSTALLATION OR USE OF THE SOFTWARE INDICATES YOUR ACCEPTANCE OF THIS AGREEMENT AND SIGNIFIES THAT YOU HAVE READ THE ABOVE SOFTWARE LICENSE AGREEMENT AND AGREE TO THE LICENSE CONDITIONS.

The Licensee has executed this Agreement by their signature.

## ADDENDUM
### TO END-USER LICENSE AGREEMENT
### GOODCENTS FRANCHISEE LICENSE

**IN CONSIDERATION OF THE FEES, TERMS AND CONDITIONS NEGOTIATED BETWEEN INFOKING SYSTEMS, LLC ("INFOKING") AND MR. GOODCENTS FRANCHISE SYSTEMS, INC. ("MGFS") FOR INFOKING POINT-OF-SALE SOFTWARE, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH YOU HEREBY ACKNOWLEDGE, YOU (THE LICENSEE NAMED BELOW) AND INFOKING AGREE TO AMEND AND SUPPLEMENT THE END-USER LICENSE AGREEMENT ("EULA") BETWEEN YOU AND INFOKING AS FOLLOWS. THIS ADDENDUM IS HEREBY MADE A PART OF THE EULA AND SHALL CONTROL OVER CONFLICTING TERMS ELSEWHERE IN THE EULA. (STYLIZED TERMS USED BUT NOT DEFINED IN THIS ADDENDUM SHALL HAVE THE MEANINGS GIVEN THEM IN THE EULA.)**

**YOU HAVE ENTERED INTO A FRANCHISE AGREEMENT WITH MGFS AND YOU MAY ONLY USE THE SOFTWARE AT THE SPECIFIC GOODCENTS FRANCHISED BUSINESS LOCATION(S) FOR WHICH IT HAS BEEN LICENSED. UNLESS OTHERWISE TERMINATED AS PROVIDED IN THE EULA OR THIS ADDENDUM, THE TERM OF THE EULA FOR EACH LOCATION SHALL BE**

COTERMINOUS WITH YOUR FRANCHISE AGREEMENT WITH MGFS FOR SUCH LOCATION. UPON EXPIRATION OR TERMINATION OF YOUR GOODCENTS FRANCHISE AGREEMENT, THIS EULA AND ALL RIGHTS TO THE INFOKING SOFTWARE FOR SUCH LOCATION ARE AUTOMATICALLY TERMINATED UNLESS THE FRANCHISE AGREEMENT IS RENEWED. IN ADDITION, THIS EULA AND ALL RIGHTS TO THE INFOKING SOFTWARE ARE AUTOMATICALLY TERMINATED IN THE EVENT THAT MGFS DETERMINES AND DIRECTS TO ITS FRANCHISEES THAT ANOTHER POINT-OF-SALE SOFTWARE SYSTEM WILL BE USED BY ITS FRANCHISEES. SHOULD THESE RIGHTS TERMINATE, YOU SHALL IMMEDIATELY DELIVER TO MGFS THE ORIGINAL AND ALL COPIES OF THE SOFTWARE IN WHATEVER FORM. MGFS IS A THIRD-PARTY BENEFICIARY OF THIS ADDENDUM AND MAY ENFORCE THIS ADDENDUM AGAINST YOU DIRECTLY.

LICENSEE HAS EXECUTED THIS ADDENDUM BELOW BY ITS SIGNATURE OR THE SIGNATURE OF ITS DULY-AUTHORIZED REPRESENTATIVE.

# SCHEDULE E – HELP DESK SUPPORT AGREEMENT

INFOKING SYSTEMS, LLC will provide Help Desk support 9:00 AM to 6:00 PM, Monday thru Friday. Emergency services are available by leaving a detailed voicemail at the Help Desk number. Valid emergencies will be addressed ASAP. The Help Desk toll free number is: **1-866-395-4745.**

Support Services cover the software set forth on Schedule G attached hereto. Calls to the Help Desk will be answered by a technician who will troubleshoot the problem. If the problem is determined to be software related, the Help Desk technician will use his/her best efforts working with the caller to correct the problem. The Technician may connect remotely to the Client's system to diagnose and fix the problem, and Client hereby grants InfoKING access to Client's system in order to provide support services.

INFOKING SYSTEMS, LLC's established service level goals (SLG) are based upon the severity of the problem:

- Priority #1: Urgent (System Down): technician uses best efforts to answer within 60 seconds and resolve the problem within 1 business day.
- Priority #2: System Impaired (A Workaround Exists): technician uses best efforts to answer and resolve the problem within 2 business days.
- Priority #3: Non-Urgent (all other calls): technician uses best efforts to answer and resolve the problem within 3 business days.

Issues that require replacement equipment to be shipped will be tracked and monitored until the replacement device has been delivered and installed.

**Help Desk support does not include assistance with Internet access; the Help Desk will use its best efforts to troubleshoot the problem and assist in solving any Internet issues.**

Brand: GC Location: _____ Unit #_____

## SCHEDULE F – MAINTENANCE SUPPORT AGREEMENT

The Advance Replacement maintenance service program includes unlimited hardware repair except to the extent not covered as set forth below.

**NO TROUBLESHOOTING WILL BE PERFORMED OR REPLACEMENTS ORDERED WITHOUT A HELP DESK TICKET BEING CREATED.** This method helps to ensure that business trends and Services usage is able to be monitored to reduce Infoking operating costs and contribute to the pricing model. Client agrees to abide by the exclusive Help Desk process.

Upon receiving the call, if the Help Desk technician identifies the problem as being hardware related or cannot resolve a software problem, the technician will notify the Advance Exchange Center to send replacement equipment. Replacement equipment shall be with equipment in good working condition of like model and specification.

Notification for equipment replacement received on a business day before 2:30 PM, CST, will be shipped the same day. Notifications received after 2:30 PM, CST, will be shipped on the next business day. The following holidays are not considered business days: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving, Day after Thanksgiving and Christmas Day.

Notwithstanding the foregoing, damage to the POS equipment or any part thereof, due to neglect, abuse, spills, or acts of nature are not covered, and Client will bear the cost of any replacements needed under such circumstances.

Since Infoking has invested in assets to allow for contract fulfillment by creating a ready inventory to meet contract provisions, Infoking maintains ownership over the fulfillment inventory in the Repair Center and while in route between the Repair Center and the location as a member of the collective group.

Pricing and effective costs are derivative of and dependent upon the reliability of the collective inventory and supply of quality hardware. Therefore, no equipment will be provided within this collective inventory that is not solely sourced by Infoking and Infoking will be the only supply source for Equipment provided or repaired under this Agreement. If additional Equipment purchase agreements for new or existing ownership occur the only source of new store supply will be Infoking. Client acknowledges that existing equipment and hardware involved in the execution of this Advanced Replacement Program results from combining and co-mingling of existing assets, new assets, replaced assets, leased equipment, software, and/or rented equipment into a "Collective" for purposes of efficiency, cost structure and continual business performance. Client acknowledges that Infoking accepts no responsibility for the original or subsequent asset ownership, nor does Infoking accept any transfer of ownership. Therefore, each individual participant in the advance replacement program via Client Signee agrees to waive all claims or rights of ownership in and to the Collective and shall make no specific ownership claims regarding all or part of the Collective. Infoking retains exclusive right of provisioning and ownership of the all assets within the collective.

Client is required to contribute new equipment assets into the "Collective" at the time of signing of this agreement unless waived in writing by Infoking. The Client retains claim of ownership of the equipment in quantity and model only. Due to the nature of the "Collective", Client agrees they do not have a claim to any

specific serial numbers. When this agreement is terminated for any reason, the equipment installed at the location is considered the property of the client.

Client shall indemnify and hold Infoking harmless from, and defend it against, any and all claims, expenses, demands, liabilities, and debts by or to all persons or entities including by way of example and not limitation those arising out of, on account of and/or from or relating to: a) claims or rights of ownership in and to the Collective and any all parts or portions thereof; b) possession, operation or use of all or part of the Collective; c) any delays in performing maintenance or repair that is attributable to acts or actions of the Client, Acts of God, or other third parties that are not under the control of Infoking, the breakdown of all or part of the Collective or the failure of all or part of the Collective to operation for any reason; d) any theft or destruction of all or part of the Collective; e) any theft or destruction of the property or equipment of Client's and/or Client's franchisees' employees, agents, customers, consultants or subcontractors; or f) injury to any of its employees, agents, subcontractors, consultants or customers arising out of, on account of and/or from or relating to all or part of the Collective.

Further, the parties acknowledge and agree that the Client is responsible for the full value of the replacement if the Client does not return the defective unit to INFOKING SYSTEMS, LLC. The defective unit should be packed in the same box the replacement arrived in and the Client should call to schedule a pickup as the instructions enclosed with replacement specify. Failed equipment may be refurbished and reintroduced for further performance of this Agreement. The parties agree that refurbished equipment is indiscernible from new equipment and it is essential part of this agreement that returned equipment remain part of the ready capacity necessary to fulfill this agreement. Therefore, payment at list price is a fair and equitable determination of actual damages caused if Client fails to timely return the failed equipment. Furthermore, new equipment may be required to be purchased and introduced by InfoKing in fulfillment of this agreement. Complete compensation for any InfoKing loss caused by the failure to timely return all equipment is fair, reasonable and necessary. THEREFORE, FAILED EQUIPMENT NOT RECEIVED BY INFOKING WITHIN 14 DAYS FROM DELIVERY OF ANY REPLACEMENT EQUIPMENT WILL BE BILLED TO CLIENT AT THE CURRENT LIST PRICE. EQUIPMENT RETURNED IN EXCESS OF 30 DAYS AFTER SHIPMENT OF THE REPLACEMENT WILL NOT BE ISSUED CREDIT UNDER ANY CIRCUMSTANCE.

If any invoice for a replacement is not paid within 45 days of the original replacement ship date, in addition to any other legal remedies that INFOKING SYSTEMS, LLC may have, INFOKING SYSTEMS, LLC may cease all services to Client until payment in full has been received. Maintenance and Help Desk Fees are not refundable.

**The base cost for advanced replacement and helpdesk will be $99 per month for a 2 terminal system with additional terminal(s) priced at $45 per month per terminal for the first year, and thereafter subject to the forecast price adjustment for the two-terminal system. A minimal price adjustment annually of $4 per month per terminal will be applied on January 1 of each year until contract termination.**

Services Not Included:

The following are not included as part of this agreement: Any electrical issues.

- INFOKING SYSTEMS, LLC shall not be responsible for the suitability of the equipment at the client location in any case where the current equipment is no longer able to perform to industry standards. If

equipment must be upgraded to newer models, the client is responsible for any costs associated with those upgrades.

- INFOKING SYSTEMS, LLC shall not be responsible for data cabling not installed by INFOKING SYSTEMS, LLC.

- Repairs and/or replacement of any equipment that failed as a result of acts of nature, weather, fire, customer neglect, misuse or abuse, or related actions.

- Repair of any equipment due to failure by the Client to maintain a suitable environment, such as: keeping equipment away from heat, water, and using dedicated electric for each device.

- Internet Service Provider (ISP) support.

- Software support. The parties acknowledge and agree that INFOKING SYSTEMS, LLC is a reseller of any software that is contained in the POS equipment. INFOKING SYSTEMS, LLC will use its best efforts to help the Client solve any software issues and will assist in getting the Client in contact with the software provider for any direct support of such embedded software.

- The parties acknowledge and agree that any on-site service calls that may be required by the Client are not considered a Service covered in this Agreement. On-site service calls are available Monday through Friday from 8:00 AM to 5:00 PM (local time) at a cost of $125 per hour; service calls made after said hours and on weekends and holidays are $150 per hour.

Brand: GC Location: _____ Unit #_____

# SCHEDULE G – SERVICE AND HELP DESK AGREEMENT COVERED EQUIPMENT AND SOFTWARE

| Advance Replacement and Help Desk | | | |
|---|---|---|---|
| | | | |
| **Supported Equipment/Software** | | | |
| POSIFLEX REG | TERMINALS- PosiFlex Reg w/ 15", 2GHZ, 8 GB, (Windows 7 or Window IoT | | |
| POSIFLEXBU | BATTERY - Internal UPS | | |
| POSIFLEXMSR | MAG STRIPE READER (MSR) - W/O Bio-Metric | | |
| POSIFLEXCUSTDISPLAY | CUSTOMER DISPLAY - PosiFlex | | |
| POSIFLEXDRAWER | CASH DRAWER - PosiFlex | | |
| TOUCH KIOSK | KIOSK – Touch Dynamic Kiosk Windows IoT | | |
| TMT88V & NEWER | PRINTERS (OR 4 AS APPLICABLE) - Thermal, Serial, Gray | | |
| KEYBOARD/MOUSE | KEYBOARD & MOUSE - USB | | |
| SURGEPROTECT | POWER - Surge Protectors - Belkin | | |
| KDSVC | KDS VIDEO CONTROLLER | | |
| KDSMONITOR | KDS MONITOR | | |
| KDSKEYPAD | KDS KEYPAD | | |
| 911SOFTWARE | SOFTWARE - Internet Gift Card* | | |
| NetEPay SOFTWARE | SOFTWARE – NetEPay for Credit Card processing | | |
| SVMCDE-AA-AA | SOFTWARE - Virus Scan* | | |
| | SOFTWARE – InfoKING Point-Of-Sale Software | | |
| | SOFTWARE – KDS Application* | | |
| | *Approved vendor only | | |
| | | | |
| | | | |

Brand: GC Location: _____ Unit #_____

| SCHEDULE H – FIT KIT |
|---|
| THE "FIT KIT" MUST BE COMPLETED WITH STORE SPECIFIC INFORMATION. PAY CAREFUL ATTENTION TO COMPLETING THIS FORM – IT CONTAINS CRITICAL TAX INFORMATION THAT IS PROGRAMMED INTO YOUR INFOKING POS SYSTEM. IT IS ALSO VITALLY IMPORTANT THAT ALL INFORMATION IS ENTERED LEGIBLY IN SIMPLE BLOCK LETTERING. IF THE DATA IS NOT LEGIBLE, OR IF YOUR POS REQUIRES PROGRAMMING CHANGES, ADDITIONAL CHARGES MAY APPLY.<br><br>INFOKING SYSTEMS, LLC WILL NOT BE LIABLE FOR ESTABLISHING AND / OR MAINTAINING SALES TAX RATES. |

| *STORE OPENING:* | | | | | | | |
|---|---|---|---|---|---|---|---|
| *YOUR TIME ZONE (SELECT ONE)* | | | | | | | |
| | **EASTERN (EST)** | | **CENTRAL (CST)** | | **Mountain (MST)** | | **Pacific (PST)** |
| *Tax Information (Select One & Enter Rate)* | | | | | | | |
| | TAX RATE | | | | | | |

# DSL Set Up Information

**System Requirements** High-Speed Internet Access is required. DSL/Cable Modem/Satellite

An ISP (internet service provider) is required as part of this solution, but not included as part of this package. You are required to contract an ISP separately.

***** Please COMPLETE and RETURN the information below *****

**Is your Connection: _____Cable _____DSL _____Other**

**If other, specify _____**

**Does your connection require authentication: _____ Yes _____ No**

**If yes, provide the following information:**

- **User name:** _____
- **Password:** _____

# SCHEDULE I –SPECIFICATION SCHEDULE FOR INSTALLATION

**Communication Cables / Dedicated Power**

## Goodcents Required Configuration

### High Speed Internet Options

**DSL/CABLE MODEM/SATELLITE/PHONE AIR CARD (with integrated router)**

**Two** communications cables (Cat5) run from the wall (**25" off floor**) behind the backroom delivery desk to the space under the front counter register. Mark both of the Cat5 cables and face plates on each end, one **yellow** and **one blue**. Both Cat 5 cables terminate in a duplex female RJ45 jack in a wall mounted box on both ends. Both cables are wired straight though (1 to 1, 2 to 2 etc.).

**These cables need to be kept away from power line conduit, heat sources and not run over florescent light fixtures.**

### POWER REQUIREMENTS

**FOR BOTH FRONT COUNTER TERMINAL AND DELIVERY STATION TERMINAL.**

The power requirements call for a Dedicated/Isolated circuit for new restaurants. The dedicated power panel is not used to supply other electrical loads in the facility, and is supplied by a feeder run directly from the main or source panel for the facility. Approved ground receptacle types are: 125V, 15A, Simplex IG-15R1 and 125V, 15A, Duplex IG-15R1.

Brand: GC Location: _____ Unit #_____

## SCHEDULE J – INFOKING POS SYSTEM PRE-INSTALL CHECKLIST

### "ALL ITEMS MUST BE COMPLETE IN ORDER TO INSTALL THE INFOKING POS SYSTEM"

**In order for your InfoKING POS to be installed, you will need to verify that all of the following items have been properly installed and that your location is ready for the installation of the InfoKING POS System.**

**For New Restaurants**

1. **All construction is complete including front line counter installed.**
2. **All power requirements for the InfoKING POS front counter and Delivery area are complete and in working order.**

**For New and Existing Restaurants**

1. **High-speed Internet access is installed and verified to be functioning properly by provider.**
2. **Usernames and Passwords have been provided to InfoKING for High-Speed Internet if required for access.**
3. **Two Category 5 cables have been run from under the front counter Register area to the InfoKING desk delivery area. Both cables have been terminated on both ends with a RJ45 female jack wired straight through. Both cables have been clearly marked, one yellow and one blue at both ends. Both cables are mounted in a duplex receptacle at both ends as well.**

Brand: GC Location: _____ Unit #_____

# SIGNATURE PAGE

**A. LIMITATION OF LIABILITY**

THE WARRANTIES IN THIS AGREEMENT ARE THE ONLY WARRANTIES MADE WITH RESPECT TO THE INFOKING EQUIPMENT, SOFTWARE OR SERVICES. TO THE FULLEST EXTENT PERMITTED BY LAW, INFOKING EXPRESSLY DISCLAIMS ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. INFOKING WILL NOT BE LIABLE TO THE CLIENT OR TO ANY THIRD PARTY FOR ANY CONSEQUENTIAL, SPECIAL, PUNITIVE OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF INFORMATION, LOST PROFITS OR OTHER ECONOMIC LOSS (WHETHER ARISING FROM BREACH OF CONTRACT OR TORT), EVEN IF APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES. IN NO EVENT SHALL INFOKING 'S LIABILITY TO THE CLIENT (WHETHER BASED ON AN ACTION OR CLAIM IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF, ON ACCOUNT OF, OR RELATED TO, THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT EXCEED THE AMOUNT OF MONEY ACTUALLY PAID BY THE CLIENT TO INFOKING UNDER THIS AGREEMENT DURING THE TERM OF THIS AGREEMENT. FURTHER, IF ANY SCHEDULE TO THIS AGREEMENT SPECIFICALLY FURTHER LIMITS INFOKING'S LIABILITY FOR A PARTICULAR ITEM, THEN SUCH LIABILITY SHALL BE LIMITED AS FURTHER SET FORTH IN SUCH SCHEDULE. THIS EXPRESSLY EXCLUDES ANY MONIES PAID TO INFOKING OUTSIDE THE SCOPE OF OR TERM OF THIS AGREEMENT.

**B. RELATION OF PARTIES**

INFOKING is an independent contractor. INFOKING and the Client are not and shall not be considered joint ventures, partners or agents of the other and neither shall have the power to bind or obligate the other except as set forth in this Agreement. Any representation to the contrary by either party shall constitute a material breach of this Agreement.

**C. TAXES**

Client shall be solely responsible for any sales, use, excise, property or other tax, tariff, duty or assessment arising out of, or related to, any of the transactions covered by this Agreement, other than any tax based on INFOKING's net income.

**D. MISCELLANEOUS**

1. **Governing Law**. This Agreement shall be interpreted and construed by the laws of the State of Kansas, without regard to conflicts of law principles. The parties submit and consent to the exclusive jurisdiction of the courts in Johnson County, Kansas USA.
2. **Entire Agreement**. This Agreement constitutes the entire agreement between the parties to this Agreement and supersedes any and all prior or contemporaneous oral or written representations or communications with respect to the subject matter of this Agreement.
3. **Amendment**. This Agreement shall not be modified, amended or in any way altered except by an instrument in writing signed by both of the parties to this Agreement.
4. **Notice**. Any notice required or permitted in this Agreement shall be sufficient if in writing and if delivered or mailed, by certified or registered mail, postage prepaid, return receipt requested, addressed to the parties at their last known addresses as set forth in this Agreement.
5. **Enforcement and Survival of Certain Terms**. Without limiting the foregoing, it is expressly agreed that each and every provision of this Agreement which provides for a limitation of liability, disclaimer, warranties or exclusion of damages is intended by the parties to be severable and independent of any other provision and to be enforced as such. The provisions of Sections A through D inclusive of this Agreement, all payment obligations of the Client and any other provisions which by their terms will survive shall survive the termination under this Agreement, whatever the reason for such termination.

| |
|---|
| 6. **Multiple Counterparts**. This Agreement may be executed in one or more counterparts and by facsimile signatures, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.<br><br>I agree to all the Sections and Schedules in this agreement: |
| **Acknowledgement** |
| The parties acknowledge that this Agreement, including the additional terms and conditions herein and the Point of Sale Restaurant Solutions Agreement, is the complete Agreement between the parties with respect to its subject matter and supersedes all representations, promises and proposals, whether they be oral or written, between the parties. Any terms and conditions set forth in any order or letter from Customer shall be without effect. This Agreement can only be modified by a written Agreement signed by you and an authorized representative of InfoKING Systems, LLC |

| CUSTOMER HAS READ THIS AGREEMENT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS & CONDITIONS | | | |
|---|---|---|---|
| DATE | NAME | TITLE | SIGNATURE |
| | | | |

# EXHIBIT J

## RECEIPTS

# RECEIPTS J – 1

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

If GOODCENTS 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.

**Maryland, New York, and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.**

**Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.**

If GOODCENTS 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, DC 20580 and the state agency listed on Exhibit D.

The franchisor is Mr. Goodcents Franchise Systems, Inc., located at 8997 Commerce Drive, De Soto, Kansas 66018. Its telephone number is (913) 583-8400.

Issuance Date: February 28, 2023.

The franchise seller for this offering is Joseph J. Bisogno, Chief Executive Officer, Mr. Goodcents Franchise Systems, Inc., 8997 Commerce Drive, De Soto, Kansas 66018; (913) 583-8400.

Mr. Goodcents Franchise Systems, Inc. authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I received a disclosure document dated February 28, 2023, that included the following Exhibits:

A. Financial Statements
B. Multi-Unit Agreement
C. Franchise Agreement
D. Agents for Service of Process
E. State Administrators
F. List of Franchisees
G. State Addenda
H. General Releases
I. InfoKing Systems, LLC Point of Sale Restaurant Solution Agreement

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

You may return the signed receipt either by signing, dating, and mailing it to Mr. Goodcents Franchise Systems, Inc. at 8997 Commerce Drive, De Soto, Kansas 66018 or by faxing a copy of the signed and dated receipt to Mr. Goodcents Franchise Systems, Inc at 913-583-3500.

## RECEIPTS J – 2

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

If GOODCENTS 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.

**Maryland, New York, and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.**

**Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.**

If GOODCENTS 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, DC 20580 and the state agency listed on Exhibit D.

The franchisor is Mr. Goodcents Franchise Systems, Inc., located at 8997 Commerce Drive, De Soto, Kansas 66018. Its telephone number is (913) 583-8400.

Issuance Date: February 28, 2023.

The franchise seller for this offering is Joseph J. Bisogno, Chief Executive Officer, Mr. Goodcents Franchise Systems, Inc., 8997 Commerce Drive, De Soto, Kansas 66018; (913) 583-8400.

Mr. Goodcents Franchise Systems, Inc. authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

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Date: _____ _____
(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

You may return the signed receipt either by signing, dating, and mailing it to Mr. Goodcents Franchise Systems, Inc. at 8997 Commerce Drive, De Soto, Kansas 66018 or by faxing a copy of the signed and dated receipt to Mr. Goodcents Franchise Systems, Inc at 913-583-3500.

# FRANCHISE DISCLOSURE DOCUMENT

# AREA REPRESENTATIVE

**www.goodcentssubs.com**

**FRANCHISE DISCLOSURE DOCUMENT**
**MR. GOODCENTS FRANCHISE SYSTEMS, INC.**
**A Kansas Corporation**
**8997 Commerce Drive**
**De Soto, Kansas 66018**
**(913) 583-8400**
**1-800-648-CENT**
**compliance@goodcentssubs.com**
**www.goodcentssubs.com**

Mr. GOODCENTS Franchise Systems, Inc. is offering GOODCENTS Area Representative franchises which provide qualified individuals with the opportunity to recruit, develop, and service Single Unit or Multi-Unit GOODCENTS franchises located in their designated areas of representation on our behalf.

The total investment necessary to become an Area Representative is from $119,000 to $182,500. This includes $100,000 that must be paid to Goodcents.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact the Compliance Officer, at 8997 Commerce Drive, De Soto, Kansas 66018, 913-583-8400.

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 in this disclosure document to an advisor, such as 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 "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.

FTC issuance date of this disclosure document is: February 28, 2023.

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit A includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only Goodcents® Restaurant in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be a Goodcents® Franchisee?** | Item 20 lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

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

2. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

## MICHIGAN

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

i. the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

ii. the fact that the proposed transferee is a competitor of us or our sub franchisor.

iii. the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

iv. your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

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## ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "we", "us", "our" or "GOODCENTS" means MR. GOODCENTS FRANCHISE SYSTEMS, INC., the Franchisor. "You" means the person that buys the franchise. If you are a corporation or limited liability company, certain provisions of this Franchise Disclosure Document also apply to your owners and will be noted.

MR. GOODCENTS FRANCHISE SYSTEMS, INC. is a Kansas corporation and was incorporated on March 20, 1991. Our principal business address is 8997 Commerce Drive, De Soto, Kansas 66018.

We do not have a parent company.

Our affiliated company, Custom Foods, Inc., is a corporation formed under the laws of Kansas, whose principal business address is 9101 Commerce Drive, De Soto, Kansas 66018. Custom Foods, Inc. is the approved manufacturer of frozen bread dough and cookies which are sold to the approved suppliers.

Our affiliated company, Profit Plus Business Solutions, LLC, is a limited liability company formed under the laws of Kansas, whose principal business address is 8997 Commerce Drive, De Soto, Kansas 66018. One of our officers owns an interest in Profit Plus Business Solutions, LLC. For the year ending December 31, 2022, Profit Plus Business Solutions, LLC's revenue from providing accounting services to franchisees was $33,250.00.

Our affiliated company, InfoKING Systems, LLC, is a Kansas limited liability company formed under the laws of Kansas, whose principal place of business is 8997 Commerce Drive, De Soto, KS 66018. InfoKING Systems, LLC provides proprietary software and computer system hardware to franchisees on a subscription basis.

Neither GOODCENTS, nor its predecessors or affiliates, sell franchises of any other types of business.

Our agents for service of process in certain states are listed in Exhibit F and GOODCENTS registered agent for service of process in the state of Kansas is Joseph J. Bisogno, 8997 Commerce Drive, De Soto, Kansas 66018.

We do not conduct a business of the type being offered.

GOODCENTS first operated a Restaurant of the type that you will be servicing as an Area Representative, in March 1989. In 1991, we began offering franchises to establish and operate GOODCENTS businesses. The restaurants feature sandwiches and conveniently packaged balanced meals, appealing to cost-conscious and health-oriented guests.

In 2008, we began offering Multi-Unit GOODCENTS franchises, in addition to our single unit franchisees to establish and operate GOODCENTS businesses.

We offer franchises for Area development opportunities granting you the right, within a Designated Area, to (i) solicit, recruit, screen, and interview prospective Franchise operations for us (the "Sales Services"); and (ii) provide support and assistance to the Franchise operations in a Designated Area (the "Support Services"). Using the Area Representative Franchise Agreement, attached as Exhibit B, you and we will mutually agree on the number of Franchise operations that must be established and operated in your Representative Area during a specific time period. While you will offer franchises to prospective Franchise operations, both the final decision of whether to grant a Franchise operation, and the actual grant of a Franchise operation, will be made solely by us. As compensation for your services under the Area Representative Franchise Agreement, unless we specify otherwise, you will receive 50% of the initial 'net' franchise fee paid by the Franchisee within your Representative Area; and you will receive a fee equal to 33.33% of the continuing royalty fees paid by the Franchise operations in your Representative Area for restaurants that you establish in your development area.

The market for sandwiches, and related food products is highly competitive, as is the market for obtaining locations for Restaurants. However, we believe we have a unique product and offer a unique opportunity in the Restaurant industry. We plan to continue expansion into markets that can support the Restaurants to improve name recognition and the reputation of the System through franchised Restaurants. Your competition will include other casual dining segments of the restaurant industry and other sandwich restaurants appealing to families, young adults and seniors.

A GOODCENTS business appeals to the general public as a family restaurant and is attractive to young people and college age students and adults. A GOODCENTS business is particularly appealing to health-conscious diners.

**Industry Regulations, Licenses, Permits**

You must comply with all federal and state laws that regulate the offer and sale of franchises and comply with all franchise disclosure requirements, franchise broker registration and/or sales agent disclosure requirements and any other laws or regulations governing the sale of franchises and the relationship between franchisors and franchisees. There are no other regulations specific to the operation of an Area Representative Business; however, you must comply with all local, state, and federal health and sanitation laws. You should consult with your own professional advisors, such as an attorney and accountant, regarding applicable laws and regulations. Neither you nor any of your employees or representatives may solicit prospective franchisees of GOODCENTS until we have provided you with our current disclosure document related to the offer and sale of GOODCENTS franchises in the applicable jurisdiction and have complied with state registration requirements, if necessary.

Franchisees in your Representative Area must comply with all federal, state, and local labor regulations, including minimum age and wage laws, Americans with Disabilities Act and USA Patriot Act, and other laws and regulations apply to businesses generally.

Certain aspects of the restaurant business are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, as well as state and local departments of health and other agencies, have laws and regulations concerning the preparation of food and establishing sanitation standards for restaurants. There may be restrictions on smoking in restaurants established by local laws. Certain provisions of the Clean Air Act may impose limits on emissions resulting from commercial food preparation. Currently, various state and municipal laws require that nutritional information be included on the menu for each item. The Patient Protection and Affordable Care Act of 2010 includes a federal requirement for menu labeling which will be effective after the FDA's final regulations are issued. You will need to understand and comply with these laws in operating the Restaurant. There may be other laws applicable to your business, including local zoning and planning laws. You must carefully review these and other laws that may affect your business.

## ITEM 2: BUSINESS EXPERIENCE

**Chairman of the Board and CEO: Joseph J. Bisogno**

Mr. Bisogno has been Chairman of the Board for GOODCENTS since June 2010. From March 1989 to present, Mr. Bisogno also serves as CEO for GOODCENTS.

**Vice President of Franchise Development: Jami Bond**

Mrs. Bond has been the Vice President of Franchise Development for GOODCENTS since September 2020. Mrs. Bond was the Director of Franchise Development from November 2019 to September 2020 and the Director of Field Marketing from January 2016 through November 2019. Prior to GOODCENTS, Mrs. Bond supported field marketing efforts for Pizza Hut, Applebee's, and Slim Chickens.

**Vice President of Marketing: Rebecca Murray**

Miss Murray has been the Vice President of Marketing for GOODCENTS since October 2022. Prior to

GOODCENTS, Miss Murray directed marketing communication efforts for Pryor Learning, The University of Kansas, Andrews McMeel Publishing and Penguin Random House.

**Chief Financial Officer: John Bickimer, CPA**

Mr. Bickimer has been Chief Financial Officer for GOODCENTS since January 2023. Prior to GOODCENTS, Mr. Bickimer was Chief Financial Officer at Bickimer Construction, Inc. in Lenexa, KS from March 2021 to January 2023 and Senior Project Finance Manager for IQVIA in Overland Park, KS from January 2018 to February 2021.

**Sr. Director of Operations and Training: Keith Lake**

Mr. Lake has been the Sr. Director of Operations and Training for GOODCENTS since June 2021. Prior to GOODCENTS, Mr. Lake was the Assistant Director of Dining at the University of Kansas from 2007-2021. Additionally, Mr. Lake was also a multi-unit Area Manager for a GOODCENTS franchisee from 1997 to 2007.

**Director of Operational Support: Rick Frederick**

Mr. Frederick has been the Director of Operational Support for GOODCENTS since December 2021. Prior, Mr. Frederick was the Director of Operations for GOODCENTS since September 2018. Mr. Frederick has been with the GOODCENTS organization since 1997, serving in roles ranging from a single store General Manager, Director of Training, Systems Information Specialist, and a multi-unit Director of Operations. Prior to GOODCENTS, Mr. Frederick worked for Gilbert Robinson and Creative Restaurant Management.

## ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5: INITIAL FEES

If you are an Area Representative, you must pay to GOODCENTS an amount of $10,000 per unit (a minimum amount of $100,000 required) for a minimum of 10 units that you agree to develop at the time of signing your Area Representative Franchise Agreement. The amount of your initial Area Representative fee will depend upon the demographics of your Representative Area, which will have a direct impact on establishing the number of GOODCENTS FRANCHISE operations to be established during your Representative development period.

The initial Area Representative fee must be paid to us as a lump sum in the form of a cashier's check or wire transfer at the time the Area Representative Franchise Agreement is signed. All initial Area Representative fees are fully earned by us when paid by you and are not refundable under any circumstances.

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.**

## ITEM 6: OTHER FEES

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Marketing and Advertising Fee[2] | $1,000 per month | 15th day of each month | See Note 2. |
| Renewal | 50% of the then-current Area Representative Fee | 365 days before renewal | Payable if you wish to renew your franchise agreement for an additional 10-year period. |
| Transfer or Assignment | $25,000 lump sum | Before transfer or assignment | Payable when you request approval of a transfer or assignment of your Franchise or for the sale of assets. No charge if transferred to a corporation or limited liability company with same ownership. |
| Interest | Interest of 18% per annum or highest rate of interest allowed by law on amounts due | Interest due on demand | Begins to accrue the day after payments are due. |
| Inspection and Audit Fee | Costs of the Audit | Immediately upon the completion of the audit | Payable if audit shows understatement of Gross Revenue for any month or if you fail to provide all required information to conduct the audit. Payable if Franchisee has not provided financial statements for a period of 3 months within a 12-month period. |
| Costs and Attorney Fees | Will vary under the circumstances | As incurred | Payable only if you do not comply with the Area Representative Franchise Agreement terms. |

**Notes:**

1. All fees are uniformly imposed on all Area Representatives and are collected by and payable to us. All fees are non-refundable under any circumstance. You may not withhold all or part of the fees due to us or any buying group on the grounds of nonperformance.

2. Marketing and Advertising Fee. You must pay us $1,000 per month for advertising and marketing costs associated with the solicitation of prospective Franchisees (the "Marketing Fee"). We reserve the right to increase the Marketing Fee by 5% from the previous year's Marketing Fee one time each calendar year upon notice to you. The Marketing Fee must be paid beginning on the 15th day after the end of the first full calendar month during which you complete Initial Training and on the 15th day of each month after that date during the term of the Area Representative Franchise Agreement. This fee is payable only while franchisees are being solicited.

* Except as otherwise noted, all fees are uniformly imposed on all Area Representatives and collected by, and payable to, us (or our designated affiliates). Any fees paid to us are non-refundable unless otherwise noted. Your costs for certain items listed above may differ depending on the suppliers used, local costs, and other factors. We will auto-debit your bank account (known as "ACH") for all fees you are required to pay to us under the Area Representative Franchise Agreement. Your ACH will remain in effect throughout the term of the Area Representative Franchise Agreement. You must ensure that funds are available in your bank account to cover our withdrawals. Some banks charge fees for us to ACH your account; you must pay those fees. We may require you to pay any amounts due under the Area Representative Franchise Agreement or otherwise by means other than ACH (e.g., by check or credit card) whenever we deem appropriate, and you must comply with our payment instructions. If you fail to comply with our payment instructions, we reserve the right to exclude you from participating in certain programs. In addition, your failure to comply with our payment instructions will be considered a default under the Area Representative Franchise Agreement.

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## ITEM 7: ESTIMATED INITIAL INVESTMENT

| Type of Expenditure[1] | Amount | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|
| Initial Area Representative Fee[2] | $10,000 for each restaurant in the Area Representative Geographic Area (10 Unit minimum) $100,000 | Lump Sum | Upon Execution of the Area Representative Franchise Agreement | GOODCENTS |
| Training | Up to $500 per person, per day $500 – $10,000 | Upon Demand | As Incurred | GOODCENTS |
| Travel | Up to $500/day (for hotels and meals, etc.) $500 – $5,000 | Upon Demand | As Incurred | Suppliers |
| Franchise Broker Fees, Registration Fees, Business Licenses and Permits | $1,000 – $2,500 | As Agreed | Payable before opening for business | Licensing Authorities/Suppliers |
| Office furniture, computers, and equipment | $1,500 – $5,000 | As Agreed | When purchased or upon agreed terms | Suppliers |
| Development Area Demographic Analysis Fees | $10,000 – $25,000 | As Agreed | As Agreed | Suppliers |
| Legal Fees and Insurance | $5,000 – $10,000 | As Agreed | As Agreed | Suppliers and/or GOODCENTS |
| Additional Funds – 3 months[3] | $500 – $25,000 | As Agreed | As Agreed | Suppliers |
| Total [4, 5] | $119,000 to $182,500 | | | |

**Notes:**

1. Each payment is non-refundable, unless otherwise noted. GOODCENTS does not finance any part of the initial investment.

2. The Area Representative fee is payable to GOODCENTS and is more fully described in Item 5. You agree to develop a minimum of 10 Restaurants in an Area Representative Franchise Agreement within a specified period of time.

3. Sometimes referred to as working capital, these estimates are your initial expenses for three months from the date you open for business. These expenses include payroll costs. These figures are estimates, and GOODCENTS cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors including how closely you follow GOODCENTS methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for GOODCENTS' products; the prevailing wage rate; competition; and the sales level reached during the initial period. You must also pay royalty and other fees as described in Item 6 of this FDD.

4. Initial costs for Area Representatives will vary depending on the structure of their organization, the location and style of offices set up, the number of employees and the area that will be established. Additional working capital will be required if sales are low or operating costs are high.

5. Unit Franchise Investment Costs are NOT included. We may not require you to purchase or open an individual Unit Franchise as a condition of obtaining an Area Representative Business. If you choose to purchase a Unit Franchise, you will have to sign our then-current unit franchise agreement being offered to new Unit Franchisees. The estimated initial investment for new Unit Franchises is contained in our Unit Franchise Disclosure Document, which you can request from us.

## ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To maintain the uniformity and quality of products and services offered by your Restaurant, you must purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or comparable items related to establishing or operating the Restaurant from us, our affiliates or suppliers approved by us that meet our standards and specifications. You must operate your Restaurant in strict conformity with our standards and specifications.

We or our affiliated companies may be designated, in our sole discretion, as an approved supplier or the only approved supplier of food and related products and services.

At the present time, we are not an approved supplier of food and related products.

Our affiliate, Custom Foods, Inc. is the only approved manufacturer of frozen bread dough and cookies for the System.

Our affiliate, InfoKING Systems, LLC, is the only approved supplier of the Computer System.

Our affiliate, Profit Plus Business Solutions, LLC, is an approved supplier of accounting services.

One of our officers owns an interest in Custom Foods, Inc., InfoKing Systems, LLC, and Profit Plus Business Solutions, LLC.

If you want to buy or lease any item or service that we have not yet evaluated or approved or want to buy or lease from the supplier that we have not yet approved or designated, you must submit to us a written request to approve the proposed supplier, with evidence of consistent conformity with our specifications and standards as we may reasonably require.

Supplier approval might depend on product quality, delivery frequency, and reliability or on service standards or financial capability, or customer relation or concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliate for the right to do business with our system.

We will have the right to require that our representatives be permitted to inspect the proposed supplier's facilities and that the product samples be delivered to us or to our designee for testing or to an independent testing facility we designate. We may charge you or the supplier a reasonable fee for the valuation and decide within a reasonable time (generally no more than 30 days) whether or not we approve or disapprove the item or service. We periodically will establish procedures for your request and may limit the number of approved items, services or suppliers, as we determine in our sole discretion.

We may inspect a proposed supplier's facilities during or after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, or for a new product or service.

In addition to the designated and approved suppliers described above, we have the right to identify additional designated and approved suppliers in the future in written communications to you or in the Operations Manual, as we determine in our sole and absolute discretion.

We issue standards and specifications and any modifications to the System to you in the Operations Manual and otherwise, including, without limitation, in writing and by e-mail.

We or our affiliates may derive revenue or other material consideration from required purchases or leases by you.

The precise basis of the income to us from approved vendors and suppliers would generally be 1% to 20% of the purchase price of such food products and supplies purchased by you from approved suppliers. All

revenue in the form of rebates and commissions we receive from approved suppliers resulting from your purchases may, in our discretion, be paid into the National Marketing and Promotional Fund or to regional and national advertising cooperatives or be utilized by us.

We nor our affiliates, arrange any rebates to be received by you on required purchases made by unit franchisees.

In the fiscal year ending December 31, 2022, our revenue from approved suppliers based upon the purchase of products and services by Franchisees from approved suppliers was $794,045.43 which is 21.8% of our total franchise operations revenue of $3,645,686.

For the fiscal year ending December 31, 2022, Custom Foods, Inc.'s revenue from the sale of frozen dough to the approved suppliers of bread dough and cookie dough was $1,964,636.88.

For the fiscal year ending December 31, 2022, InfoKING's revenue from providing proprietary software and hardware to franchisees was $324,254.65.

Our affiliated company, Profit Plus Business Solutions, LLC is an approved supplier of accounting services. For the year ending December 31, 2022, Profit Plus Business Solutions, LLC's revenue from providing accounting services to franchisees was $33,250.00.

The cost of your purchases in compliance with our specifications and standards will represent approximately 70% to 75% of your total initial purchases relative to the establishment of your Restaurant, and approximately 90% to 95% of your total purchases required for the operation of your Restaurant, based on the percentage of cost experienced by GOODCENTS in comparable Restaurants.

There are currently no purchasing or distribution cooperatives that you must join or in which you may participate.

We may negotiate purchase arrangements, including price and terms, with designated and approved suppliers of food products and beverages purchased by franchisees.

We do not provide any material benefits to you based on your use of designated or approved suppliers or for the purchase of particular products and services.

**Advertising**

You will be required to pay us $1,000 per month for advertising and marketing associated with the solicitation of potential franchisees. We reserve the right to increase this contribution by 5% from the previous year's contribution one time each calendar year upon notice to you. Franchisee marketing funds, the minimum marketing spend requirements and advertising co-ops are all addressed in a separate disclosure document. All marketing and promotion in connection with the offer and sale of franchises must conform to our standards and specifications. We may provide you with franchise sales advertising and promotional materials, the cost of which may be passed on to you.

You are required to conduct advertising, at your expense, to solicit prospective Franchisees in your Representative Area. You shall submit to us or our designated affiliate an accounting of the amounts spent on advertising and the details of such upon our request. We reserve the right to require you to participate, at your expense, in trade shows and other promotional events. This fee is payable only while franchisees are being solicited.

You must send us for prior approval samples of all advertising and promotional materials that you want to use; which we have not prepared or previously approved. We will typically approve or disapprove such materials within 10 days. Some states require the filing of franchise sales advertising materials with the appropriate state agency prior to dissemination. You must timely submit these for review to comply with these filing requirements at your own expense unless such advertising has been previously filed with the

state by us. We and our affiliates may charge you for the costs incurred in printing large quantities of advertising and marketing materials supplied to you at your request.

**Insurance**

The Franchise Agreement requires you to furnish to us copies of all insurance policies required by the Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as we request. Insurance coverage must meet our minimum requirements. All insurance policies must name us as an additional insured party. We are not an approved supplier of the required insurance policies.

For your protection and ours, you agree to maintain the following business owners policy (BOP) insurance: (i) "all risk" property insurance coverage on all assets, including furniture, fixtures, equipment, supplies and other property used in the operation of your business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost; (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your business, containing minimum liability protection of $l,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate; (iii) errors and omission insurance, containing minimum liability protection of $1,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate; (iv) Worker's Compensation & Employers Liability and other insurance to meet statutory requirements: Coverage shall apply to all workers and employees, including sole proprietors, partners, members of an LLC, and officers of a corporation, regardless of whether or not such persons come under the statutory requirements to carry this coverage; (v) Automobile Liability Insurance: A combined single limit of $1,000,000 per Occurrence. Coverage shall apply to all owned, hired, and/or non-owned automobiles used in the business, including vehicles used for delivery or catering operations; (vi) any other insurance that we specify in the Confidential Operation Manual(s) from time to time. You agree to provide us with proof of coverage on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which your business is operated. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30 days prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 30 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. You must also maintain all other insurance required by state or federal law, or as required by your landlord (if you have one).

You will provide proof of insurance to us before beginning operations of your Business. This proof will show that the insurer has been authorized to inform us in the event any policies lapse or are canceled or modified. Noncompliance with the insurance provisions in the Area Representative Franchise Agreement will be deemed a material breach of the agreement. In the event of any lapse in insurance coverage, we have the right to demand that you cease operations of your Business until coverage is reinstated.

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## ITEM 9: FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Area Representative Franchise Agreement. It will help you find more detailed information about your obligations in that agreement and in other items of this disclosure document.**

| Obligation | Section in Agreement | Disclosure document item |
|---|---|---|
| a. Site selection and acquisition/lease | Sections 2.1 and 2.2 | Items 11 and 14 |
| b. Pre-opening purchases/leases | Sections 5.5, 6.5, and 7 | Item 11 |
| c. Site development and other pre-opening requirements | Not Applicable | Items 7, 8, and 11 |
| d. Initial and ongoing training | Sections 5.2, 5.3, and 5.7 | Items 6, 7, 8, and 11 |
| e. Opening | Not Applicable | Item 11 |
| f. Fees | Sections 5.2, 5.3, 6.6, 7, 8.1, 11.3, 16.2, and 16.15 | Items 5, 6, 7, and 11 |
| g. Compliance with standards and policies/operating manual | Sections 5.3 and 6.2 | Item 11 |
| h. Trademarks and proprietary information | Sections 9 and 10; and Confidentiality Agreement | Items 13 and 14 |
| i. Restrictions on products/services offered | Section 5.10 | Items 8, 11, and 16 |
| j. Warranty and customer service requirements | Section 6.1 | Item 11 |
| k. Territorial development and sales quotas | Sections 2.1 and 2.2 | Item 12 |
| l. Ongoing product/service purchases | Section 5.10 | Item 8 |
| m. Maintenance, appearance, and remodeling requirements | Section 5.8 | Item 11 |
| n. Insurance | Section 6.5 and 6.6 | Item 8 |
| o. Advertising | Sections 5.9, 6.7, 6.8, and 6.9 | Items 6, 7, 8, and 11 |
| p. Indemnification | Section 16.2 | Item 17 |
| q. Owner's participation/management/staffing | Not Applicable | Items 11 and 15 |
| r. Records and reports | Sections 6.10 and 6.11 | Item 11 |
| s. Inspections and audits | Section 5.8 | Items 6 and 11 |
| t. Transfer | Section 11 | Items 6 and 17 |
| u. Renewal | Section 4 | Items 6 and 17 |
| v. Post-termination obligations | Section 13.2 | Item 17 |
| w. Non-competition covenants | Section 12 | Items 15 and 17 |
| x. Dispute resolution | Sections 14, 15, 16.7, 16.8, and 16.9 | Item 17 |
| y. Other (Solicit Franchisees within designated area) | Sections 2.1 and 2.2 | Item 12 |

## ITEM 10: FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you.

Franchisees of GOODCENTS are eligible for expedited Small Business Administration ("SBA") loan processing through SBA's Franchise Registry Program, www.franchiseregistry.com.

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

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

**Before you open the Restaurant, we will:**

We will grant you an area in which you will have the exclusive right to develop (Section 1 of the Area Representative Franchise Agreement) the number of units which you will develop within a specific period of time. (Section 2 of the Area Representative Franchise Agreement.)

GOODCENTS will train you to solicit, recruit, and support franchisees in your Designated Area. The training program will last approximately three (3) days and needs to be completed within thirty (30) days of signing your Area Representative Franchise Agreement.

GOODCENTS will train you to market and operate your business and to operate a single GOODCENTS Unit. You will be solely responsible for the compensation, travel, lodging and living expenses you and your manager incur regarding attendance at the initial training program or at any supplemental or refresher training programs. The training program consists of classes conducted at GOODCENTS' offices or at other designated locations and on-the-job training furnished at one of GOODCENTS' Restaurants and will last approximately 30 days. (Section 5.2 of the Area Representative Franchise Agreement.)

Provide you with the Operations Manual. (Section 5.3 of the Area Representative Franchise Agreement.)

**Time to Open**

The typical length of time between signing the Franchise Agreement and commencing business is between thirty (30) to sixty (60) days. This will depend on the availability of your and/or your approved designee's satisfactory completion of the training programs.

**During Operation of your Area Representative Business**

Use our best efforts to promptly process all franchise applications made by prospective franchisees and forwarded to us by you (Section 5.6 of the Area Representative Franchise Agreement.)

Provide you with information and training on an ongoing basis to operate your business more efficiently. (Section 5.3 of the Area Representative Franchise Agreement.)

Assist you in marketing your development area through our marketing materials and campaigns, which we develop. (Section 6.7 of the Area Representative Franchise Agreement.)

Allow you to use our Marks under the terms and conditions, which we prescribe. (Section 9 of the Area Representative Franchise Agreement.)

Provide you with confidential information to assist you in regard to site selection determination and other aspects of operating the business on an ongoing basis. (Section 10 of the Area Representative Franchise Agreement.)

**Advertising**

We have developed, and we administer at our discretion, advertising, public relations, sales promotion and franchisee solicitation programs.

You will be required to market to establish new GOODCENTS units in your area of development.

The media in which the advertising may be disseminated includes print, point of purchase, radio, television, digital, and billboard. The media coverage is presently local and regional.

We are not obligated to spend any amount on advertising in your exclusive area, but we will provide you with marketing materials and information to help you develop your area, at a cost to you. You may use your own marketing materials, as long as we have approved them at least 14 days in advance of their use. (Section 6.7 of the Area Representative Franchise Agreement.)

We will provide marketing services to GOODCENTS unit operations in your area of development which will enhance your presence and public knowledge about the business unit operations which you are developing. (Section 6.7 of the Area Representative Franchise Agreement.)

**Advertising Council**

There is no advertising council, but GOODCENTS units in your exclusive area are required to market which will enhance your presence.

**Advertising Cooperative**

There is no Advertising Cooperative.

**National Marketing and Promotional Fund**

There is no National Marketing and Promotional Fund.

**Computer Hardware and Software**

You are not required to purchase any specific computer hardware or software; however you must have hardware and software which can run business operations.

**Operations Manual**

We provide you access to Goodcents University, an online training portal, during the term of the franchise agreement. Goodcents University consists of operation manuals, training videos, and other materials related to operations (collectively, the "Operations Manual").

The Operations Manual contains mandatory and suggested specifications, standards and operating procedures prescribed by us for GOODCENTS RESTAURANTS and information relative to your other obligations. We have the right to modify the Operations Manual to reflect changes in products, services, specifications, standards and operating procedures, including marketing techniques. No addition or modification may alter your fundamental status and rights. The master copy of the Operations Manual that we maintain at our principal place of business controls if there is a dispute relative to the contents of the Operations Manual.

## Table of Contents to Operations Manual

| | TITLE | Hours of Training |
|---|---|---|
| Basic Operations | Orientation / Certified Clean | 1-2 |
| | The Goodcents Experience | 1-2 |
| | Dress & Wrap / Expo | 2-3 |
| | Register | 2-4 |
| Intermediate Operations | Goodcents to Go | 2-4 |
| | Slicing | 1-2 |
| | Baking | 2-4 |
| | Catering | 1-2 |
| | Delivery | 1-2 |
| Advanced Operations | MGMT 101: Certified Trainer | 2-4 |

| | TITLE | Hours of Training |
|---|---|---|
| | MGMT 201: Shift Leader | 3-6 |
| | MGMT 301: Operations Leader | 2-4 |
| | MGMT 401: Restaurant Leader | 2-4 |
| In-Store Training | Certified Clean | 200 |
| | Station Assignments (Priorities 1-4) | |
| | Dress & Wrap / Expo | |
| | Register | |
| | Slicing | |
| | Baking | |
| | Catering (Party Trays & Box Lunches) | |
| | Opening Restaurant Crew / Management | |
| | Mid-Day Crew / Management | |
| | Closing Crew / Management | |
| | Administration Management Tools / Checklists | |
| | Managing Station Assignments | |
| | Inventory & Food Costs | |
| | Product Ordering | |
| | Receiving & Storing Orders | |
| | Goodcents University Admin | |
| | On-Boarding New Crew Members | |
| | Local Store Marketing | |
| | Crew Member Relations | |
| | Benching & Scheduling | |

**Training**

Directly after signing your Area Representative Franchise Agreement, GOODCENTS, or a contractor designated by GOODCENTS, furnishes you (or your partnership, corporation or limited liability corporation, the managing partner, shareholder or managing member) an initial training to conduct the business of an Area Representative. This training will be conducted at GOODCENTS' training facility in De Soto, Kansas or other facilities designated by GOODCENTS including the potential of courses conducted online.

The outline of the Area Representative business training program is:

**The Area Representative Business Training Content:**

| SECTION | TITLE | Hours of Training |
|---|---|---|
| Area Representative Business Training Content | How to Solicit Franchisees | 4-8 |
| | What You Can/Cannot Disclose | 1-2 |
| | Goodcents Basics | 5-8 |
| | FDD Review | 5-8 |
| | Sales Process Steps | 2-5 |
| | CRM Training | 2-3 |

Before the opening of the Restaurant, we will conduct a 30-day initial training program for the operation of your Restaurant, which will include instruction relating to the operation of the Restaurant, understanding the equipment and product usage, costs and cash control, guest service, marketing and sales programs, accountability for sales and marketing, management roles, job function of crew members, crew scheduling and methods of controlling operating costs.

The outline of the initial training program is as follows:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| Real Estate | 1 | 0 | GOODCENTS UNIVERSITY (Online), GOODCENTS R&D Facility in De Soto, KS and Restaurant |
| Business Plan | 1 | 0 | |
| Restaurant Operations | 1.5 | 200 | |
| Personnel Management | 1 | (included in above) | |
| Food Management | 4 | (included in above) | |
| Sales Marketing | 1.5 | (included in above) | |
| Organization & Time Mgmt | 1 | (included in above) | |
| Equipment Maintenance | 1 | (included in above) | |
| Administration | 2 | (included in above) | |
| Testing | 0 | 10-15 | |

The Area Representative business training program and the initial training program are offered throughout the year and will be scheduled depending upon the number of Area Representatives requesting training. Training will be conducted at GOODCENTS' training facility in De Soto, Kansas or other facilities designated by GOODCENTS and on-the-job training at one of the GOODCENTS Training Restaurants.

The instructional materials may include our Operation Manual and certain resources available through our intranet. Various additional individuals and firms may contribute training materials or offer in-person guidance in specific areas related to the development and operation of your Franchised Business.

Keith Lake, Sr. Director of Operations and Training for GOODCENTS will oversee the training program. He has over 12 years of experience with GOODCENTS and over 30 years of experience in the Restaurant Industry.

The cost of the Area Representative business training program and the cost of the initial training program is included in the initial franchise fee. However, you will be solely responsible for the compensation, travel, lodging, and living expenses you and your manager incur regarding attendance at the initial training program or at any supplemental or refresher training programs.

You and your managers must attend and successfully complete, to our satisfaction, the Area Representative business training program and the initial training program at least 10 days before your Restaurant is open for business.

If, during any training program, we determine, in our sole discretion, that any proposed manager is not qualified to manage the Restaurant, we will notify you in writing. You must select a substitute manager to attend and successfully complete, to our satisfaction, the initial training program (Paragraph A, Section 5 of Unit/Multi-Unit Franchise Agreement).

We have the right to require that you (or the managing partner, shareholder or managing member) and any manager or assistant managers attend, and complete to our satisfaction, supplemental and refresher training programs provided by us during the term of the Franchise Agreement. The supplemental and refresher training will be furnished at a time and place designated by us. We have right to assess you reasonable charges for the supplement and refresher training (Section 5 Paragraph A, of Unit/Multi-Unit Franchise Agreement Franchise Agreement).

## ITEM 12: TERRITORY

Your Area Representative Franchise Agreement grants you the exclusive right to operate in a defined

Representative Area the specific size and location of which depend on population demographics, your capacity to recruit prospective Franchise operations and provide Support Services in the Representative Area, and the number of Franchise operations we believe the Representative Area can sustain. You and we will mutually agree on your Representative Area when you sign the Area Representative Franchise Agreement. There is no specific minimum or maximum area that we must include in your Representative Area. Your Representative Area may not be changed unless you and we both agree to the change in writing.

If you are in compliance with your Area Representative Franchise Agreement, then we and our affiliates will not operate, establish, grant, or operate in your Representative Area another Area Representative Franchise offering GOODCENTS Franchise operations, or any GOODCENTS Franchise operations not required to be developed under your Area Representative Franchise Agreement. The continuation of your right to operate an Area Representative Franchise in your Representative Area, or to receive royalties for any Franchise operations operating in your Representative Area, depend upon your compliance with your Area Representative Franchise Agreement, including the minimum Representative obligations defined in your Area Representative Franchise Agreement.

You may solicit prospective Franchise operations residing outside your Representative Area but interested in opening a franchise within your Representative Area without having to pay any special compensation to us or any other Area Representative. Likewise, Area Representative outlets owned by us, our affiliates (if applicable), or other Area Representatives may solicit prospective franchisees residing in your Representative Area but interested in opening a franchise in another Representative Area without having to pay you any special compensation. You may not solicit prospective franchisees for a Franchise operation located outside of your Representative Area. We will forward to you any leads or referrals that we receive from prospective franchisees interested in purchasing a Franchise operation in your Representative Area, and you will be entitled to the compensation referred to in Item 11 only if GOODCENTS grants the prospective franchisee the right to operate their business under the name GOODCENTS in your Representative Area.

## ITEM 13: TRADEMARKS

GOODCENTS grants you the right to operate your business under the name GOODCENTS®. You may also use GOODCENTS' other current or future trademarks developed by GOODCENTS for the System to operate your GOODCENTS Business. By trademark GOODCENTS means trade names, trademarks, service marks, and logos used to identify your business. You are prohibited from creating a domain name using the Licensed Marks.

GOODCENTS has registered the following marks on the Principal Register of the United States Patent and Trademark office:

| MARK | REGISTRATION DATE | REGISTRATION NUMBER |
|---|---|---|
| **MR. GOODCENTS AND DESIGN** | July 13, 1993 | 1,781,776 |
| **MR. GOODCENTS** | June 21, 1994 | 1,840,932 |
| **Good Food That Makes Good Sense** | February 6, 1996 | 1,954,446 |
| **CENTSABLE SUB** | February 25, 2003 | 2,690,018 |
| **PENNY CLUB** | November 28, 2006 | 3,177,043 |
| **GOODCENTS** | May 3, 2011 | 3,954,790 |
| **GOODCENTS DELI FRESH SUBS** | October 30, 2012 | 4,234,042 |
| **GOODCENTS CHARACTER DESIGN IN GOD WE TRUST "1989 KC"** | May 20, 2014 | 4,531,965 |
| **WE DELIVER. WE CATER. WE CARE.** | September 15, 2015 | 4,812,617 |
| **GOODCENTS CENTSABLE KITCHEN and DESIGN** | July 24, 2018 | 5,523,123 |
| **GOODCENTS CENTSABLE KITCHEN** | July 24, 2018 | 5,523,122 |

| MARK | REGISTRATION DATE | REGISTRATION NUMBER |
|---|---|---|
| Goodcents **GOODCENTS (stylized)** | December 22, 2020 | 6,227,278 |
| **G MR. GOODCENTS 1989 KC** | December 29, 2020 | 6,232,880 |

We do not have a federal registration for the following marks: GOODCENTS TO GO AND DESIGN, OR MR. GOODCENTS DESIGN W/HANDS. Therefore, these trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

GOODCENTS has timely filed all affidavits and renewals that are required to be filed regarding these trademarks.

Termination of the License Agreement will not affect existing Franchise Agreements. No other agreement limits our right to use or license the Licensed Marks.

GOODCENTS may establish new Licensed Marks in the future, and you must use and display these Licensed Marks according to specifications and bear all costs associated with changes to the Licensed Marks or introduction of new Licensed Marks. You must follow GOODCENTS' rules when you use these Licensed Marks. You cannot use a name or Licensed Mark as part of a corporate name or with modifying words, designs, or symbols except for those which GOODCENTS licensed to you. You may not use GOODCENTS' registered name in the sale of an unauthorized product or service or in any manner GOODCENTS does not authorize in writing. You may not use any other mark, name, commercial symbol, or logotype in connection with the operation of your GOODCENTS RESTAURANT, without GOODCENTS' consent.

GOODCENTS has registered the domain names "goodcentssubs.com" and "ownagoodcents.com." You acknowledge that GOODCENTS is the lawful and sole owner of the domain names "goodcentssubs.com" and "ownagoodcents.com" which incorporate our trademarks MR. GOODCENTS® and GOODCENTS®. You agree not to register the trademark GOODCENTS® or any of the Licensed Marks now or hereafter owned by GOODCENTS or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names. GOODCENTS retains the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of a website using the Licensed Marks. You shall not in any way: (a) link or frame our websites; (b) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (c) create or register any Internet domain name in connection with your franchise.

There is presently no effective determination of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, of any pending infringement, opposition or cancellation proceeding or any pending material litigation involving trademarks, service marks, trade names, logo-types or other commercial symbols which is relevant to the use in this state; and no agreements exist which significantly limit in any manner material to you, the rights of GOODCENTS to use or license the use of marks, names, logos or symbols.

You shall not contest, directly or indirectly, GOODCENTS' ownership of the Licensed Marks, trade secrets, methods and procedures which are a part of the GOODCENTS Franchise System. You shall not register, seek to register, or contest GOODCENTS' sole right to register, use and license others to use the marks, names, information, and symbols.

You must immediately notify GOODCENTS of any apparent infringement of or challenge to your use of any Licensed Marks, and GOODCENTS has sole discretion to take any action it deems appropriate.

There are no agreements currently in effect that would significantly limit GOODCENTS' rights to use or

license the use of such proprietary marks that are material to the franchise.

Any goodwill associated with the Licensed Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to the benefit of GOODCENTS.

There may be infringing uses in regional markets by third parties who may be utilizing the name "GOODCENTS" in a retail Restaurant or distributorship and this use would not be under a federal registration, but by application of common law trademark rights. If the use in local markets was determined to be before GOODCENTS' use, GOODCENTS and franchisees may be prohibited from utilizing the marks, names, logos or symbols within the market of the prior use.

Your right to use the Licensed Marks is derived solely from the Area Representative Franchise Agreement. All uses of the Licensed Marks by you and any goodwill established inures to the exclusive benefit of GOODCENTS. After the termination or expiration of the Area Representative Franchise Agreement, you may not, except for GOODCENTS businesses operated by you under Franchise Agreements granted by GOODCENTS, directly or indirectly, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, GOODCENTS or use in any manner or for any purpose any Licensed Mark or other indicia of the GOODCENTS businesses or any colorable imitation.

You may not use any mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may you use any Licensed Mark in connection with any business or activity, other than the business conducted by you, according to the Franchise Agreements entered into between you and GOODCENTS, or in any other manner GOODCENTS does not explicitly authorize in writing.

You must immediately notify GOODCENTS in writing of any apparent infringement of or challenge to your use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or similar trade name, trademark, or service mark of which you become aware. You may not communicate with any person other than GOODCENTS and its counsel regarding any infringement, challenge or claim. GOODCENTS will have sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Licensed Mark.

## ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

GOODCENTS does not now own any rights to any patent which is material to the franchise. GOODCENTS claims copyright protection for the Operations Manual, advertising and marketing materials and similar items used in the operation of the GOODCENTS RESTAURANT. We have not registered these copyrights with the U.S. Register of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your GOODCENTS Restaurant.

There currently are no effective adverse determinations of the U.S. Patent & Trademark Office, the Copyright Office or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyright materials in any state.

We need not protect or defend copyrights, although we intend to do so if it is in the System's best interest, as we determine in our sole discretion. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials may contain Confidential Information, some of which could constitute trade secrets under applicable law. This information may include site selection criteria, recipes, methods, formats, specifications, standards, systems, procedures, food preparation techniques, experience in using and operating a GOODCENTS business, marketing and advertising programs, computer software, or similar technology that is proprietary to us, knowledge of specifications, knowledge of the operating

results and financial performance of the GOODCENTS business and related intellectual property.

All ideas, concepts, techniques or materials concerning a GOODCENTS business whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you agree to assign ownership of that item and all related rights to that item to us and you must take whatever action, which may include signing an assignment or other documents as we request, to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our Confidential Information in any unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use nondisclosure and non-competition agreements with those having access to our Confidential Information.

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

You (or an approved managing partner, approved manager, shareholder or managing member GOODCENTS approves in writing) must exert your full-time efforts to your obligations under the Area Representative Franchise Agreement and may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations under the Area Representative Franchise Agreement. You (or the managing partner, shareholder, or managing member) must monitor and supervise the operations of the GOODCENTS businesses in your designated area but need not be engaged in the day-to-day operations of any Restaurant.

## ITEM 16: RESTRICTIONS ON WHAT THE AREA REPRESENTATIVE MAY SELL

Each GOODCENTS business opened in the Area Representative Territory is subject to restrictions on goods and services you may offer that are contained in GOODCENTS' then-current standard Franchise Agreement.

## ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

**This table lists important provisions of the Area Representative Franchise Agreement.**

**You should read these provisions in the agreements attached to this Disclosure Document.**

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| a. Length of the franchise term. | Section 4 | Term of Area Representative Franchise Agreement is 10 years from the date of execution. |
| b. Renewal or extension of the term. | Section 4 | Your renewal rights permit you to remain an Area Representative after the initial term of your Area Representative Franchise Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renew, we will offer you the right to one (1) renewal term of ten (10) years. |
| c. Requirements for franchisee to renew or extend. | Section 4 | You must: have substantially complied with the Area Representative Franchise Agreement; give notice of intent to renew; sign new Area Representative Franchise Agreement in our then-current form which may include terms and conditions materially different from those in the original Area Representative Franchise Agreement (e.g., no further renewals, higher royalty fees, etc.); sign general release of claims against us and related parties (see Exhibit I); pay the applicable renewal fee (see Item 6); cure any defaults; and pay all amounts owed to us. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| d. Termination by franchisee. | Not Applicable | Not applicable. |
| e. Termination by franchisor without cause. | Not Applicable | Not applicable. |
| f. Termination by franchisor with cause. | Section 13.1 | Only upon written notice to you. No default under the Area Representative Agreement shall cause a default under an Area Representative Franchise Agreement unless there is an independent default under the applicable Area Representative Franchise Agreement. |
| g. "Cause" defined – curable defaults. | Section 13.1 | You have 10 days after written notice of default to cure: failure to pay amounts due.<br>You have 30 days after written notice of default to cure: noncompliance with any other provisions of the Area Representative Franchise Agreement.. |
| h. "Cause" defined – non-curable defaults. | Section 13.1 | You make an unauthorized transfer; you fail to meet your minimum Representative obligation for any Representative period; you make material misrepresentation or omission in acquiring or operating the franchise; you do not satisfactorily complete initial training; you are convicted of or plead guilty to a felony; you fail to maintain required insurance; you engage in dishonest, unethical, or illegal conduct, or any conduct that we believe adversely affects the reputation of us, our franchises, or goodwill of the Marks; you knowingly make unauthorized use or disclosure of the Area Representative Manual or Confidential Information; you fail on 2 or more occasions in any 12-month period or 3 or more separate occasions in any 24-month period to timely pay amounts due or submit required reports, or comply with the Area Representative Agreement; you become insolvent, or make an assignment for the benefit of creditors; or any attachment or seizure of the franchise assets is not vacated within 30 days. |
| i. Franchisee's obligations on termination/non-renewal. | Section 13.2 | You must cease using our Marks and Confidential Information; cease identifying yourself as our franchisee; cancel fictitious or assumed names related to your use of the Marks; deliver to us within 30 days all advertising, forms, and other materials containing the Marks or related to the franchise; notify search engines of termination and your right to use domain names, websites, or other search engines related to the Marks or our franchises; and provide us with evidence of your trad with the above obligations within 30 days of termination. |
| j. Assignment of contract by franchisor. | Section 11.1 | Fully transferable by us. |
| k. "Transfer" by franchisee – defined. | Section 11.2(b) | Transfer includes: any voluntary, involuntary, direct or indirect assignment, sale, or gift of the franchise; transfer of ownership, merger, exchange, issuance of additional ownership interests, redemption of ownership interests, or sale of exchange of voting interests in you (if you are a legal entity); transfer of interest in the Area Representative Agreement, you, the franchise, or its assets because of divorce, insolvency or dissolution, or operation of law; transfer because of the death of you or an owner of you; or any pledge of the Area Representative Franchise Agreement or ownership interest in you. |
| l. Franchisor approval of transfer by franchisee. | Section 11.2(a) | We have the right to approve all transfers. |
| m. Conditions for franchisor approval of transfer. | Sections 11.3 and 11.4 | You must pay all amounts owed to us; new owner assumes your obligations; new owner, its affiliates, and its owners do not have any interest in or work for a competitive business; new owner completes or agrees to complete initial training; new owners signs our then current Area Representative Franchise Agreement and ancillary agreements and pays the then-current Area |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| | | Representative Franchise Fee; new owner has strictly complied with obligations to us and is not in default of those obligations; you pay us a transfer fee (see Item 6 - $25,000); you sign a transfer release (see Exhibit I); you do not identify yourself as a current or former franchisee of ours, or use any Mark. You may transfer the franchise and its assets to a newly formed legal entity principally controlled by you and your principals if the new entity operates the franchise and complies with the Area Representative Franchise Agreement, and you provide information about the transfer to us and the entities owners. |
| n. Franchisor's right of first refusal to acquire franchisee's business. | Section 11.6 | We have 30 days to match any offer. |
| o. Franchisor's option to purchase franchisee's business. | Not Applicable | Not applicable. |
| p. Death or disability of franchisee. | Section 11.5 | Executor, administrator, or other representative must transfer interest of franchisee or owner within 9 months of your or an owner's death or disability. All transfers are subject to provisions in Area Representative Franchise Agreement regulating transfers |
| q. Non-competition covenants during the term of the franchise. | Section 12.1 | No involvement in competing business anywhere in U.S. |
| r. Non-competition covenants after the franchise is terminated or expires. | Section 12.2 | No competing business for two years within 15 miles of your location or within 15 miles of another GOODCENTS franchise. |
| s. Modification of the agreement. | Section 16.11 | No modifications unless you and we both sign; we may amend Area Representative Manual at any time. |
| t. Integration/merger clause. | Section 16.11 | Only the Area Representative Franchise Agreement and this Franchise Disclosure Document apply (subject to state law); all other agreements or promises not enforceable. Nothing in this or any other agreement is intended to disclaim the representations made in franchise disclosure document. |
| u. Dispute resolution by arbitration or mediation. | Section 15.7 | Except for certain claims, you and we must mediate all disputes in Johnson County, Kansas (subject to state law). |
| v. Choice of forum. | Section 16.8 | Johnson County, Kansas (subject to state law). |
| w. Choice of law. | Section 16.7 | Johnson County, Kansas, except for matters regulated by the United States Trademark Act (subject to state law). |

## ITEM 18: PUBLIC FIGURES

GOODCENTS does not use any public figure to promote its Franchise.

## ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the

franchisor's management by contacting: Compliance Officer, at 8997 Commerce Drive, De Soto, Kansas 66018, 913-583-8400 and the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20: OUTLET AND FRANCHISEE INFORMATION

As of December 31, 2022, there were 3 Area Representatives.

Table No. 1
**Systemwide Outlet Summary**
**For years 2020-2022**

| Outlet Type | Year | Area Representatives at the Start of the Year | Area Representatives at the End of the Year | Net Change |
|---|---|---|---|---|
| TOTAL | 2020 | 0 | 2 | +2 |
| | 2021 | 2 | 2 | 0 |
| | 2022 | 2 | 3 | +1 |

Table No. 2
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**For Years 2020-2022**

| State | Year | Number of Transfers |
|---|---|---|
| No Transfers | | |

Table No. 3
**Status of Franchised Outlets**
**For Years 2020-2022**

| | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Total | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Table No. 4
**Status of Company-Owned Outlets**
**For Years 2020-2022**

| | Year | Outlets at Start of Year | Outlets Opened | Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| Total | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |

Table No. 5
**Projected Openings**
**As of December 31, 2022**

| State | Area Rep Agreements Signed but Outlets Not Opened | Projected New Area Rep Agreements In the Next Fiscal Year | Projected New Company-Owned Area Outlets in the Next Fiscal Year |
|---|---|---|---|
| Florida | 0 | 1 | 0 |
| Pennsylvania | 1 | 0 | 0 |
| Texas | 0 | 1 | 0 |
| Total | 1 | 2 | 0 |

There are no franchisees who had an Area Representative franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent completed fiscal year or who have not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

There are no previous Area Representative franchisees. There are three current Area Representative franchisees:

| Contact Name | Company | Metro Area | Last Known Phone Number |
|---|---|---|---|
| Maggie Rothe | 1603 G, LLC | St Louis, MO | 314-565-3696 |
| Moussa Sobaiti | Moussa Sobaiti | Kansas City Metro | 831-905-1377 |
| Hetalben R Patel, Ketankumar P Patel, Hitesh Patel | Shree Harikrishna LLC | Adams, Dauphin, Delaware & Lehigh counties in Pennsylvania | 203-556-5201 |

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

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

There are no trademark-specific franchisee organizations associated with the franchise system being offered in the Area Representative Disclosure Document.

## ITEM 21: FINANCIAL STATEMENTS

Exhibit A is the audited financial statements for GOODCENTS as of December 31, 2022, December 31, 2021, and December 31, 2020.

## ITEM 22: CONTRACTS

The following contracts are attached to this Franchise Disclosure Document:

Exhibit B Area Representative Franchise Agreement
Exhibit C Designated Representative Area
Exhibit D Development Obligation
Exhibit E Ownership Interests in Area Representative
Exhibit F Agents for Service of Process
Exhibit G State Administrators
Exhibit H State Addenda
Exhibit I Releases

## ITEM 23: RECEIPTS

Exhibit J contains detachable documents acknowledging your receipt of this Disclosure Document.

# EXHIBIT A

## FINANCIAL STATEMENTS

MIZE
CPAs INC.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Financial Statements and
Independent Auditor's Report

December 31, 2022, 2021, and 2020

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

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MIZE
CPAs INC.

Independent Auditor's Report

Board of Directors
Mr. Goodcents Franchise Systems, Inc. and Subsidiary
De Soto, Kansas

**Opinion**

We have audited the accompanying consolidated financial statements of Mr. Goodcents Franchise Systems, Inc. and Subsidiary (a Kansas corporation), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of income and retained earnings (deficit), and cash flows for the year then ended, and the related summary of significant accounting policies and the related notes to the consolidated financial statements.

In our opinion, the 2022 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mr. Goodcents Franchise Systems, Inc. and Subsidiary as of December 31, 2022, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Emphasis of Matter – Change in Accounting Principle**

As discussed in the summary of significant accounting policies and Note 8 to the consolidated financial statements, Mr. Goodcents Franchise Systems, Inc. and Subsidiary has implemented FASB Accounting Standards Codification (ASC) 842, *Leases,* as of January 1, 2022. Our opinion is not modified with respect to this matter.

**Prior Period Consolidated Financial Statements**

The consolidated financial statements of Mr. Goodcents Franchise Systems, Inc. and Subsidiary as of and for the years ended December 31, 2021 and 2020 were audited by other auditors whose reports dated April 20, 2022 and March 5, 2021, respectively, expressed unmodified opinions on those consolidated statements.

**Adjustment to Prior Period Consolidated Financial Statements**

As described in Note 7, Mr. Goodcents Franchise Systems Inc. and Subsidiary has restated its 2021 consolidated financial statements during the current year to recognize a noncash shareholder distribution related to the transfer of net assets of the Subsidiary.

As part of our audit of the 2022 consolidated financial statements, we also audited the adjustment described above. In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 and 2020 consolidated financial statements of the Company other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2021 or 2020 consolidated financial statements as a whole.

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Independent Auditor's Report

**Responsibilities of Management for the Consolidated Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

Independent Auditor's Report

**Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 schedules of segmented consolidated statements of operations, and national marketing and promotional fund percentages on pages 19 – 20, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The 2021 and 2020 schedules of segmented consolidated statements of operations, and national marketing and promotional fund percentages on pages 19 – 20, were subjected to the auditing procedures applied in the 2021 and 2020 audits of the basic financial statements by other auditors, whose reports on such information stated that it was fairly stated in all material respects in relation to the 2021 and 2020 consolidated financial statements as a whole.

Mize CPAs Inc.

Overland Park, Kansas
February 27, 2023

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Balance Sheets
December 31,

| Assets | 2022 | 2021 | 2020 |
|---|---|---|---|
| Current assets: | | | |
| Cash | $ 382,122 | $ 441,943 | $ 360,002 |
| Accounts receivable – net: | | | |
| Trade | 442,346 | 523,882 | 243,578 |
| Related party | 232,889 | 70,019 | 256 |
| Prepaid expenses | 218,099 | 78,927 | 79,479 |
| Note receivable, current | 1,500 | 1,500 | 1,500 |
| Deferred commissions, current | 14,358 | 20,700 | 11,100 |
| Total current assets | 1,291,314 | 1,136,971 | 695,915 |
| Property and equipment: | | | |
| Furniture, fixtures, and equipment | 317,675 | 241,226 | 238,368 |
| Computer equipment | 276,504 | 172,347 | 192,823 |
| Vehicles and transportation equipment | 221,968 | 88,917 | 575,404 |
| Leasehold improvements | 50,550 | - | - |
| Construction in progress | 4,000 | 71,557 | - |
| Total property and equipment | 870,697 | 574,047 | 1,006,595 |
| Less accumulated depreciation | 411,328 | 452,586 | 686,245 |
| Net property and equipment | 459,369 | 121,461 | 320,350 |
| Other assets: | | | |
| Operating lease right-of-use assets, net of amortization of $11,967 at December 31, 2022 | 40,995 | - | - |
| Note receivable, net of current portion | 9,000 | 10,500 | 12,000 |
| Deferred commissions, net of current portion | 86,176 | 59,232 | 75,474 |
| Deposits and franchising rights | 4,638 | 25,339 | 25,339 |
| Total other assets | 140,809 | 95,071 | 112,813 |
| Total assets | $ 1,891,492 | $ 1,353,503 | $ 1,129,078 |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Balance Sheets
December 31,

| Liabilities and Stockholder's Equity (Deficit) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Current liabilities: | | | |
| Accounts payable: | | | |
| Trade | $ 192,798 | $ 141,565 | $ 12,011 |
| Related party | 34,048 | - | - |
| Unredeemed gift certificates | 19,761 | 48,484 | 60,117 |
| Accrued expenses | 326,567 | 344,077 | 241,257 |
| Line of credit | 190,000 | - | 2,000 |
| Operating lease liabilities, current | 12,552 | - | - |
| Debt, current | 60,837 | 15,093 | 22,997 |
| Total current liabilities before unearned revenue | 836,563 | 549,219 | 338,382 |
| Deferred franchise fees, current | 114,817 | 35,792 | 126,583 |
| Unearned vendor funding, current | 47,622 | 40,221 | 41,722 |
| Total current liabilities | 999,002 | 625,232 | 506,687 |
| Long-term liabilities: | | | |
| Operating lease liabilities, net of current portion | 28,443 | - | - |
| Debt, net of current portion | 299,511 | 150,000 | 162,258 |
| Deferred franchise fees, net of current portion | 163,716 | 202,550 | 146,842 |
| Unearned vendor funding, net of current portion | 370,575 | 459,335 | 498,056 |
| Total long-term liabilities | 862,245 | 811,885 | 807,156 |
| Total liabilities | 1,861,247 | 1,437,117 | 1,313,843 |
| Stockholder's equity (deficit): | | | |
| Common stock, no par value; 50,000 shares authorized; issued and outstanding | 100 | 100 | 100 |
| Retained earnings (deficit) | 30,145 | (83,714) | (184,865) |
| Total stockholder's equity (deficit) | 30,245 | (83,614) | (184,765) |
| Total liabilities and stockholder's equity (deficit) | $ 1,891,492 | $ 1,353,503 | $ 1,129,078 |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

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**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Statements of Income and Retained Earnings (Deficit)
Years Ended December 31,

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Revenues: | | | |
| Franchise operations revenue | $ 3,645,686 | $ 3,321,794 | $ 2,808,145 |
| National marketing and promotional fund revenue | 1,652,205 | 1,548,523 | 1,527,398 |
| Total revenues | 5,297,891 | 4,870,317 | 4,335,543 |
| Operating expenses: | | | |
| Salaries and professional fees | 2,060,173 | 1,661,042 | 1,545,772 |
| Travel, meals, entertainment, and business meetings | 334,730 | 133,513 | 51,559 |
| Operating expense | 720,591 | 638,466 | 436,025 |
| Facility expense | 561,669 | 539,745 | 533,242 |
| Media placement | 830,241 | 747,840 | 777,875 |
| Administration | 521,737 | 436,496 | 463,793 |
| Production | 25,071 | 163,547 | 121,027 |
| Research and development | 146,816 | 193,674 | 170,898 |
| Total operating expenses | 5,201,028 | 4,514,323 | 4,100,191 |
| Income from operations | 96,863 | 355,994 | 235,352 |
| Other income (expense): | | | |
| Other income | 10,506 | 5,619 | 3,094 |
| Gain (loss) on disposal of equipment | 42,485 | (6,807) | 8,917 |
| Interest expense | (7,132) | (8,018) | (14,143) |
| Interest income | 85 | 29 | 3,853 |
| Total other income | 45,944 | (9,177) | 1,721 |
| Net income | $ 142,807 | $ 346,817 | $ 237,073 |
| Retained earnings (deficit) | | | |
| Beginning of year | $ (83,714) | $ (184,865) | $ (335,627) |
| Net income | 142,807 | 346,817 | 237,073 |
| Distributions to stockholder | (28,948) | (12,666) | (86,311) |
| Retained earnings (deficit) at December 31, as previously stated | 30,145 | 149,286 | (184,865) |
| Prior period adjustment (see Note 7) | - | (233,000) | - |
| Retained earnings (deficit) at December 31, restated | $ 30,145 | $ (83,714) | $ (184,865) |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Consolidated Statements of Cash Flows
Years Ended December 31,

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net income | $ 142,807 | $ 346,817 | $ 237,073 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | | |
| Depreciation | 42,441 | 44,832 | 45,160 |
| (Gain) loss on disposal of equipment | (42,485) | 6,807 | (8,917) |
| Bad debt expense | 24,005 | - | - |
| Decrease (increase) in | | | |
| Accounts receivable | (105,339) | (350,067) | 82,825 |
| Prepaid expenses | (139,172) | 552 | (58,544) |
| Deferred commissions | (20,602) | 6,642 | (47,531) |
| Deposits and franchising rights | 20,701 | - | (4,792) |
| Increase (decrease) in | | | |
| Accounts payable | 85,281 | 129,554 | (9,720) |
| Unredeemed gift certificates | (28,723) | (11,633) | (11,662) |
| Accrued expenses | (17,510) | 102,820 | 57,001 |
| Deferred franchise fees | 40,191 | (35,083) | 149,190 |
| Unearned vendor funding | (81,359) | (40,222) | (33,095) |
| Net cash (used in) provided by operating activities | (79,764) | 201,019 | 396,988 |
| Cash flows from investing activities: | | | |
| Proceeds from the sale of equipment | 44,000 | 9,820 | 10,000 |
| Purchase of equipment | (164,159) | (95,570) | (14,657) |
| Advances on notes receivable | - | - | (3,831) |
| Repayment from notes receivable | 1,500 | 1,500 | 87,245 |
| Net cash (used in) provided by investing activities | (118,659) | (84,250) | 78,757 |
| Cash flows from financing activities: | | | |
| Proceeds from long-term debt | - | - | 150,000 |
| Principal payments on debt | (22,450) | (20,162) | (31,869) |
| Proceeds from line of credit | 190,000 | - | 40,520 |
| Payments on line of credit | - | (2,000) | (287,020) |
| Distributions to stockholder | (28,948) | (12,666) | (86,311) |
| Net cash provided by (used in) financing activities | 138,602 | (34,828) | (214,680) |
| Net change in cash | (59,821) | 81,941 | 261,065 |
| Cash at beginning of year | 441,943 | 360,002 | 98,937 |
| Cash at end of year | $ 382,122 | $ 441,943 | $ 360,002 |
| Supplemental cash flow disclosures: | | | |
| Cash paid during the year for interest | $ 8,342 | $ 8,018 | $ 14,143 |
| Noncash investing and financing activities: | | | |
| Noncash distribution | $ - | $ 233,000 | $ - |
| Vehicles purchased with debt | $ 217,705 | $ - | $ - |
| Operating lease right-of-use assets obtained in exchange for operating lease obligations | $ 52,962 | $ - | $ - |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Summary of Significant Accounting Policies
Years Ended December 31, 2022, 2021, and 2020

**Nature of Operations**

Mr. Goodcents Franchise Systems, Inc. and Subsidiary (the Company) was incorporated in the State of Kansas on March 20, 1991. The Company offers franchisor opportunities for quick-serve, "deli-fresh" sandwich, and hot pasta restaurants. These restaurants are located across the United States, with the highest concentration in the states of Kansas and Missouri.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Mr. Goodcents Franchise Systems, Inc. and its wholly owned subsidiary, S&P Air, LLC, a Kansas limited liability company. S&P Air, LLC provided nonscheduled air transportation for Company business. All material intercompany transactions and balances have been eliminated in consolidation. On December 31, 2021, S&P Air, LLC transferred its net assets to Mr. Goodcents Leasing Systems, Inc. (a commonly controlled entity). Subsequent to December 31, 2022, S&P Air, LLC was dissolved. See Note 7 for additional information regarding the transfer of net assets.

**Common Control Arrangements**

The Company has elected to apply the accounting alternative provided to private companies in Financial Accounting Standards Board (FASB) ASC 810, *Consolidation*, for certain entities under common control. As a result, the Company is not required to evaluate consolidation of commonly controlled entities that meet certain criteria under the variable interest entity model. The election had no impact on the Company's consolidated financial statements.

**Accounting Method**

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Cash**

For purposes of the consolidated statements of cash flows, cash includes demand deposit accounts.

**Revenue Recognition**

Franchise Agreement Fees

The Company's primary franchise agreement fee revenue consists of fees earned from the licensing to franchise owners that operate restaurant locations. The Company's initial franchise agreements contain two performance obligations under FASB ASC 606, *Revenue from Contracts with Customers* (FASB ASC 606): (1) Pre-opening services; and (2) Franchise license rights. The Company has elected the practical expedient under FASB ASC 606, which allows for an accounting policy to account for the pre-opening services as a single performance obligation, which is satisfied when the Company has transferred control of the related services to the customer. The Company has determined that 80% of the initial franchise fee is to be recognized as pre-opening services when the customer opens a restaurant location. The Company has determined 20% of their initial franchise fee to be allocated to franchise license rights and is deferred and recognized ratably over the duration of the initial franchise agreement, generally ten years.

**Revenue Recognition** (continued)

Franchise Agreement Fees (continued)

The Company's other franchise agreement fee revenue consists of franchise renewals, franchise transfers, and area representation agreements, which consists of an obligation to grant geographic exclusive area development rights to open five or more restaurant locations. The Company's renewal, transfer and area representation agreements also consist of two performance obligations: (1) Pre-agreement services; and (2) Franchise license rights. The Company has elected the practical expedient under FASB ASC 606, which allows for an accounting policy to account for the pre-agreement services as a single performance obligation, which is satisfied when the Company has transferred control of the related services to the customer. The Company has determined that 80% of the other franchise fees is to be recognized as pre-agreement services when the customer signs the agreement. The Company has determined that 20% of the other franchise fee is to be allocated to franchise license rights and is deferred and recognized ratably over the duration of the franchise agreement, generally ten years.

The Company requires the entire franchise agreement fee to be paid upon execution of the agreement and it is non-refundable, unless otherwise agreed upon with the customer.

Royalties

Royalties from franchise restaurants are calculated as defined in the franchise agreements as a percentage of gross revenue over the term of the franchise agreements. The franchise agreement royalties represent sales-based royalties and are related entirely to the Company's performance obligation under the franchise agreement. Royalties are recognized as franchise restaurant sales occur.

National Marketing and Promotional Fund Fees

National marketing and promotional fund fees from franchise restaurants are calculated as defined in the franchise agreements as a percentage of gross revenue over the term of the franchise agreements. Under the terms of the franchise agreement, the Company, in its sole discretion, will spend national marketing and promotional fund fees paid by franchise restaurants on various marketing and promotional programs and activities. The franchise agreement national marketing and promotional fund fees represent sales-based fees and are related entirely to the Company's performance obligation under the franchise agreement. National marketing and promotional fund fees are recognized as franchise restaurant sales occur.

Rebate Revenue

In 2017, the Company signed supplier agreements that contained incentives for the franchises to purchase the suppliers' products. Cash totaling $810,000 was received upon signing the agreements and is recorded as unearned vendor funding. The cash received is earned over the course of the agreements as product is purchased from the vendors. The Company has entered into various other supplier agreements that do not contain incentives. Under these supplier agreements, the Company receives rebates as product is purchased by the franchises.

**Revenue Recognition** (continued)

Commission Costs

The Company may incur commissions related to obtaining a license agreement with a franchise owner. Commission costs paid are considered incremental and recoverable costs of obtaining a contract with a customer under FASB ASC 606. Sales commissions for franchise agreements are recorded as deferred assets on the consolidated balance sheet and are amortized on a straight-line basis over the term of the license agreement, generally ten years. Amortization expense related to the deferred commissions is included as a component of both salaries and professional fees and administration expenses in the accompanying consolidated statements of income and retained earnings (deficit).

See Note 5 for further details related to disaggregated revenue and contract asset and contract liability balances.

**Accounts Receivable – Trade, Net**

Accounts receivables – trade are carried at original invoice amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines an allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. Accounts receivables – trade are written off when deemed uncollectible. Recoveries of balances previously written off are recorded when received. Interest may be charged on past-due balances. Interest accruals are suspended if and when the franchise agreement is terminated. There was no allowance for doubtful accounts or interest accruals as of December 31, 2022, 2021, or 2020.

**Property and Equipment**

Property and equipment are recorded at cost. Expenditures for additions and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to income currently. When assets are sold or otherwise disposed, the assets and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income. Management has reviewed the carrying values of property and equipment and determined there is no impairment. For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful life of the assets as described below.

| Asset Class | Estimated Useful Lives |
|---|---|
| Leasehold improvements | 3 – 5 years |
| Furniture, fixtures, and equipment | 3 – 7 years |
| Computer equipment | 3 – 5 years |
| Vehicles and transportation equipment | 5 – 7 years |

For the years ended December 31, 2022, 2021, and 2020, depreciation expense was $42,441, $44,832, and $45,160, respectively.

**Income Taxes**

Mr. Goodcents Franchise Systems, Inc. has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, and S&P Air, LLC is a disregarded entity under Mr. Goodcents Franchise Systems, Inc. Under these provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, taxable income or loss is reported to the stockholder for inclusion in his respective income tax returns and no provision for federal or state income taxes is included in the consolidated financial statements.

**Income Taxes** (continued)

The Company follows the FASB guidance on accounting for uncertainty in income taxes. Management evaluated the Company's tax positions and concluded that the Company had taken no material uncertain tax positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance. The Company is generally no longer subject federal and state income tax examinations by taxing authorities for years before 2019. There are currently no examinations of the Company's income tax returns in progress.

**Advertising Costs**

The Company follows the policy of charging the media and production costs of advertising to expense as incurred. Total advertising costs charged to media placement and production expenses in the accompanying consolidated statements of income and retained earnings (deficit) were $855,312, $911,387, and $898,902 for the years ended December 31, 2022, 2021, and 2020, respectively.

**Research and Development Costs**

Research and development costs are charged to expense as incurred. Total research and development costs charged to national marketing and promotional operations in the accompanying consolidated statements of income and retained earnings (deficit) were $146,816, $193,674, and $170,898 for the years ended December 31, 2022, 2021, and 2020, respectively.

**Going Concern**

Management performs an evaluation to determine if the conditions and events, in the aggregate, indicate it is probable that the Company will not be able to meet its current obligations. Given the Company's cash balance and operating income, the Company determined conditions and events in the aggregate do not raise substantial doubt about the Company's ability to continue as a going concern for at least one year after the date the consolidated financial statements are available for issuance.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Accounting Standards Update – Leases**

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (FASB ASC 842), which supersedes existing guidance for accounting for leases under FASB ASC 840, *Leases*. The FASB also subsequently issued additional ASUs, which amended and clarified the standard. The most significant changes are the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the consolidated balance sheet, as well as expanded disclosure requirements. The Company adopted the new lease standard on January 1, 2022 using the modified retrospective effective date method and thus did not retroactively adjust prior periods.

**Accounting Standards Update – Leases** (continued)

The Company has elected to apply the following practical expedients available under ASC 842:

- The package of three practical expedients during transition which allows the Company to not reassess expired or existing contracts and leases for decisions that were already properly made under Topic 840, *Leases*.

- The short-term and low-value practical expedient which allows the Company to recognize the lease payments to expense on a straight-line basis when the expense is incurred.

- The combining lease and non-lease components practical expedient which allows the Company to account for the lease and non-lease components as a single amount.

- The risk-free discount rate practical expedient which allows the Company to use a rate that is determined using a period comparable to the lease term, as the discount rate for the lease.

Adoption of the new lease standard did not materially impact the Company's consolidated statement of income and retained earnings (deficit) or consolidated cash flows. See Note 8, *Lease Obligations* for more information.

## 1. Cash and Cash Equivalents

The Company maintains cash balances at financial institutions whose accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, the Company's cash balances may exceed the FDIC limits. At December 31, 2022, the Company held balances of approximately $180,000 in excess of the FDIC insurance limits. The Company has not experienced any losses on such accounts, and management believes it is not exposed to any significant credit risk on its cash balances.

## 2. Line of Credit

The Company has a bank line of credit agreement allowing maximum borrowings of $500,000. The line of credit is secured by all assets of the Company and is guaranteed by the Company's stockholder. The line of credit matured September 21, 2021 and was extended with no specific maturity date but is due on demand. Interest is payable monthly at the bank's prime rate plus 1.00% but cannot be less than 4.00%. The Company had a $190,000, $0, and $2,000 balance on its line of credit at December 31, 2022, 2021, and 2020, respectively. The interest rate on the line of credit at December 31, 2022 was 8.25%.

## 3. Debt

Debt at December 31, 2022, 2021, and 2020, consists of the following:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Vehicle loan dated December 30, 2022 at 4.29% interest. Collateralized by the vehicle. Payable in monthly installments of $786 with final payment in January 2028. | $ 43,006 | $ - | $ - |
| Vehicle loan dated December 29, 2022 at 4.29% interest. Collateralized by the vehicle. Payable in monthly installments of $786 with final payment in January 2028. | 42,302 | - | - |
| Vehicle loan dated October 13, 2022 at 0.00% interest. Collateralized by the vehicle. Payable in monthly installments of $3,678 with final payment in November 2025. | 125,040 | - | - |
| Vehicle loan dated October 19, 2017 at 10.05% interest. Collateralized by the vehicle. Payable in monthly installments of $1,723 with final payment in October 2022. | - | 15,093 | 35,255 |
| Economic Injury Disaster Loan from the Small Business Administration dated July 30, 2020 at 3.75% interest. Collateralized by all assets of the Company. Payable in monthly installments of $731 starting in January 2023 with final payment in July 2050. | 150,000 | 150,000 | 150,000 |
| Total debt | 360,348 | 165,093 | 185,255 |
| Less current portion | (60,837) | (15,093) | (22,997) |
| Noncurrent portion | $ 299,511 | $ 150,000 | $ 162,258 |

**3. Debt** (continued)

The aggregate maturities of the debt described above are as follows:

| Years ending December 31, | |
|---|---|
| 2023 | $ 60,837 |
| 2024 | 63,017 |
| 2025 | 56,472 |
| 2026 | 20,541 |
| 2027 | 21,423 |
| Thereafter | 138,058 |
| Total debt | $ 360,348 |

**4. Related Party Transactions**

The Company has transactions with several entities that are related through common ownership as described below:

The Company leases office space from DeSoto Investments, LLC (DeSoto), an entity with common ownership. See Note 8 for a description of the leasing agreement with DeSoto. The Company paid rent of $320,000, $285,000, and $285,000 to DeSoto for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2022, DeSoto owed the Company $25,741. On December 31, 2022, the Company owed DeSoto $288. There were no receivables or payables between the Company and DeSoto on December 31, 2021 or 2020.

Profit Plus Business Solutions, LLC (Profit Plus), an entity with common ownership, provides accounting services to the Company. Charges for these services were $59,040, $177,120, and $177,120 for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2021 and 2020, Profit Plus owed the Company $68,900 and $0, respectively. The balance owed to the Company from Profit Plus as of December 31, 2022 of $23,567 was written off and is reported on the consolidated statements of income and retained earnings (deficit) as operating expense. Profit Plus was dissolved in January 2023. There were no payables from the Company to Profit Plus on December 31, 2022, 2021, or 2020.

The Company utilizes IT services from InfoKING Systems, LLC (InfoKING), an entity with common ownership. The Company paid IT expenses of $156,436, $133,761, and $141,315 to InfoKING for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2022, InfoKING owed the Company $51. On December 31, 2022, the Company owed InfoKING $33,610. There were no receivables or payables between the Company and InfoKING on December 31, 2021 or 2020.

Custom Foods, Inc. (Custom Foods), an entity with common ownership, provides frozen dough products to various franchise restaurant locations. The Company earned rebates from Custom Foods of $17,890, $17,561, and $18,847 for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2022, 2021, and 2020, Custom Foods owed the Company $8,629, $131 and $0, respectively. There were no payables from the Company to Custom Foods on December 31, 2022, 2021, or 2020.

**4. Related Party Transactions** (continued)

Mr. Goodcents, Inc. (Goodcents), an entity with common ownership, operates a restaurant location that tests new procedures and products. Fees paid to Goodcents for testing were $12,500 for the year ended December 31, 2020. The Company earned advertising fees of $4,209, $23,134, and $40,655 from Goodcents restaurants for the years ended December 31, 2022, 2021, and 2020, respectively. On December 31, 2022, 2021, and 2020, Goodcents owed the Company $34, $0, and $256, respectively. On December 31, 2022, the Company owed Custom foods $150. There were no payables from the Company to Goodcents on December 31, 2021 or 2020.

The Company leases employees from Tri 3, Inc. (Tri 3), an entity with common ownership. The Company paid $1,768,274, $1,217,623, and $1,191,687 for the years ended December 31, 2022, 2021, and 2020, respectively, to Tri 3 related to payroll costs for the Company. Tri 3 also manages the Company's 401(k) plan as discussed in Note 6.

The Company drew on its line of credit (see Note 2) and contributed these funds to Tri 3 during 2022. A receivable was created for the line of credit balance plus accrued interest and is reported on the December 31, 2022 consolidated balance sheet in the amount of $198,405. There were no receivables from Tri 3 to the Company on December 31, 2021 or 2020. There were no payables from the Company to Tri 3 on December 31, 2022, 2021, or 2020.

Mr. Goodcents Leasing, Inc. (Leasing), an entity with common ownership, provides travel services and air transportation to the Company. The Company paid $130,000, $0, and $0 for these services for the years ended December 31, 2022, 2021, and 2020, respectively. S&P Air, LLC transferred its net assets to Leasing in 2021, creating a distribution to the stockholder in 2021. See Note 7 for additional information about this transaction. On December 31, 2022, 2021, and 2020, Leasing owed the Company $24, $0, and $0, respectively. There were no payables from the Company to Leasing on December 31, 2022, 2021, or 2020.

The sole stockholder has various other entities that do not have any direct business transactions with the Company. However, the Company pays expenses on behalf of these entities and the entities will reimburse the Company for these payments. On December 31, 2022, 2021, and 2020, the other entities owed the Company $5, $988, and $0, respectively. There were no payables from the Company to the other entities on December 31, 2022, 2021, or 2020.

**5. Revenue and Contract Balances**

The Company has various sources of revenue as discussed in the summary of significant accounting policies. Royalties and national marketing and promotional fund fees represent revenue earned at a point in time. Franchise agreement fees and rebate revenue represent revenue that has both components that are earned at a point in time and over time. Franchise operations revenue includes initial and continuing franchise fees, royalties, rebate revenue, and other revenue. National marketing and promotional fund revenue consist of only national marketing and promotional fund fees.

**5. Revenue and Contract Balances** (continued)

Below is a breakdown of the various sources of revenue:

| Years ending December 31, | 2022 | 2021 | 2020 |
|---|---|---|---|
| Franchise agreement fees | $ 259,809 | $ 210,583 | $ 444,935 |
| Royalties | 2,536,060 | 2,358,934 | 1,899,093 |
| National marketing and promotional fund fees | 1,652,205 | 1,548,523 | 1,527,398 |
| Rebate revenue | 794,049 | 716,364 | 464,117 |
| Other revenue | 55,768 | 35,913 | - |
| Total revenue | $ 5,297,891 | $ 4,870,317 | $ 4,335,543 |

The Company's various sources of revenues and cash flows are generally affected by the economy, with the Company doing better when the economy is growing, and supplies and labor are more easily accessible. Franchise agreement fees occur periodically, and cash flows are dependent on when franchise agreements are signed. Royalties and national marketing and promotional fund fees are dependent on gross revenue of restaurants and cash flows occur on a weekly basis. Rebate revenue is dependent on restaurant purchases and rebates are typically collected on a quarterly basis.

Contract assets consist of deferred expense resulting from commission amounts incurred when the franchise rights are sold. The Company classifies these contract assets as deferred commissions in the consolidated balance sheets. Substantially all current portions of contract assets as shown on the consolidated balance sheets were recognized in the subsequent year. The following table reflects contract asset balances.

| December 31, | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Deferred commissions | $ 100,534 | $ 79,932 | $ 86,574 | $ 39,043 |

Contract liabilities consist of deferred revenue resulting from franchise fees paid by franchise owners, of which a portion of the fee is recognized on a straight-line basis over the term of the underlying franchise agreement. Contract liabilities also consist of advances from supplier rebate agreements, which are recognized over the course of the supplier agreements as product is purchased from the suppliers. The revenue from this advance is recognized in rebate revenue above. The Company classifies these contract liabilities as deferred franchise fees and unearned vendor funding in the consolidated balance sheets. Substantially all current portions of contract liabilities as shown on the consolidated balance sheets were recognized in the subsequent year. The following table reflects contract liability balances.

| December 31, | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Deferred franchise fees | $ 278,533 | $ 238,342 | $ 273,425 | $ 124,235 |
| Unearned vendor funding | 418,197 | 499,556 | 539,778 | 572,873 |
| Total contract liabilities | $ 696,730 | $ 737,898 | $ 813,203 | $ 697,108 |

The Company had accounts receivable – trade balances of $523,882, $243,578, and $326,659 on December 31, 2021, 2020, and 2019, respectively. Substantially all trade accounts receivable balances were collected in the subsequent year.

## 6. Employee Benefits

Tri 3 has a 401(k) plan for the benefit of all Company employees who are eligible to participate in the plan, as well as employees of entities that are under common control. Employees are eligible to participate in the plan on the first day of the quarter after three consecutive months of eligible service. Participants may elect to defer an amount of their eligible compensation, not to exceed Internal Revenue Service limits, to be contributed to the plan. Tri 3 contributes a matching contribution of up to $0.50 of every dollar deferred up to 5% of the participant's annual income and the Company reimburses Tri 3 for this payment. The Company reimbursed Tri 3 for employer contributions to the plan of $19,003, $12,273, and $11,226 for the years ended December 31, 2022, 2021, and 2020, respectively.

## 7. Restatement of Consolidated Financial Statements

The Company has restated its previously issued consolidated financial statements for 2021, to correctly record a noncash distribution. On December 31, 2021, the net assets of S&P Air, LLC ($233,000) were transferred to Mr. Goodcents Leasing, Inc. (Leasing), a commonly controlled entity, for no consideration from Leasing. As a result of this transaction, the Company recorded a stockholder receivable on December 31, 2021, before restatement. During 2022, the Company determined that this transfer of net assets was a noncash distribution rather than a stockholder receivable based upon the intent of the stockholder. Accordingly, the Company restated its consolidated balance sheet at December 31, 2021. The restatement has no effect on the results of the current year's activities or the 2021 consolidated statement of income; however, the cumulative effect decreases beginning retained earnings by $233,000 and removes the long-term receivable at December 31, 2021.

## 8. Lease Obligations

The Company has three operating leases for office equipment, which include maintenance as a non-lease component on the equipment. As disclosed in the summary of significant accounting policies, the Company adopted FASB ASC 842 as of January 1, 2022. Adoption of the standard required the Company to recognize operating lease ROU assets of $52,962 and an increase in operating lease liabilities of $52,962. The maturities of the lease liabilities as of December 31, 2022 are as follows:

| Years ending December 31, | |
|---|---|
| 2023 | $ 12,552 |
| 2024 | 12,552 |
| 2025 | 12,552 |
| 2026 | 4,184 |
| Total lease payments | 41,840 |
| Less: interest | (845) |
| Total future lease payments | $ 40,995 |

On December 31, 2022, the office equipment leases had a weighted average remaining lease term of 3.29 years and the weighted average discount rate of 1.26%. The operating lease expense was $14,981, $14,914, and $14,211 for the years ended December 31, 2022, 2021, and 2020, respectively and is included in the consolidated statements of income and retained earnings (deficit) as facility expense.

**8. Lease Obligations** (continued)

The Company also has an operating lease for office space with DeSoto, a commonly controlled entity, as discussed in Note 4. The Company's lease agreement with DeSoto is a year-to-year lease beginning on January 1, 2022. During implementation of FASB ASC 842, the Company adopted the short-term and low-value practical expedient. This election allows the Company to: (1) Recognize the lease payments in expense on a straight-line basis in which the expense is incurred; and (2) Not recognize an amount for this lease in ROU assets or operating lease liability.

**9. Franchise Ownership**

The following table reflects the changes in operating franchises during the years ended December 31:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Operating franchises, beginning of year | 63 | 61 | 70 |
| Newly established franchises | 3 | 2 | - |
| Terminated franchises | (1) | - | (9) |
| Operating franchises, end of year | 65 | 63 | 61 |

In addition to the operating franchises listed above, there is one location that is owned and operated by Mr. Goodcents, Inc., a commonly controlled entity of the Company. See Note 4 for additional information.

**10. Reclassifications**

Certain accounts in the 2021 and 2020 consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

**11. Subsequent Events**

Management has evaluated subsequent events through February 27, 2023, the date which the consolidated financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

Segmented Consolidated Statements of Operations
Years Ended December 31, 2022, 2021, and 2020

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Franchise operations** | | | |
| Franchise operations revenue | $ 3,645,686 | $ 3,321,794 | $ 2,808,145 |
| Franchise operations expenses | | | |
| Salaries and professional fees | 2,060,173 | 1,661,042 | 1,545,772 |
| Travel, meals, entertainment, and business meetings | 334,730 | 133,513 | 51,559 |
| Operating expense | 720,591 | 638,466 | 436,025 |
| Facility expense | 561,669 | 539,745 | 533,242 |
| Franchise operations expenses | 3,677,163 | 2,972,766 | 2,566,598 |
| Financial income (expense) | | | |
| Franchise operations | | | |
| Interest expense | (7,132) | (8,018) | (14,143) |
| Interest income | 85 | 29 | 3,853 |
| Financial expenses | (7,047) | (7,989) | (10,290) |
| Franchise operations (loss) income | (38,524) | 341,039 | 231,257 |
| **National marketing and promotional fund** | | | |
| National marketing and promotional fund revenue | 1,652,205 | 1,548,523 | 1,527,398 |
| National marketing and promotional fund expenses | | | |
| Solicitation of franchisees | | | |
| Media placement | 175,142 | 256,228 | 146,416 |
| Administration | 257,597 | 203,618 | 141,944 |
| Marketing/promotional expenses | | | |
| Production | 25,071 | 163,547 | 121,027 |
| Media placement | 655,099 | 491,612 | 631,459 |
| Administration | 264,140 | 232,878 | 321,849 |
| Research and development | 146,816 | 193,674 | 170,898 |
| National marketing and promotional fund expenses | 1,523,865 | 1,541,557 | 1,533,593 |
| National marketing and promotional fund income (loss) | 128,340 | 6,966 | (6,195) |
| **Net income (loss)** | | | |
| Other income | 10,506 | 5,619 | 3,094 |
| Gain (loss) on disposal of equipment | 42,485 | (6,807) | 8,917 |
| Franchise operations (loss) income | (38,524) | 341,039 | 231,257 |
| National marketing and promotional fund income (loss) | 128,340 | 6,966 | (6,195) |
| Net income | $ 142,807 | $ 346,817 | $ 237,073 |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

**MR. GOODCENTS FRANCHISE SYSTEMS, INC. AND SUBSIDIARY**

National Marketing and Promotional Fund Percentages
Years Ended December 31, 2022, 2021, and 2020

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Percentage of total national marketing and promotional fund expenses | | | |
| Soliciation of franchisees | | | |
| Media placement | 11.5% | 16.6% | 9.5% |
| Administration | 16.9% | 13.2% | 9.3% |
| Marketing/promotional expenses | | | |
| Production | 1.7% | 10.6% | 7.9% |
| Media placement | 43.0% | 31.9% | 41.2% |
| Administration | 17.3% | 15.1% | 21.0% |
| Research and development | 9.6% | 12.6% | 11.1% |
| Total percentage | 100.0% | 100.0% | 100.0% |

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

# EXHIBIT B

## AREA REPRESENTATIVE FRANCHISE AGREEMENT

# AREA REPRESENTATIVE FRANCHISE AGREEMENT

_____

Area Representative

_____

Date of Agreement

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# AREA REPRESENTATIVE FRANCHISE AGREEMENT

THIS AREA REPRESENTATIVE FRANCHISE AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, 20_____, (the "Effective Date"), by and between MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas Corporation ("Company", "we", "us" , "our" or "GOODCENTS"), and _____ a corporation/limited liability company/partnership (Circle One) (referred to as "Representative," "Area Representative," "you" or "your"), with reference to the following facts:

## RECITALS

A. As a result of the expenditure of time, skill, effort, and funds, we have developed and own a unique system (hereinafter the "GOODCENTS SYSTEM" or "SYSTEM") relating to the establishment, development, and operation of GOODCENTS FRESH DELI RESTAURANTS ("GOODCENTS RESTAURANT(S)" or "Restaurant(s)") selling sandwiches, pasta, and other food related items for the individual retail customer.

B. We have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating GOODCENTS franchises, including "GOODCENTS", and we may create, use, and license other trademarks, service marks and commercial symbols for use in operating Franchise operations. (collectively, the "Marks").

C. We offer prospective Franchise operation owner(s) ("Prospective Franchisee(s)") the right to own and operate a Franchise operation offering the products and services we authorize (and only the products and services we authorize) using our business formats, methods, systems, procedures, signs, designs and layouts, standards, specifications, and Marks, all of which we may improve, further develop, and otherwise modify from time to time (collectively, the "System").

D. We also offer persons or legal entities the opportunity to become Area Representatives with the right to own and operate a Development Area in which to solicit, help qualify, train, and assist unit Franchise owners in opening and operating franchised unit operations within a defined geographic development area (a "Development Area").

E. You desire to operate an Area Representative business (an "AR Business") under which you will solicit, qualify, train, and assist unit Franchised operations within the Area set forth in Exhibit C per the schedule set forth in Exhibit D.

F. We desire to grant to you the right to operate an AR Business in accordance with the terms and upon the conditions contained in this Agreement.

WHEREFORE, IT IS AGREED:

## 1. GRANT OF RIGHTS.

Subject to the terms of this Agreement, we hereby grant to you an Area Development license, and you hereby accept the rights during the Term to solicit, qualify for final approval by us, train, and assist Franchisees to open and operate Franchise operations on an ongoing basis in the Development Area set forth in Exhibit C.

## 2. DEVELOPMENT OBLIGATION.

2.1 Minimum Development Obligations.

(a) You shall assist to construct, equip, open and operate, and solicit, screen, qualify, train, and assist Prospective Franchisees to construct, equip, open and operate, within the Development Area, not fewer than the cumulative number of Franchise operations set forth in Exhibit D, in the manner and within each of the time periods (the "AR Development Period") specified therein (the "AR Minimum Development Obligation").

(b) Each Franchised unit operation shall be the subject of a separate Franchise Agreement (as defined herein). We and the owner of a Franchise operation ("Franchise operation") shall enter into our then-current form of franchise agreement (the "Franchise Agreement");

(c) Unit Franchises that are the subject of a Franchise Agreement executed pursuant hereto, whether by you or by a separate Franchisee operation, shall be counted in determining whether the Minimum Development Obligation shall have been met within the applicable Development Periods.

(d) Any existing GOODCENTS units in the Development Area at the time of the signing of this agreement, shall be your responsibility with respect to the overseeing and monitoring in accordance with the GOODCENTS manuals and system of said existing unit operation as well as newly developed operations, Fees received by you from existing units shall be set forth in Section 8.1(e) of this Agreement.

(e) You will comply with all Federal rules, regulations, and guidelines regarding presale disclosure of franchises and where applicable state rules, regulations, and guidelines regarding presale disclosure of franchises.

2.2 Representative Sales Office.

You are not required to establish a brick-and-mortar sales office ("Representative Sales Office" or "Sales Office") within the Development Area. We will not approve or disapprove the location of your Sales Office. A virtual office or a home office may accommodate your business needs as long as you maintain a standard business area and present a professional appearance.

## 3. REPRESENTATIVE RIGHTS.

3.1 Area Representative Rights.

Except as provided in Section 3.2, as long as this Agreement is in effect, and you are in compliance with this Agreement, and you meet the Minimum Development Obligations set forth in this Agreement, then we or our affiliates will not operate, establish, or grant your Development Area to offer any rights in operations to any GOODCENTS franchise.

3.2 Failure of Representative to meet the Minimum Development Obligation.

In the event you fail to comply with the development schedule as set forth in Exhibit "2" described herein, we may at our discretion terminate this agreement or you may lose the exclusive rights granted herein; provided, however, that this agreement remain in full force and effect as to those GOODCENTS facilities already operating or contracted by franchise agreement or lease or otherwise as of the date of the default, including, without limitation, the rights to receive royalty and advertising fees subject to strict compliance with all of the support and service obligations of yours contained herein, the operations manual and any amendments hereto. With regard to this provision, you shall have ninety (90) days to cure the default in regard to the development schedule to re-obtain your exclusive rights but shall continue to have the right to develop and operate new Franchises.

3.3 Rights Maintained by Company.

We (and any affiliates that we might have from time to time) shall at all times have the right to engage in any activities we deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever we desire, including, but not limited to, the right to:

(a) establish and operate Franchise operations and Area Representative Franchises, and grant the right to other persons to establish and operate Franchise operations or
Area Representative Franchises, on any terms and conditions we deem appropriate and at any locations other than in your Development Area;

(b) if you are an Area Representative Franchise, to help establish Franchise operations and grant rights to other persons to solicit, qualify, train and assist Franchise operations, on any terms and conditions we deem appropriate and at any locations within the Development Area, provided however, that you will be entitled to your share of the Initial Commissions and any other Fees, as set forth more specifically in Section 8 of this Agreement;

(c) provide and grant rights to other persons to provide, goods and services similar to and/or competitive with those provided by Franchise operations to customers located within a Development Area, whether identified by the Marks or other trademarks or service marks, through any distribution channel other than Franchise operations located within a Development Area (including, but not limited to, sales of products via mail order, catalogs, grocery and convenience stores toll free telephone numbers and electronic means including the Internet);

(d) provide and grant rights to other persons to provide, goods and services dissimilar to and/or not competitive with those provided by Franchise operations to customers located within a Development Area;

(e) acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Franchise operations, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including within a Development Area);

(f) be acquired (regardless of the form of transaction) by a business providing products and services similar to those provided at Franchise operations, or by another business, even if such business operates, franchises and/or licenses competitive businesses within a Development Area; and

(g) provide or offer GOODCENTS products and services to customers within or outside of a Development Area through GOODCENTS' affiliates or dealers of GOODCENTS products and services.

## 4. TERM.

The initial term of this Agreement (the "Term") shall be for a period of ten (10) years commencing on the Effective Date, unless sooner terminated in accordance with the provisions of Section 13. you shall have the right to renew the Agreement for one (1) additional period of ten (10) years if (i) you have substantially complied with the Minimum Development Obligation, and all of the other provisions of this Agreement during the Term; (ii) you must provide us with written "Notice of Intent to Renew", at least one-hundred and eighty (180) days prior to the expiration of this agreement. (iii) you and all of your owners and your spouse's sign our general release form; (iv) we and you mutually agree on a new minimum or other development obligations for the Development Area for the extension period; (v) You agree to sign the "General Release" as set forth in Exhibit "I" attached hereto and (vi) you sign the then current form of the Area Representative Franchise Agreement. Under the general release, you and your owners and your spouses will waive any and all claims against us, our affiliates, and our and their owners, officers, directors, employees, agents, successors, and assigns.

A notice of nonrenewal by us shall state the reasons for our refusal to renew, and may include, without limitation, your failure to comply with the terms and conditions of this Agreement even if you have subsequently cured the breaches of this Agreement. A notice of nonrenewal for the reason of your substantial default of this Agreement on three or more occasions during the term of this Agreement cannot be cured and you may be prohibited from renewing the Area Representative Franchise Agreement at our discretion.

If the reasons cited by us for your nonrenewal are rectified and cured within 30 days of our notice of nonrenewal, then the nonrenewal is not effective and you are allowed to renew in compliance with the terms of this Agreement. Provided that if the reasons for nonrenewal include your insolvency, or the occurrence of an assignment for the benefit of creditors by you or your filing of a petition in bankruptcy, then the nonrenewal is effective upon delivery of our notice of nonrenewal.

## 5. OBLIGATIONS OF COMPANY AND REPRESENTATIVE.

5.1 Area and Unit Production.

We will assist you in the determination of the area which you will operate as our area representative and the number of units which you will be obligated to develop during the term of the agreement.

5.2 Representative Training.

Pursuant to the terms of this Area Representative Franchise Agreement we or our designee will provide training to you on the operation of an Area Representative Business. This training program may include classroom training and/or hands on training and will be conducted at our corporate headquarters, at Franchise operation locations designated by us, and/or at any other location(s) we designate.

You must complete the initial training to our satisfaction and participate in all other activities we require before soliciting prospective franchisees in the Development Area. We may charge reasonable fees for these training courses, and you are responsible for all travel and living expenses for which you and your attendees incur.

You must attend and successfully complete the training program for operators of GOODCENTS businesses.

If we determine that you cannot complete initial training to our satisfaction, we may, in our sole discretion, either (1) require you to attend additional training at your expense (for which we may charge reasonable fees) or (2) terminate this Agreement.

You shall participate in periodic webinars and sales calls scheduled by us for Area Representative Franchises and attend a national business meeting or convention each year. We may also require you to attend additional or refresher training courses each year. We may charge reasonable fees for these courses, conventions, webinars, sales calls, and programs. You are responsible for all travel and living expenses.

5.3 Area Representative and Operations Training Content.

GOODCENTS provides you access to GOODCENTS University, an online training portal, during the term of the franchise agreement. GOODCENTS University consists of operation manuals, training videos, and other materials related to operations.

The operations manuals contain mandatory and suggested specifications, standards and operating procedures prescribed by GOODCENTS for GOODCENTS RESTAURANTS and information relative to your other obligations. GOODCENTS has the right to modify the operations manuals at any time to reflect the changes in the system, products, services, specifications, standards and operating procedures, including marketing techniques, or a GOODCENTS RESTAURANT. You must stay current on the operations manuals.

GOODCENTS at its principal office controls if there is a dispute relative to the contents of the operations manuals.

5.4 General Guidance.

We will provide guidance to you in the Manuals and other bulletins or other written materials, by electronic media, and/or by telephone consultation. If you request and we agree to provide additional or special guidance, assistance or training, you must pay our then applicable charges, including our personnel's per diem charges and any travel and living expenses.

5.5 Franchise Registration and Disclosure.

Neither you nor any representative of yours shall solicit prospective franchisees of for Franchise operations, (1) until we have registered our current Franchise Disclosure Document in applicable jurisdictions in the Development Area and have provided you with the requisite documents or (2) at any time when we notify you that our registration is not then in effect or our documents are not then in compliance with applicable law. If your activities pursuant to this Agreement require the preparation, amendment, registration, or filing of information or any disclosure or other documents, then all requisite disclosure documents, ancillary documents, and registration applications shall be prepared and filed by us or our designee, and registration secured, before you may solicit prospective franchisees for Franchise operations. Costs of such registration applicable to you shall be borne by you. You shall:

(a) prepare and forward to us verified financial statements of yours in such form and for such periods as shall be designated by us, including audited financial statements, if necessary and appropriate to comply with applicable legal disclosure, filing or other legal requirements;

(b) promptly provide all information reasonably required by us to prepare all requisite disclosure documents and ancillary documents for the offering of franchises throughout the Development Area; and

(c) execute all documents required by us for the purpose of registering you and us to offer franchises throughout the Development Area.

You agree to review all information pertaining to you that is prepared to comply with legal requirements for selling franchises in the Development Area and verify its accuracy if so requested by us. You acknowledge that we and our affiliates and designees shall not be liable to you for any errors, omissions or delays which occur in the preparation of such materials.

5.6 Investigation and Qualification of Prospective Franchisees.

(a) Each Franchised operation opened pursuant to this Agreement shall be the subject of a separate Franchise Agreement with us, upon our then-current form. You shall have no right to modify or offer to modify any Franchise Agreement or other contract.

(b) You shall investigate the qualifications of each prospective franchisee and the suitability of each prospective Franchise operation location in the Development Area in accordance with our standards, policies and procedures relating to qualification of Franchise operations then in effect and shall obtain all information required of prospective franchisees by us.

(c) After you are satisfied that a prospective franchisee meets the standards established by us, you may recommend to us the approval of such prospective franchisee. You shall then furnish to us all information relating to the prospective franchisee which shall be required by us in the form and manner customarily required by us.

(d) We may thereafter conduct or obtain such credit reports and background checks on

prospective franchisees as we deem necessary or convenient. We may then approve or disapprove a prospective franchisee for any reason and may seek further information with respect to the prospective franchisee. You shall cooperate with us in any further investigation of the prospective franchisee.

(e) You shall deliver to us a copy of all correspondence with Franchisees that is material to the franchise relationship, as soon as it is sent or received by you.

5.7 Training and Support by Area Representative.

You agree to implement any training programs developed by us for Franchise operations and to provide such assistance and services as we shall reasonably request and require from time to time in connection with (1) the construction, equipping and opening of Franchise operations established by you within the Development Area, (2) the sourcing of equipment, fixtures, furnishings, inventory and supplies for Franchise operations, (3) the advertising and promotion of Franchise operations, and (4) the supervision and compliance of our standards of operations, including compliance with the use of the Marks at the Franchise operations. All services and assistance provided to Franchise operations in connection with the operation of Franchise units located in the Development Area, and which are established by you, will be provided by you and such obligations of yours will not be transferred, delegated, or subcontracted to any other person.

5.8 Inspection of Franchise Operations and Operations.

You shall conduct routine telephonic and store visit assessments of each Unit Franchise within your territory and shall also conduct monthly physical inspections of all Franchise operations in the Development Area and the review of the operations of all Franchise operations in the Development Area, in accordance with the standards from time to time established by us. You shall provide reports to us with respect to the findings of such assessments and inspections, in such form and at such time as we shall require.

5.9 Marketing and Promotion.

You shall participate in all promotion and marketing activities required by us of our Representatives.

5.10 Identification of Suppliers.

You agree to cooperate with us to identify suppliers to deliver GOODCENTS products to Franchise operation customers within the Development Area, if requested.

## 6. OPERATING STANDARDS.

6.1 Standard of Service.

You shall at all times give prompt, courteous and efficient service to Franchise operations in the Development Area. You shall, in all dealings with Franchise operations, prospective franchisees and the public, adhere to the highest standards of honesty, integrity, fair dealings and ethical conduct.

6.2 Compliance with Laws and Good Business Practices.

You shall secure and maintain in force all required licenses, permits and certificates relating to your activities under this Agreement and operate in full compliance with all applicable laws, ordinances, and regulations. You acknowledge being advised that many jurisdictions have enacted laws concerning the advertising, sale, renewal and termination of, and continuing relationship between parties to a franchise agreement, including, without limitation, laws concerning disclosure requirements. You agree promptly to become aware of, and to comply with, all such laws and legal requirements in force in the Development Area and to utilize only disclosure documents that we have approved for use in the applicable jurisdiction. You acknowledge and agree that we will not bear any liability or responsibility, nor will we refund any fees paid by you to us, if you realize after the signature of the Area Representative Franchise Agreement that you are

unable to open for business or operate after opening because of your failure to comply with local, state, or federal laws or regulations.

6.3 Accuracy of Information.

Before you solicit any prospective franchisee, you shall each time take reasonable steps to confirm that the information contained in any written materials, agreements and other documents related to the offer or sale of franchises is true, correct and not misleading at the time of such offer or sale and that the offer or sale of such franchise will not at that time be contrary to, or in violation of, any applicable state law related to the registration of the franchise offering. We shall provide you with any changes to our disclosure documents and other agreements on a timely basis and, upon request, provide you with confirmation that the information contained in any written materials, agreements or documents being used by you are true, correct and not misleading. If you notify us of an error in any information in our documents, we shall have a reasonable period of time to attempt to correct any deficiencies, misrepresentations, or omissions in such information.

6.4 Notification of Litigation.

You shall notify us in writing within two (2) days after the commencement of any action, suit, arbitration, proceeding, or investigation, or the issuance of any order, writ, injunction, award and decree, by any court agency or other governmental instrumentality, which names you or any of your owners or otherwise concerns the operation or financial condition of yourself, the Development Business, or any Franchise operation.

6.5 Insurance.

You shall at all times during the term of this Agreement maintain in force, at your sole expense, insurance for the Development Business of the types, in the amounts and with such terms and conditions as we may from time to time prescribe in the Manuals or otherwise. All of the required insurance policies shall name us and affiliates designated by us as additional insureds, contain a waiver of the insurance company's right of subrogation against us and the designated affiliates, and provide that we will receive thirty (30) days' prior written notice of termination, expiration, cancellation, or modification of any such policy.

6.6 Proof of Insurance Coverage.

You will provide proof of insurance to us before beginning operations of your AR Business. This proof will show that the insurer has been authorized to inform us in the event any policies lapse or are cancelled or modified. We have the right to change the types, amount, and terms of insurance that you are required to maintain by giving you prior reasonable notice. Noncompliance with these insurance provisions shall be deemed a material breach of this Agreement, and in the event of any lapse in insurance coverage, we shall have the right, in addition to all other remedies, to demand that you cease operations of your Development Business until coverage is reinstated or, in the alternative, to pay any delinquencies in premium payments and charge the same back to you.

6.7 Marketing Plan and Local Advertising.

You will be required to market to establish new GOODCENTS units in your area of development.

We are not required to advertise on your behalf, in your exclusive area, but we will provide you with marketing materials and information to help you develop your area. You may use your own marketing materials, as long as we have approved them at least 14 days in advance of their use. You must advertise as set forth in the Manuals, utilizing the Company's standard forms of listing and classified advertisement.

We will provide marketing services to GOODCENTS unit operations in your area of development which will enhance your presence and public knowledge about the business unit operations which you are developing.

There is no advertising council, but GOODCENTS units in your exclusive area are required to market which will enhance your presence.

6.8 Approval of advertising.

Prior to their use by you, samples of all advertising and promotional materials not prepared or previously approved by us shall be submitted to us for approval, which approval shall not be unreasonably withheld. You shall not use any advertising or promotional materials that we have not approved or have disapproved. You acknowledge and understand that certain states require the filing of franchise sales advertising materials with the appropriate state agency prior to dissemination. You agree fully and timely to comply with such filing requirements at your own expense unless such advertising has been previously filed with the state by us.

6.9 Websites and Social Media Marketing.

As used in this Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software that refers to Franchise operations or Area Representative Franchises or the Marks. The term "Website" includes, but is not limited to, Internet and World Wide Web pages and other on-line services such as Linked In, Facebook, Twitter, and other social media services as may from time to time be available to communicate in connection with any electronic media including websites and social media sites, you agree to the following:

(a) You shall not establish a separate Website or engage a social media service without our prior written consent. We shall have the right, but not the obligation, to designate one or more web page(s) or social media service to describe you, such web pages(s) to be located within our Website; and

(b) If we approve, in writing, a separate Website or allow a social media presence for you, then each of the following provisions shall apply:

1) Before establishing the Website, or engaging the social media service you shall submit to us, for our prior written approval, a sample of the proposed Website domain name, format, visible content (including, but not limited to, proposed screen shots), and non-visible content (including, but not limited to, meta tags) in the form and manner we may reasonably require, and You shall not use or modify such Websites without our prior written approval as to such proposed use or modification. Social media sites and social media marketing will be approved in advance.

2) In addition to any other applicable requirements, you shall comply with our standards and specifications for Websites as we prescribe from time to time in the Manuals or otherwise in writing.

3) If we require, you shall establish such hyperlinks to our Website and others we may request in writing.

4) We may revoke our approval at any time, in writing, and require that you discontinue use of a separate Website and/or social media site immediately.

6.10 Accounting, Bookkeeping and Records.

You shall maintain at your business premises in the Development Area all original invoices, receipts, checks, contracts, licenses, acknowledgement of receipt forms, and bookkeeping and business records we require from time to time. You shall furnish to us, within ninety (90) days after the end of your fiscal year, a balance sheet and profit and loss statement (audited by a CPA, if requested by us) for the Development Business for such year (or a monthly or quarterly statement if required by us, in which case such statements also shall reflect year-to-date information). In addition, upon our request, within ten (10) days after such returns are filed, exact copies of federal and state income, sales and any other tax returns and such other forms, records, books, and other information as we periodically require regarding the Development Business, shall be furnished to us. You shall maintain all records and reports of the business conducted pursuant to this

Agreement for at least five (5) years after the date of termination or expiration of this Agreement.

6.11 Reports.

You shall, as often as required by us, deliver to us a written report of your Development Business activities in such form and detail as we may from time to time specify, including information about efforts to solicit prospective franchisees, the status of pending real estate transactions and the status of Franchises.

## 7. AREA REPRESENTATIVE FEE.

You shall pay to us a non-refundable "Area Representative Fee" of $10,000 per unit for the area to be developed, payable upon execution of this Agreement. If we require you to acquire an in-depth demographic analysis of the Development Area, you shall also purchase the demographic analysis from us or our designated supplier for the then-applicable fee.

## 8. PAYMENTS TO REPRESENTATIVE.

8.1 Area Representative.

(a) Initial Net Fee Commission and Conditions of Payment. Except as provided below, during the term of this Agreement, You shall be paid a commission, as set forth in this Section, based on a percentage of initial net franchise fees paid by each Franchisee for each franchise operation which shall be established in the Development Area (the "Initial Net Fee Commission"), subject to fulfillment of the following conditions: (a) the Franchise operation executes a Franchise Agreement with us and an initial net franchise fee has been paid to, and actually received by, us (we shall not be deemed to have received any fees paid into escrow, if applicable, until such fees actually have been remitted to us); and (b) You have complied with all of your other obligations under this Agreement with respect to such sale and have verified the same to us in writing in a form prescribed by us. The Initial Net Fee Commission shall be an amount equal to fifty percent (50%) of the total initial net franchise fees paid to us minus any broker's fees or sales commissions, if any, and will be payable to you on the fifth (5th) day of the second month following the month when the conditions of this Section 8.1 have been fulfilled.

(b) Commissions on Royalty Fees. Except as provided below, you will receive a fee equal to 33.33% of the continuing royalty fees paid by the Franchise operations in your Representative Area for restaurants that you establish in your Development Area. Commissions earned pursuant to this section will be payable to you by the fifth (5th) day of the second month following the month when the conditions of this section have been fulfilled. Notwithstanding the foregoing, if you have failed to conduct the periodic inspections and assessments described in Section 5.8 or failed to perform in any material aspect, with respect to one or more Franchise operation located in the Development Area for which the you are responsible, or the other services described in Section 5 to be provided to Franchise operations located in the Development Area during any applicable month, then you shall not be entitled to receive commissions on Royalty Fees with respect to such Franchise operations for the period during which reports or services were not provided.

(c) If you purchase a Development Area which already has existing and operating GOODCENTS units, the commission to you from the royalty fees shall be 20.0% of the royalties paid by the established units.

You agree that if you are declared to be in default by us, that during the period of default and until such default are cured, we may withhold funds due to you. You further agree that in the event of default of one of the restaurant units under your supervision, that we may withhold funds due to you that have been generated by the defaulting restaurant operation until the default has been cured.

8.2 Commissions after Termination.

All payments under this Section 8 shall immediately and permanently cease after the expiration or termination of this Agreement, although you shall receive all amounts which have accrued to you as of the effective date of expiration or termination.

8.3 Application of Payments.

Our payments to you shall be based on amounts actually collected from Franchise operations, not on payments accrued, due or owing. In the event of termination of a Franchise Agreement for a Franchise operation within the Development Area, we shall apply any payments received from a Franchise operation to pay past due indebtedness of that Franchise operation for Royalty Fees, advertising contributions, purchases from us or our affiliates, interest or any other operation's overdue Royalty Fee payments, you shall be entitled to your pro rata share of such payments, less the pro rata share of the costs of collection paid to third parties.

8.4 Setoffs.

You shall not be allowed to set off amounts owed to us for fees or other amounts due under this Agreement against any monies owed to you by us, which right to set off, is hereby expressly waived by you. We shall be allowed to set off against amounts owed to you for commissions, Royalty Fees, or other amounts due under this Agreement any monies owed to us by you.

## 9. MARKS.

9.1 Ownership and Goodwill of Marks.

Your right to use the Marks is derived only from this Agreement and is limited to your operation of your AR Business. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate a Development Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize you to use.

9.2 Limitations on Your Use of Marks.

You may not use any Mark: (1) as part of any corporate or legal business name; (2) with any prefix, suffix or other modifying words, terms, designs, symbols other than logos we have licensed to you; (3) in selling any unauthorized services or products; (4) as part of any domain name, electronic address, or search engine, without our consent; or (5) in any other manner we have not expressly authorized in writing. you may not use any Mark in advertising the transfer, sale, or other disposition of your business under this Agreement or an ownership interest in you (if a corporation, partnership, limited liability company or another business entity holds the franchise at any time during this Agreement's term) without our prior written consent.

9.3 Notification of Infringements and Claims.

You agree to notify us immediately of any apparent infringement of, or challenge to, your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys and your attorneys regarding any infringement, challenge, or claim. We may take action we deem appropriate (including no action) and control exclusively, any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. You agree to sign any documents and take any actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

9.4 Discontinuance of Use of Marks.

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within ninety (90) days after receiving notice. We need not reimburse you for your expenses in complying with these directions, for any loss of revenue due to any modified or discontinued Mark, or for your expenses in promoting a modified or substitute trademark or service mark.

9.5 Indemnification for Use of Marks.

We agree to indemnify and reimburse you against and for all damages for which you are held liable in any trademark infringement proceeding arising out of your authorized use of any Mark pursuant to and in compliance with this Agreement, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with this Agreement. At our option, we may defend and control the defense of any proceeding relating to any Mark.

## 10. CONFIDENTIAL INFORMATION.

We possess (and may continue to develop and acquire) certain confidential information relating to the development and operation of Franchise operations and Area Representative operations (the "Confidential Information"), which includes (without limitation):

(a) site selection criteria;

(b) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating
Franchise operations and Area Representative operations;

(c) marketing research and promotional, marketing and advertising programs for Unit Franchises and Area Representative operations;

(d) knowledge of specifications for and suppliers of, and methods of ordering, certain operating assets and products that Unit Franchises and Area Representative operations use;

(e) knowledge of the operating results and financial performance of Franchise operations and Area Representative operations;

(f) customer communication and retention programs, along with data used or generated in connection with those programs; graphic designs and related intellectual property;

(g) information generated by or used or developed in the operation of Franchise operations and Area Representative operations, including customer names, addresses, telephone numbers and related information; and

(h) any other information designated confidential or proprietary by us.

(i) You acknowledge and agree that by entering into this Agreement, you will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information in accordance with this Agreement, and that your use of any Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees. You further acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree, that you:

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

(2) will keep the Confidential Information absolutely confidential during and after this Agreement's term;

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

(4) will adopt and implement all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of Confidential Information, including, without limitation: (i) restricting its disclosure to your personnel and Franchise operations needing to know such Confidential Information in order to develop and operate the Franchise operations; and (ii) requiring those having access to Confidential Information to sign confidentiality and non-disclosure agreements. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights; and

(5) will not sell trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

(6) will sign a Confidentiality Agreement and Ancillary Covenants Not to Compete Agreement (Schedule A).

All ideas, concepts, techniques, or materials relating to a Franchise operation or Area Representative Franchise, whether or not protectable intellectual property and whether created by or for you or your employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any item does not qualify as a "work made- for-hire" for us, by this paragraph, you assign ownership of that item, and all related rights to that item, to us and agree to sign whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item.

"Confidential Information" does not include information, knowledge or know-how which is or becomes generally known in business consulting industry or which you knew from previous business experience before we provided it to you (directly or indirectly) or before you attended our initial training program. If we include any material in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

(j) Representative's Employees. All personnel performing managerial or supervisory functions, all personnel receiving special training and instruction and all persons employed by you having access to any confidential information, knowledge or know-how concerning the GOODCENTS SYSTEM shall execute a Non-Competition and Non-Disclosure Agreement, provided by us, pursuant to which such personnel shall agree not to work for any competitor of ours or another Representative of ours during the period of their employment and one (1) year thereafter within 100 miles of your designated territory or any other GOODCENTS business address, unless approved in writing by us, and they further agree not to disclose any of the confidential information, knowledge or know-how concerning the GOODCENTS SYSTEM which may be disclosed to them, or of which they learn or otherwise obtain during their employment with you. Nor will you interfere with us or our affiliate's employees or agents in the performance of their duties, nor seek to employ them in any manner without our written permission for a period of two (2) years following their separation.

## 11. ASSIGNABILITY.

11.1 Assignability by Company.

(a) We shall have the right, but not the obligation, to cause a subsidiary or affiliate of ours to perform any or all of our obligations and exercise any or all of our rights under this Agreement and under any Franchise Agreement, and to require you to perform any or all of your obligations hereunder, in favor or such subsidiary or affiliate, by delivery of written notice thereof to you.

(b) We shall have the right to assign this Agreement, or any of our rights and privileges under this Agreement to any other person, firm or corporation without your prior consent and we shall not be liable for any obligations accruing under this Agreement after the effective date of such assignment; provided the assignee shall expressly assume and agree to perform our obligations under this Agreement and is reasonably capable of performing them.

11.2 Assignments by Representative.

(a) We have entered into this Agreement in reliance upon and in consideration of the singular personal skills, character, aptitude, business ability, financial capacity and qualifications of you and the trust and confidence reposed in you or, in the case of a business entity your owners. Therefore, neither your interest in this Agreement nor any of its rights or privileges hereunder shall be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner, without our prior written approval.

(b) Any assignment or transfer without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "transfer" includes any voluntary, involuntary, direct or indirect assignment, sale, gift, or other disposition and includes the following events:

(1) transfer of record or beneficial ownership of capital stock in you (if you are a corporation), a partnership or membership interest (if you are a partnership or limited liability company), or any other ownership interest or right to receive all or a portion of your profits or losses;

(2) a merger, consolidation or exchange of shares or other ownership interests, or issuance of additional ownership interest or securities representing or potentially representing shares or other ownership interests, or a redemption of shares or other ownership interests;

(3) any sale or exchange of voting interests or securities convertible to voting interests, or any agreement granting the right to exercise or control the exercise of the voting rights of any owner or to control your operations or affairs;

(4) transfer of an interest in you, this Agreement, or AR Business or its assets (or any right to receive all or a portion of your or AR Business' profits or losses or any capital appreciation relating to the AR Business) in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law;

(5) if you or an owner (if you are a business entity) dies, transfers an interest in the AR Business, this Agreement, or the AR Business or its assets (or any right to receive all or a portion of your or the AR Business' profits or losses or any capital appreciation relating to the AR Business) by will, declaration or transfer in trust, or under the law of intestate succession; or

(6) pledge of this Agreement (to someone other than us) or of an ownership interest in you (if you a business entity) as security, foreclosure upon the Development Area franchises, or your transfer, surrender or loss of the area development franchise possession, control, or management.

11.3 Conditions for Approval of Assignment or Transfer.

We may impose any reasonable condition(s) to the granting of our consent to such assignments. Without limiting the generality of the foregoing, the imposition by us of any or all of the following conditions to our consent to any such assignment shall be deemed to be reasonable:

(a) that the assignee (or the principal officers, shareholders, directors or general partners of the assignee in the case of a business entity assignee) demonstrates that it has the skill, qualifications and economic resources necessary, in our judgment, reasonably exercised, to own and operate the AR Business;

(b) that you have paid all amounts owed to us;

(c) that the assignee shall expressly assume in writing for our benefit all of your obligations under this Agreement and any other agreements proposed to be assigned to such assignee;

(d) that neither the assignee nor its owners or affiliates operates, has an ownership interest in, or performs services for, a Competitive Business (defined in Section 12.2);

(e) that the assignee shall have completed (or agreed to complete) our training program;

(f) that the assignee signs our then-current form of Area Representative Franchise Agreement, the provisions of which may differ materially from any and all of those contained in this Agreement, and the term of which shall be the remaining term of this Agreement;

(g) that as of the date of any such assignment, the assignor shall have strictly complied with all of its obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us;

(h) that the assignee is not then in default of any of the obligation to us under any agreement between such assignee and us;

(i) that the assignor shall pay to us a transfer fee of Twenty-five Thousand Dollars ($25,000.00), except for transfers pursuant to Section 11.4 below;

(j) that the assignor and the assignor's spouse (if any) shall sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, representatives, agents, successors and assigns; and

(k) that assignor will not directly or indirectly at any time or in any manner identify himself, herself or itself or any of assignor's business as a current or former Franchise operation or as one of our Franchise operations or Representatives, use any Mark, any colorable imitation of a Mark, or other indicia of a Franchise operation or AR Business in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with us.

(l) that you as assignor, sign the Release identified as Exhibit "I" attached hereto.

You shall not in any event have the right to pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without our express prior written permission, which permission may be withheld for any reason whatsoever in our sole subjective judgment.

11.4 Assignment to Entity Principally Controlled by Representative.

The Area Representative Franchise and its assets and liabilities may be assigned to a newly formed corporation or other legal entity that conducts no business other than the operation of the franchise and in which you and any of your principals own and control in the aggregate not less than ninety percent (90%) of the equity and voting power of all outstanding capital stock or ownership interest, provided as follows:

(a) that the proposed transferee complies with the provisions of this Agreement;

(b) and that you are empowered to act for said corporation or other legal entity; and

(c) that you shall submit to us, documentation that we may reasonably request to effectuate the transfer; and

(d) that you shall submit to us a true and complete list of the shareholders, members, or partners, showing number of shares or interests owned, and a list of the officers and directors if a corporation, or managers if a limited liability company, or managing partners if a partnership. We shall be promptly notified of any changes in said lists; and

(e) that all certificates of shares or interests issued by transferee at any time shall be endorsed with the appropriate legend to conform with state law, referring to this Agreement by date and name of parties hereto and stating "Transfer of this Certificate is Limited by the Terms and Conditions of an Area Representative Franchise Agreement dated by and between MR. GOODCENTS FRANCHISE SYSTEMS, INC. and the name of the legal entity that the interest is being transferred to;

(f) that a copy of this Agreement shall be given to every shareholder or member;

(g) that a copy of the organizational documents and any corporate resolutions and a Certificate of Good Standing will be furnished to us at our reasonable request, and prompt notification in writing of any amendments thereto will be provided to us; and

(h) that the number of shares or interests issued or outstanding in the transferee will not be increased or decreased without prior written notice to us, which notice will in its terms guarantee compliance with this Agreement. In addition, new shareholders, members, or partners must be approved by us and agree to be bound by this entire Agreement. Shareholders, members, or partners may make a separate agreement among them providing for purchase by the survivors among them of the shares of any shareholders or interests of any members or partners upon death, or other agreements affecting ownership or voting rights, so long as voting control, and a majority representation of the board of directors or members or partners remains with those individuals who initially applied for and were approved as franchisees under this Agreement. Shareholders, members, or partners must notify us in writing of any such agreement which affects control of the transferee.

11.5 Death or Disability.

(a) Upon your or an owner's death or disability, the executor, administrator, conservator, guardian, or other personal representative must assign, sell, or transfer yours or the owner's ownership interest in the AR Business, to a third party approved by us. That transfer (including, without limitation, transfer by bequest or inheritance) must occur, subject to our rights, within a reasonable time, not to exceed nine (9) months from the date of death or disability and is subject to all of the terms and conditions in this Section 11. A failure to transfer such interest within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you from supervising the Development Area management and operation for ninety (90) or more consecutive days.

(b) If, upon your death or disability if you are an individual or an owner of more than fifty percent (50%) of the equity in the legal entity, if a trained manager who we approve, is not managing the day-to-day operations, then the executor, administrator, conservator, guardian or other personal representative must, within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint a manager whom we must approve to operate the AR Business. The manager must, at your or your estate's expense, satisfactorily complete the training we designate within the specified time period.

11.6 Company's Right of First Refusal.

If you determine at any time to sell or transfer an interest in this Agreement or the AR Business, or if the owners determine to sell or transfer a controlling ownership interest in business entity, then you or the owner, as applicable (the "Seller") must obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement and the AR Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a fixed dollar amount and without any contingent payments of

purchase price (such as earn-out payments).

We may, by delivering written notice to the Seller within thirty (30) days after we receive both an exact copy of the offer and all other information requested, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: 1) we may substitute cash for any form or payment proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) the closing will be not less than sixty (60) days after notifying the Seller of our election to purchase or, if later, the closing date proposed in the offer; and (4) we must receive, and the Seller agrees to make, all customary representations and warranties, given by the seller of the assets of a business or ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests and validity of contracts and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased. If we exercise our right of first refusal, you agree that, for two (2) years beginning on the closing date, you and members of your immediate family will be bound by the non-competition covenant contained in Section 12.2 below.

If we do not exercise our right of first refusal, you may complete the sale to the proposed buyer on the original offer's terms, subject to our approval of the transfer as provided above. If you don't complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you must let us know promptly), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

11.7 Ownership Structure.

You represent and warrant that all persons holding direct or indirect, legal, or beneficial ownership interest in you (collectively, the "Owners") are listed in Exhibit 3 and that your ownership structure is as set forth on Exhibit 3. In consideration of, and as an inducement to, the execution of this Agreement, each owner and their respective spouses shall personally and unconditionally sign our form "Guaranty and Acceptance of Obligations", attached as Exhibit 4, guarantying to us and our successors and assigns that the you will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and agreeing to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement. You shall not change your ownership structure without complying with all of the terms and conditions of this Section 11. Within ten (10) days of any change in your ownership structure, you shall submit a revised Exhibit 3 to us, and any new owner shall sign our form Guaranty and Acceptance of Obligations.

11.8 Separate Agreements.

You agree that you will not enter into any separate agreement with any GOODCENTS Franchisee unless you obtain our written permission.

## 12. NON-COMPETITION.

12.1 In Term.

During the term of this Agreement, neither you, any of the principals, nor any member of your or a principal's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, controlling shareholder, employee, consultant, representative or agent, or in any other capacity, in a Competitive Business (defined below), whether located in the United States, within or outside the Development Area, unless we shall first consent thereto in writing.

12.2 Post-Term.

For a twenty-four (24) month period following the assignment, expiration or termination of this Agreement, for any reason whatsoever, neither you, any owner, nor any member of your or an owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any competitive business located or operating: (a) within the Development Area; (b) within the Development Area of any of our other Area Representatives, (c) within fifteen (15) miles of any Unit Franchise in operation or development on the date of assignment, expiration or termination. The term "Competitive Business" means any business which derives more than Ten Thousand Dollars ($10,000) of revenue per year from the sale of any products or services similar to GOODCENTS' products or services, or any business which grants franchises or licenses to others to operate such a business, other than a Franchise operation operated under a franchise agreement with us.

## 13. TERMINATION.

13.1 Termination by Us.

(a) This Agreement may be terminated by us upon thirty (30) days prior written notice if you fail to pay any sums due us, including our advanced payments to any suppliers and payments to governmental authorities, unless you shall cure such default within said thirty (30) day period.

(b) Any purported sale, assignment, transfer or encumbrance, by you, in whole or in part, of any or all rights and obligations under this Agreement, in violation of the terms of this Agreement, or without the written consents required, pursuant to this Agreement.

(c) Upon the bankruptcy or the appointment of a receiver for the assets of the Area Representative.

(d) Your failure to furnish within the time specified any report or financial statement as required under this Agreement;

(e) Your failure to operate the GOODCENTS business in compliance with the terms of this Agreement, the Operations Manuals, or any quality or operations standards or guidelines issued in writing by us from time to time.

(f) Your failure to commence operations within six (6) months of its successful completion of training;

(g) The attachment of any involuntary lien in the sum of Ten Thousand Dollars ($10,000.00) or more upon any of the business assets or property of yours which lien is not promptly removed within ninety (90) days of said filing.*;*

(h) Your failure for a period of thirty (30) days after receipt of notification of non-compliance, to comply with any federal, state or local laws or regulations applicable to the operation of a GOODCENTS facility;

(i) You, or any of your principals, are convicted of a felony or any other criminal misconduct which we deem relevant to the operation of the franchised business;

(j). You fail to attempt to cure a default per our instructions, under this Agreement which materially impairs the goodwill associated with the Marks, after delivery of written notice to cure at least ninety-six (96) hours in advance thereof.

(k) If you or any of your principals discloses or divulges the contents of any confidential

Franchise Operations or Policies and Procedures Manuals, or any other trade secrets or confidential information provided to you by us, contrary to the terms and conditions of this Agreement.

(l) If you abandon the GOODCENTS business in excess of seven (7) days or otherwise forfeit the right to do or transact business in the Development Area.

(m) If you fail to comply with the schedule for opening new restaurants as specified in the schedule set forth in Exhibit 2.

(n) If you violate the terms of any other Franchise Agreement with us, or if an affiliate company of yours violates the terms of any Franchise Agreement with us, or if any owner of a 10% or greater equity interest in you is an owner of a 10% or greater equity interest in a franchisee entity pursuant to a franchise agreement with us and such other franchisee violates the terms of the other franchise agreement with us.

(o) You fail to comply with the provisions set forth in Section 2.1 (e) of this agreement.

(p) You shall have 30 days to cure all violations set forth above, except those so stated in Sub-Section 13.1 Sections (i), (j), (k), (l) and (o), for which termination shall become effective immediately.

13.2 Rights and Obligations upon Termination or Expiration.

Upon the expiration of the Term, or upon the earlier termination of this Agreement, you shall have no further right to construct, equip, own, open or operate additional Franchise operations (except pursuant to a separate Franchise Agreement between you and us that is in full force and effect on the date of expiration or termination). Upon expiration or termination of this Agreement, we may license others to construct, equip, open, own or operate Franchise operations in the Development Area. When this Agreement expires or is terminated for any reason and except as required to perform your obligations under a valid separate Franchise Agreement with us, you shall:

(a) not directly or indirectly at any time thereafter or in any manner: (i) identify yourself or any business as a current or former Area Representative or ours; (ii) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark or other indicia of a Franchise operation in any manner or for any purpose; or (iii) use for any purpose any trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us;

(b) take the actions required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(c) deliver to us within thirty (30) days all advertising, marketing and promotional material, forms and other materials containing any Mark or otherwise identifying or relating to the AR Business or to a Franchise operation;

(d) if applicable, notify all search engines of the termination or expiration of your right to use all domain names, Websites and other search engines associated directly or indirectly with the Marks or Franchise operations and authorize those search engines to transfer to us or our designee all rights to the domain names, Websites and search engines relating to the Marks or Franchise operations. We have the absolute right and interest in, and to, all domain names, Websites and search engines associated with the Marks or Franchise operations, and you hereby authorize us to direct all applicable parties to transfer your domain names, Websites and search engines to us or our designee if this Agreement expires or is terminated for any reason whatsoever. All parties may accept this Agreement as conclusive of our right to such domain names, Websites and search engines and this Agreement will constitute the authority from you to all parties to transfer all such domain names, Websites and search engines to us;

(e) immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned

you; and

(f) give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

## 14. SPECIFIC PERFORMANCE; INJUNCTIVE RELIEF.

Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to (1) enforce the provisions of this Agreement relating to your use of the Marks and non-disclosure and non-competition obligations under this Agreement; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance, or regulation; constitutes a danger to the public; or may impair the goodwill associated with the Marks or GOODCENTS FRANCHISES; or (3) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, then you shall pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly. You agree that we shall be entitled to injunctive release without posting any type of bond.

## 15. ALTERNATIVE DISPUTE RESOLUTION

Except as provided in the preceding Section, any controversy or claim arising out of or related to this Agreement, or the breach thereof pertaining to the termination of the Franchise Agreement, giving of consent by GOODCENTS, or other questions arising under this Agreement not otherwise covered herein, either in contract or tort, shall be attempted to be resolved by the procedure set forth by the National Franchise Mediation Program upon the application of either party. The mediation proceeding shall be conducted in accordance with the guidelines set forth by the CPR Institute for Dispute Resolution or any successor thereto. Resolution by the appointed Mediator who is mutually agreed upon by the parties shall not be binding upon GOODCENTS or you or enforceable in any court of competent jurisdiction. Unless otherwise determined by the Mediator, the fees and expenses for such resolution shall be paid in equal proportions by the parties. The mediation proceeding shall take place in the County of Johnson, State of Kansas. In connection with any mediation preceding the provisions of the Federal Rules of Evidence and the Kansas Code of Civil Procedure with respect to depositions and discovery (including any successor provisions thereto) are to be utilized in said proceedings. In the event neither of the parties wish to conduct such dispute resolution by mediation, then the parties agree that resolution of such dispute shall be conducted by binding arbitration pursuant to the procedures and guidelines set forth by the American Arbitration Association for commercial disputes and that such proceedings shall take place in the County of Johnson, State of Kansas.

The parties agree that any proceeding will be conducted on an individual, not a class-wide, basis and that any proceeding between you and us may not be consolidated with another proceeding between us and any other entity or person.

## 16. GENERAL CONDITIONS AND PROVISIONS.

16.1 Relationship between the parties.

It is expressly agreed that it is intended by this Agreement to establish between us and you the relationship of franchisor and area representative. Except as expressly provided herein, it is further agreed that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. In no event shall either party be deemed to be fiduciaries of the other. Neither we nor you are the employer, employee, agent, partner or co-venturer of, or with the other, each being independent contractors. You agree

that you will not hold yourself out as the agent, employee, partner or co-venturer of ours, or as having any of the aforesaid authority. Employees hired by, or working for, you shall be your employees and shall not, for any purpose, be deemed employees of ours or subject to our control.

16.2 Indemnification.

To the fullest extent permitted by law, you agree to indemnify, defend and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Indemnified Parties") from and against all claims, obligations and damages (and to reimburse any one or more of the Indemnified Parties for any damages incurred as a result of such claims and obligations) directly or indirectly arising out of: (1) the AR Business conducted by you pursuant to this Agreement, (2) your breach of this Agreement, or (3) your non-compliance or alleged non-compliance with any law, ordinance, rule or regulation. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness' fees, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses of litigation, arbitration or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective, or other actions relating to any claim without our consent. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you.

16.3 Waiver and Delay.

Except as otherwise expressly provided to the contrary, no waiver by us of any breach or series of breaches or defaults in performance by you, and no failure, refusal or neglect of, or by, us to exercise any right, power or option given to us under this Agreement or under any other agreement between us and you, whether entered into before, after or contemporaneously, with the execution of this Agreement (and whether or not related to this Agreement) or to insist upon strict compliance with, or performance of, your obligations under this Agreement or any other agreement between us and you, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to this Agreement), shall constitute a novation, or a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

16.4 Survival of Covenants.

The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement or ancillary agreements shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

16.5 Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of your and our legal representatives, successors, and assigns.

16.6 Joint and Several Liabilities.

If either party consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to the other under this Agreement are joint and several.

16.7 Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and the Area Representative Franchise will be governed by the internal laws of the State of Kansas (without reference to its choice of law and conflict of law rules), except that the provisions of any Kansas law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Section. You agree that we may institute any action against you arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) in any state or federal court of general jurisdiction in Johnson County, Kansas, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

16.8 Consent to Jurisdiction.

Subject to Section 14 and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the State of Kansas, and in the state or federal court of general jurisdiction closest to where our principal business address is then located, and you (and your owners) irrevocably submit to the jurisdiction of those courts and waives any objection you (or your owners) might have with either the jurisdiction of, or venue in, those courts. Nonetheless, you and any of your owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which you or your owners are domiciled.

16.9 Waiver of Punitive Damages and Jury Trial.

Except for your obligation to indemnify us under Section 15.2 above and except where authorized by federal statute, we and you and your owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

16.10 Limitation of Claims.

Any and all claims arising out of or relating to this Agreement or our relationship with you, except for claims for indemnification under Section 15.2 above, will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

16.11 Entire Agreement.

This Agreement and the Exhibits incorporated in the Agreement contain all of the terms and conditions agreed upon by the parties to this Agreement with reference to the subject matter of this Agreement. All prior agreements, understanding and representations are merged in this Agreement and superseded by this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law. This Agreement cannot be modified or changed except by written instrument signed by all of the parties to this Agreement, provided that we may modify or amend the Manuals at any time without notice to, or approval of, you or any other person.

16.12 Title for Convenience.

Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

16.13 Gender.

All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section or paragraph hereof may require.

16.14 Severability.

Except as expressly provided to the contrary in this Agreement, each Section, paragraph, term and provision of this Agreement is severable, and if, for any reason, any part thereof, is found to be invalid or contrary to, or in conflict with, any applicable present or future law and regulation in a final, un-appealable ruling issued by any court, agency or tribunal with competent jurisdiction, that ruling will not impair the operation, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provisions to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

16.15 Fees and Expenses.

Should any party to this Agreement commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision of this Agreement, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision of this Agreement, or for a declaration of such party's rights or obligations under this Agreement, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees for the services rendered to such prevailing party.

16.16 Notices.

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant to this Agreement shall be deemed so delivered at the time delivered by hand, three (3) business days after transmission by mail, via registered or certified mail, return receipt requested; or two (2) business days after placement with Federal Express, or other reputable air courier service, requesting delivery on the most expedited basis available, postage prepaid and addressed as follows:

If to Company: MR. GOODCENTS FRANCHISE SYSTEMS, INC.
Attn: Compliance Officer
Phone: (913) 583-8400
E-mail: compliance@goodcentssubs.com

If to Area Representative: _____

_____

_____

_____

Or to such other addresses any such party may designate by ten (10) days advance written notice to the other party.

16.17 Time of Essence.

Time shall be of the essence for all purposes of this Agreement.

16.18 Lien and Security Interest.

To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (1) all inventory now owned or after-acquired by you and the AR Business, including but not limited to, all inventory and supplies transferred to or acquired by you in connection with this Agreement; (2) all accounts of yours and/or the AR Business now existing or subsequently arising, together with all interest in you and/or the AR Business, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (3) all contract rights of yours and/or the AR Business, now existing or subsequently arising; and (4) all general intangibles of yours and/or the AR Business, now owned or existing, or after-acquired or subsequently arising. You agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in, and to, these assets.

16.19 Cross Default.

Any Event of Default under this agreement shall constitute an Event of Default under all other agreements between the parties and, except as may otherwise be agreed upon in a writing signed by the relevant parties, the default of any other agreement between the parties shall result in the simultaneous termination or expiration of this agreement.

## 17. SUBMISSION OF AGREEMENT.

This Agreement shall not be binding upon us unless and until it shall have been submitted to and signed by our officer, and the date of said signing as set forth on the first page of this Agreement shall be the effective date of this Agreement.

## 18. ACKNOWLEDGMENTS.

To induce us to sign this Agreement and grant you the Area Representative rights, you acknowledge:

(a) That you have independently investigated the GOODCENTS Area Representative Franchise opportunity and recognizes that, like any other business, the nature of the Area Representative Franchise may, and probably will, evolve and change over time.

(b) That an investment in a GOODCENTS Area Representative Franchise involves risks.

(c) That your business abilities and efforts are vital to your success.

(d) That performing your obligations will require a high level of customer service and strict adherence to the System.

(e) That you have not received or relied upon, and we expressly disclaim making any representation, warranty, or guaranty, express or implied, as to the revenues, profits, or success of a GOODCENTS Area Franchise or any GOODCENTS FRANCHISE operation.

(f) That any information you have acquired from other GOODCENTS FRANCHISE operations or other GOODCENTS Area Representatives regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

(g) That you have no knowledge of any representations made about the GOODCENTS Area Representative Franchise opportunity by us, our subsidiaries or affiliates or any of their respective officers, directors, shareholders, or agents that are contrary to the statements made in our Franchise Disclosure Document or the terms and conditions of this Agreement.

(h) That in all of their dealing with you, our officers, directors, employees, and agents act only in a representative, and not in an individual capacity and that business dealings between you and them as a result of this Agreement are only between you and us.

(i) That you have represented to us, to induce us to enter into this Agreement, that all statements you have made and all materials you have given to us in acquiring the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise.

(j) That you have read this Agreement and our Franchise Disclosure Document and understand and accept that the terms and covenants in this Agreement are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards of each GOODCENTS Area Representative Franchise and GOODCENTS FRANCHISE operation, and to protect and preserve the goodwill of the Marks.

**IN WITNESS WHEREOF,** the parties to this Agreement have caused this Agreement to the first date set forth above.

**COMPANY:**

**MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation,**

_____

By:_____

Its:_____

**AREA REPRESENTATIVE**

_____

By:_____

Its:_____

**ADDENDUM**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____day of_____, 20___, by_____
_____
_____
_____(the "Guarantor").
In consideration of, and as an inducement to, the execution of the certain Area Representative Franchise Agreement of even date herewith (the "Agreement") by MR. GOODCENTS FRANCHISE SYSTEM, INC., a Kansas Corporation (Franchisor"), and _____, a_____, (the "Area Representative" ) each of the undersigned being directly or indirectly beneficially interested in the business to be conducted by the Area Representative hereby personally and unconditionally guarantees to the Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that the Area Representative shall (a**)** punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) hereby agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right it may have to require that an action be brought against Area Representative or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) their direct and immediate liability under this guaranty shall be joint and several; (2) they shall render any payment or performance required under the Agreement upon demand if Area Representative fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Representative or any other person; and (4) such liability shall not be diminished, relieved or otherwise be affected by any extension of time, credit or other indulgence which Franchisor may grant to Area Representative or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Area Representative and the other Guarantors of Area Representative;

(b) Guarantor shall render any payment or performance required under the Area Representative Franchise Agreement upon demand if Area Representative fails or refuses punctually to do so;

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Area Representative or any assignee or successor of Area Representative or by any abandonment of the Franchise Agreement by a trustee of Area Representative. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for the enforcement hereof shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Area Representative or its estate in bankruptcy or of any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(d) Franchisor may proceed against Guarantor and Area Representative jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Area Representative. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(e) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

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

| **Individual Guarantor** | **Percent Ownership** | **Spouse** |
|---|---|---|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

**SCHEDULE A - CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE**

This Agreement is made and entered into this ___ day of _____, between Mr. Goodcents Franchise Systems, Inc., a Kansas corporation ("Franchisor"), and _____ ("Area Representative").

RECITALS

WHEREAS, Franchisor has obtained the right to develop a unique system (the "System") for the development and operation of GOODCENTS businesses under the name and marks GOODCENTS® ("GOODCENTS RESTAURANT(S) or "Restaurants(s)"; and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks GOODCENTS® and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under the marks and under the System and representing the System's high standards of quality, appearance and service and distinctive merchandising, interior design, decor, color scheme and furnishings, uniform standards, specifications and procedures for inventory, merchandising, management and financial control; operations; quality and uniformity of products offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which Franchisor may change, improve and further develop and which Franchisor uses in connection with the operation of the System ("Trade Secrets"); and

WHEREAS, the Licensed Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has granted Area Representative the limited right to develop GOODCENTS business units using the System, the Licensed Marks, and the Trade Secrets, pursuant to an Area Representative Franchise Agreement entered into on ("Area Representative Franchise Agreement"), by and between Franchisor and Area Developer; and

WHEREAS, Franchisor and Area Representative have agreed in the Representative Agreement on the importance to Franchisor and to Area Representative and other licensed users of the System of restricting the use, access, and dissemination of the Trade Secrets; and

WHEREAS, it is necessary for certain employees, agents, independent contractors, officers, directors and equity interest holders of Area Representative, or any entity having an interest in the Area Representative (hereinafter referred to as ("Covenanter") to have access to and to use some of all of the Trade Secrets in the management and operation of Area Representative's business operation using the System; and

WHEREAS, Area Representative has agreed to obtain from those covenanters, written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, Covenanter wishes to remain, or wishes to become associated with or employed by Area Developer; and

WHEREAS, Covenanter wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform the services for Area Developer; and

WHEREAS, Covenanter acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Covenanter.

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained in this Agreement, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Area Developer shall disclose to Covenanter some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, manuals, recipes, drawings, specifications, techniques, and compilations of data which Franchisor provides to Area Developer and/or Covenanter are deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenanter shall receive the Trade Secrets in confidence and must, at all times, maintain them in confidence, and use them only in the course of his employment or association with an Area Developer and then only in connection with the development and/or operation by Area Developer of a GOODCENTS business for so long as Area Developer is licensed by Franchisor to use the System.

3. Covenanter shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Covenanter shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Area Developer and only to the limited extent necessary to train or assist other employees of Area Developer in the development or operation of a GOODCENTS business.

5. Covenanter must surrender any material containing some or all of the Trade Secrets to Area Developer or Franchisor, upon request, or upon termination of employment by Area Developer, or upon conclusion of the use for which the information or material may have been furnished to Covenanter.

6. Covenanter shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

7. Franchisor loans all manuals to Area Developer for limited purposes only and they remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Covenanter of the Trade Secrets, Covenanter further agrees and covenants as follows:

   a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Restaurants to any competitor; and

   b. Except with prior written consent of Franchisor, not to employ, or seek to employ, any person who is at the time or was within the preceding 180 days employed by Franchisor, any of its affiliates or any Area Developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Area Developer's employment of that person if permitted under the Multi-Unit Agreement.

2. In further consideration for the disclosure to Covenanter of the Trade Secrets and to protect the uniqueness of the System, Covenanter agrees and covenants that for 2 years following the earlier of the expiration, termination, or transfer of all Area Developer's interest in the Multi-Unit Agreement or the termination of his association with or employment by Area Developer, Covenanter will not without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Restaurants to any competitor;

b. Employ, or seek to employ, any person who is at the time or was within the preceding 180 days employed by Franchisor, any of its affiliates or any franchisee of Franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment; and

c. Except with respect to GOODCENTS business not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership or corporation, without the prior written consent of Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures) become employed, advise, assist or make loans to, any business that is of a character and concept similar to the GOODCENTS business. As used in this Agreement, the term "similar" means a restaurant business which has a similar menu or similar trade dress or decor and which restaurant business is located, or is intended to be located, within the Development Area granted Area Developer by the Multi-Unit Agreement, within the Development Area granted other Area Developers pursuant to Multi-Unit Agreements, or within a 5 mile radius of the location of any GOODCENTS business or food service facility in existence or under construction, whether owned by Franchisor or its affiliates or by an Area Developer or where land has been purchased or a lease has been executed by a Franchisor, its affiliate or any Area Developer or franchisee of Franchisor.

Miscellaneous

1. Area Developer shall make all commercially reasonable efforts to ensure that Covenanter acts as required by this Agreement.

2. Covenanter agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of a breach, or threatened or attempted breach of any of the provisions, Franchisor is entitled to enforce the provisions of this Agreement and is entitled, in addition to any other remedies available to it at law or in equity, including the right to terminate the Multi-Unit Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenanter agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Area Developer in enforcing this Agreement.

4. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by Covenanter shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenanter.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF JOHNSON COUNTY, KANSAS AND THE FEDERAL DISTRICT COURT IN WYANDOTTE COUNTY, KANSAS. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY KANSAS OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE JOHNSON COUNTY, KANSAS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR AREA

DEVELOPER MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any un-appealed final decision to which Franchisor is a part, Covenanter expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within 3 business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Mr. Goodcents Franchise Systems, Inc.
8997 Commerce Drive
De Soto, Kansas 66018
Attn: Compliance Officer

If directed to Area Developer, the notice shall be addressed to:

_____
_____
Attention:_____
Facsimile:_____

If directed to Covenanter, the notice shall be addressed to:

_____
_____
Attention:_____
Facsimile:_____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given 3 business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving 15 days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday, and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective affiliates, successor, and assigns. The respective obligations of Area Developer and Covenanter hereunder may not be assigned by Area Developer or Covenanter without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:
MR. GOODCENTS FRANCHISE SYSTEMS, INC., a Kansas corporation

By: _____

Title: _____

AREA DEVELOPER:
(If Area Developer is a corporation)

_____
Name of Corporation

By: _____

Title: _____

COVENANTOR:

_____
Printed Name

(If Area Developer is an individual owner, Area Developer must sign below; if a partnership, all partners must sign below)

_____
Area Developer

_____
Area Developer

_____
Area Developer

_____
Area Developer

_____
Area Developer

(If Area Developer is a Limited Liability Company)

_____
Name of Limited Liability Company

By: _____

Title: _____

# EXHIBIT C

## DESIGNATED REPRESENTATIVE AREA

## DESIGNATED REPRESENTATIVE AREA

The Development Area referred to in Recital D and Section 1 of this Agreement shall be the following:_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

# EXHIBIT D

## DEVELOPMENT OBLIGATION

# DEVELOPMENT OBLIGATION

Area Representative shall have the following development obligation described as follows:

_____
_____
_____
_____
_____
_____
_____
_____
_____

# EXHIBIT E

## OWNERSHIP INTERESTS IN AREA REPRESENTATIVE

# EXHIBIT E

## OWNERSHIP INTERESTS IN AREA REPRESENTATIVE

3-1. Full name and address of the owners of, and a description of the type of, all currently held Interests in Area Representative:

_____

_____

_____

_____

_____

_____

_____

_____

_____

3-2. Minimum individual and aggregate Principal Owner ownership percentage required at all times during the term of this Agreement.

3-3 During the term of this Agreement, the Principal Owners together must have a "controlling interest" (i.e., a fifty-one percent (51%) "ownership interest" of the equity, voting control and profits) in Franchise owner.

3.4 Unless otherwise submitted, the "ownership interest" of each Principal Owner during the term of this Agreement is:

| **Ownership Name** | **Percentage** |
|---|---|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

# EXHIBIT F

## AGENTS FOR SERVICE OF PROCESS

## AGENTS FOR SERVICE OF PROCESS

| STATE | AGENT | ADDRESS |
|---|---|---|
| California | Department of Financial Protection and Innovation | 320 West 4th Street, Suite 750<br>Los Angeles, CA 90013-1105 |
| Hawaii | Commissioner of Securities | 335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| Illinois | Illinois Attorney General | 500 South Second Street<br>Springfield, Il 62706 |
| Indiana | Indiana Secretary of State | 302 W Washington Street, Room E-111,<br>Indianapolis, IN 46204 |
| Maryland | Maryland Securities Commissioner | 200 St. Paul Place<br>Baltimore, MD 21202-2020 |
| Michigan | Michigan Department of Commerce<br>Corporations and Securities Bureau | 525 West Ottawa<br>670 Law Building<br>Lansing, MI 48913 |
| Minnesota | Commissioner of Commerce | 85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198 |
| New York | Secretary of State of the State of NewYork | 41 State Street<br>Albany, NY 12231-0001 |
| North Dakota | Securities Commissioner | 600 East BoulevardFifth Floor<br>Bismarck, ND 58505 |
| Rhode Island | Director of the Department of Business Regulation | 1511 Pontiac Avenue<br>Cranston, RI 02920 |
| South Dakota | Department of Labor and Regulation<br>Division of Securities | 124 S. Euclid, Suite 104<br>Pierre, SD 57501 |
| Virginia | Clerk of the State Corporation Commission | 1300 East Main Street, 1st Floor<br>Richmond, VA 23219 |
| Washington | Department of Financial Institutions | 150 Israel Rd. S.W.<br>Tumwater, WA 98501 |
| Wisconsin | Commissioner of Securities | Department of Financial Institutions<br>Division of Securities<br>345 W. Washington Ave., 4th Floor<br>Madison, WI 53701 |

# EXHIBIT G

## STATE ADMINISTRATORS

## STATE ADMINISTRATORS

| STATE | STATE ADMINISTRATOR | ADDRESS |
|---|---|---|
| California | Department of Financial Protection and Innovation | 320 West 4th Street, Suite 750<br>Los Angeles, CA 90013-2344<br>Toll Free Telephone #: 1-866-275-2677 |
| Hawaii | Commissioner of Securities | 335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| Illinois | Office of the Attorney General | 500 South Second Street<br>Springfield, IL 62706 |
| Indiana | Indiana Securities Commissioner<br>Securities Division | 302 West Washington Street, Room E111<br>Indianapolis, IN 46204 |
| Maryland | Office of the Attorney General<br>Securities Division | 200 St. Paul Place<br>Baltimore, MD 21202-2020 |
| Michigan | Consumer Protection Division<br>Franchise Section | 525 West Ottawa<br>670 Law Building<br>Lansing, MI 48913 |
| Minnesota | Department of Commerce | 85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198 |
| New York | New York State Department of Law<br>Bureau of Investor Protection and Securities | 120 Broadway, 23rd Floor<br>New York City, NY 10271 |
| North Dakota | North Dakota Securities Department | 600 East Boulevard Avenue<br>State Capitol Fifth Floor Dept. 414<br>Bismarck, ND 58505-0510<br>Phone: 701-328-4712 |
| Rhode Island | Department of Business Regulation<br>Securities Division | 1511 Pontiac Ave<br>Cranston, RI 02920 |
| South Dakota | Department of Labor and Regulation<br>Division of Securities | 124 S. Euclid, Suite 104<br>Pierre, SD 57501 |
| Virginia | Virginia State Corporation Commission Division of Securities and Retail Franchising | 1300 East Main Street, 9th Floor<br>Richmond, VA 23219 |
| Washington | Department of Financial Institutions<br>Securities Division | 150 Israel Rd. S.W.<br>Tumwater, WA 98501 |
| Wisconsin | Department of Financial Institutions<br>Securities Division | 345 W. Washington, 4th Floor<br>Madison, WI 55103 |

# EXHIBIT H

## STATE ADDENDA

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENTAND FRANCHISE AGREEMENT FOR CERTAIN STATES FOR MR. GOODCENTS FRANCHISE SYSTEMS, INC.**

***ILLINOIS***

The Cover Page, Item 5 and Item 7 of the FDD and Article VI of the Franchise Agreement, shall be amended by the addition of the following language:

> "Based on our financial condition, the Illinois Attorney General's Office, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Fitness Facility is open for business."

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

_____ _____

DATE PROSPECTIVE FRANCHISEE

_____

PRINTED NAME

***INDIANA***

Item 13 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

***MARYLAND***

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement is amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.).

_____ _____

DATE PROSPECTIVE FRANCHISEE

_____

PRINTED NAME

***MICHIGAN***

## NOTICE REQUIRED BY STATE OF MICHIGAN

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us, and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our sub franchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer

our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building 525 W. Ottawa Street, Lansing, Michigan 48913, telephone number: (517) 373-7117.

***MINNESOTA***

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

4. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

5. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5, which requires that no action may be commenced more than three years after the cause of action accrues.

6. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

7. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

8. The following language will appear as a new paragraph of the Franchise Agreement:

   No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

9. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

10. Item 6 of the FDD and Section I of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

***NORTH DAKOTA***

Sections of the FDD and the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD and the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Sections of the FDD and the Franchise Agreement relating to choose of law may not beenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51- 19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

***RHODE ISLAND***

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

***VIRGINIA***

Item 17(h). The following is added to Item 17(h):

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any rightgiven to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for NM Franchise Operations or use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## ***WASHINGTON***

**FDD**

Item 17 entitled "RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION" shall be amended by the addition of the following paragraphs at the end of Item 17:

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD and the Franchise Agreement are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the timeof the arbitration, or as determined by the arbitrator. The FDD and are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD and the Franchise Agreement are amended accordingly.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The FDD and the Franchise Agreement are amendedaccordingly.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD and the Franchise Agreement are amended accordingly.

**Franchise Agreement**

Article VIII, Section 3, under the heading "TERMINATION" shall be amended by adding the following language:

> "The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise."

***WISCONSIN***

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

# EXHIBIT I

RELEASES

# RELEASE
## (For renewal franchise)

This Release is made as of _____ (Effective Date of renewal Franchise Agreement) between _____, a [corporation/limited liability company/partnership/proprietorship] ("Franchisee"), those individuals or companies listed as "Principals" on the signature page hereof and MR. GOODCENTS FRANCHISE SYSTEMS, INC., a corporation ("Franchisor").

## RECITALS

1. Franchisee and Franchisor are party to a certain GOODCENTS FRANCHISE AGREEMENT, dated _____ ("Current Area Representative Agreement"), for operation by Franchisee of a GOODCENTS business located at _____, the term of which Current Area Representative Agreement expires on _____;

2. Franchisee desires to renew the Current Area Representative Agreement;

3. The terms and provisions for renewal by Franchisee of the Current Area Representative Agreement are set forth in Section 4 of said Current Area Representative Agreement; and

4. Among the requirements and conditions for renewal set forth in Section 4 of the Current Franchise Agreement is the provision that Franchisee, its owners and partners, or stockholders or members (if Franchisee is a corporation or limited liability company), hereinafter "Releasors," execute a general release of any and all claims against Franchisor and its affiliates, officers, directors, employees, and agents, hereinafter "Releasees." Under COMAR 02.02.08.16L, the general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

THEREFORE, in consideration of Franchisor's willingness to execute a renewal Franchisee for Franchisee's operation of an Area Representative Business under a renewal Area Representative Agreement:

1. Releasors hereby release Releasees (including Franchisor) from any and all claims of Franchisee or any Releasor arising out of or in any way connected with or based on:

(i) any representations alleged to have been made by Franchisor or any Releasee in connection with the negotiation and inducement to Franchisee's execution of the Current Area Representative Agreement or any renewal Area Representative Agreement between Franchisee and Franchisor;

(ii) Franchisor's administration and performance under the Current Area Representative Agreement;

(iii) any financial obligation claimed to be owed by Franchisor to Franchisee or any Releasor under the Current Area Representative Agreement; and

(iv) any action or conduct related to the franchise relationship created by the Current Area Representative Agreement, whether now known or hereafter discovered, fixed or contingent, and whether or not previously made or communicated to the other.

2. Nothing herein to the contrary, or any other writing or statement alleged to have been orally made by Franchisor or any Releasee to the contrary, shall release any claim of Franchisor against Franchisee or any Guarantor, under the Current Area Representative Agreement.

3. Notwithstanding the effectiveness of this Release, nothing herein shall in any way diminish, impair, or release any of the obligations of Franchisee or Franchisor under the renewal Area Representative Agreement being made concurrently herewith.

IN WITNESS WHEREOF, Releasors have, through Franchisee's duly authorized officers and/or managers (or if Franchisee is a proprietorship or partnership, through the individual or partners thereof) and, individually, executed this Release to bind each of them the day and year first above written.

"RELEASORS"

_____: FRANCHISEE

_____ By: Officer/Manager

"PRINCIPALS"

_____

_____

_____

_____

**RELEASE**
**(Transfer)**

*«Month» «Day», «Year»*

*«PrsntOwnrCorpName»*
*«PrsntGuarntee1»*
*«PrsntGuarntee2»*

Re: Transfer of Assets of GOODCENTS business

«RestAddress»
«CitySTZip»

«PrsntOwnrCorpName» *to* «NewOwnrCorpName»

Dear *«PrsntOwnr1stName»*:

MR. GOODCENTS FRANCHISE SYSTEMS, INC. ("GOODCENTS") is a party to that certain Franchise Agreement with *«PrsntOwnrCorpName», «PrsntGuarntee1» and «PrsntGuarntee2»*, operating an area Development business.

This letter will acknowledge GOODCENTS' receipt of all monies due and shall constitute GOODCENTS' consent to the transfer by *«PrsntOwnrCorpName», «PrsntGuarntee1» and «PrsntGuarntee2»* to *«NewOwnrCorpName»* under that certain Purchase Agreement, dated *«Month» «Day», «Year»*. This consent refers both to the sale of assets .

Upon closing of said transfer and assignment from *«PrsntOwnrCorpName»* to *«NewOwnrCorpName»*, the Area Representative Agreement between *«PrsntOwnrCorpName»*, *«PrsntGuarntee1» «PrsntGuarntee2»* and GOODCENTS is hereby deemed terminated as of said date and neither of us shall have any further obligation to the other, except that *«PrsntOwnrCorpName», «PrsntGuarntee1» and «PrsntGuarntee2»* as Guarantors, shall be bound by the post-termination covenants applicable to former franchisees of GOODCENTS as set forth in Section 20(C) of the Franchise Agreement.

Further, *«PrsntOwnrCorpName», «PrsntGuarntee1» and «PrsntGuarntee2»* and GOODCENTS hereby mutually release each other from claims and liabilities of any sort arising out of or relating to any inducements or representations which may have been made by either of them in connection with the sale and grant of the Franchise Agreement and further mutually release each other from any and all claims relating to the duties and obligations of the parties under the Franchise Agreement, or any claim of breach thereunder. Under COMAR 02.02.08.16L, the general release required as a condition of transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Very truly yours,

MR. GOODCENTS FRANCHISE SYSTEMS, INC.

By: _____
Title: _____

Accepted and Agreed to this *«Day»* day of *«Month» «Year»*.

By: _____
*«PrsntGuarntee1»*, *President*

_____
*«PrsntGuarntee1»*

_____
*«PrsntGuarntee2»*, *Vice* P*resident*

_____
*«PrsntGuarntee2»*

cc:
*«NewOwnrCorpName»*
*«newownrfullname»*

Goodcents®

## FRANCHISEE ACKNOWLEDGMENT STATEMENT

A. I, the undersigned, being the Franchisee, hereby acknowledge that I have been advised by the Franchisor that I should obtain:

a) Independent Legal Advice;

b) Independent Accounting Advice;

c) Independent Business Advisory Advice.

B. I, the undersigned, being the Franchisee, hereby acknowledge that I have not received or relied on, any warranty or guarantee, express or implied, as to the revenues, profits or success of the business venture contemplated by the Franchise Agreement or Franchisor.

C. I, the undersigned, being the Franchisee, hereby acknowledge that I have not received or relied on any representations about the franchise by Franchisor, or its officers, directors, employees or agents, that are contrary to the statements made in Franchisor's Franchise Disclosure Document or to the terms of the Franchise Agreement, and further represent to Franchisor as an inducement to entry into the Franchise Agreement, that Franchisee has made no misrepresentations in obtaining the franchise.

D. I, the undersigned, being the Franchisee, hereby acknowledge that I have read the Franchise Agreement and Franchisor's Franchise Disclosure Document and that I understand and accept the terms, conditions and covenants contained in the Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and uniformity of those standards in order to protect and preserve the goodwill of the Licensed Marks.

Dated this _____ day of _____, 20_____

FRANCHISEE:

_____

By:
Title: Franchisee

## 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.

The 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:

| Registration State | Effective Date |
|---|---|
| California | N/A |
| Hawaii | N/A |
| Illinois | In process |
| Indiana | In process |
| Maryland | N/A |
| Michigan | In process |
| Minnesota | In process |
| New York | N/A |
| North Dakota | In process |
| Rhode Island | In process |
| South Dakota | In process |
| Virginia | N/A |
| Washington | N/A |
| Wisconsin | In process |

The document is effective in all other states upon the issuance date.

# EXHIBIT J

RECEIPTS

## RECEIPTS J – 1

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

If GOODCENTS 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.

**Maryland, New York, and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.**

**Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.**

If GOODCENTS 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, DC 20580 and the state agency listed on Exhibit F.

The franchisor is Mr. Goodcents Franchise Systems, Inc., located at 8997 Commerce Drive, De Soto, Kansas 66018. Its telephone number is (913) 583-8400.

Issuance Date: February 28, 2023.

The franchise seller for this offering is Joseph J. Bisogno, Chief Executive Officer, Mr. Goodcents Franchise Systems, Inc., 8997 Commerce Drive, De Soto, Kansas 66018; (913) 583-8400.

Mr. Goodcents Franchise Systems, Inc. authorizes the respective state agencies identified on Exhibit F to receive service of process for it in the particular state.

I received a disclosure document dated February 28, 2023, that included the following Exhibits:

A. Financial Statements
B. Area Representative Franchise Agreement
C. Designated Representative Area
D. Development Obligation
E. Ownership Interests in Area Representative
F. Agents for Service of Process
G. State Administrators
H. State Addenda
I. General Releases

Date: _____ _____

(Do not leave blank) Signature of Prospective Franchisee

_____

Print Name

You may return the signed receipt either by signing, dating, and mailing it to Mr. Goodcents Franchise Systems, Inc. at 8997 Commerce Drive, De Soto, Kansas 66018 or by faxing a copy of the signed and dated receipt to Mr. Goodcents Franchise Systems, Inc at 913-583-3500.

## RECEIPTS J – 2

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

If GOODCENTS 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.

**Maryland, New York, and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.**

**Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.**

If GOODCENTS 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, DC 20580 and the state agency listed on Exhibit F.

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Date: _____
(Do not leave blank)

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Signature of Prospective Franchisee

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