**FRANCHISE DISCLOSURE DOCUMENT**

Woody's Backyard Franchising, LLC
A New Jersey Limited Liability Company
22 Meridian Rd, Unit 5, Eatontown, NJ 07724
732-544-5069
Stumpyshh@gmail.com
www.StumpysHH.com

The franchised business is to operate a recreational services business providing private and commercial services for fun and corporate clients centered around hatchet throwing under the trade name "Stumpy's".

The total investment necessary to begin operation of a Stumpy's franchise is ~~$2640,229500 to $39583,94500~~$284,958 to $432,380. This includes ~~$5856,729000 to $7765,44000~~$80,458 to $113,880 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under the Stumpy's multi-unit development agreement (assuming the purchase of 2 locations) is $309,958 to $457,380~~$289320,229500 to $42043,94500~~. This includes ~~an initial multi-unit development fee of $8360,729000 toand $10219,44000~~$105,458 to $138,880~~ to $28,000~~ that must be paid to the franchisor or affiliate~~in inventory and supplies for your first location that must be paid to the franchisor or affiliate~~.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, 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 for you. To discuss the availability of disclosures in different formats, please contact Mrs. Trish Oliphant at 22 Meridian Rd, Unit 5, Eatontown, NJ 07724 and 732-544-5069.

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

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

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

Issuance date: March 3, 2020

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

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.

~~February 28, 2019~~

## ~~STATE COVER PAGE~~

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

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

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

~~Please consider the following RISK FACTORS before you buy this franchise:~~

~~1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN NEW JERSEY. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NEW JERSEY THAN IN YOUR OWN STATE.~~

~~2. THE FRANCHISE AGREEMENT STATES THAT NEW JERSEY LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.~~

~~3. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTROY. THIS FRANCHISE IS LIKELY TO BE A RISKER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.~~

~~4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$252,500 TO \$375,500. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2018, WHICH IS (\$65,574.)~~

~~5. FRANCHISEES CANNOT ENGAGE IN OR HAVE A FINANCIAL INTEREST IN ANY SIMILAR BUSINESSES AND POTENTIAL FRANCHISEES SHOULD SEE ITEM 17 OF THIS DISCLOSURE DOCUMENT FOR MORE INFORMATION.~~

~~6. ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.~~

~~7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.~~

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

~~Effective Date: See the next page for state effective dates.~~

## ~~STATE EFFECTIVE DATES~~

~~The following chart lists states which require that this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:~~

| ~~State~~ | ~~Effective Date~~ |
|---|---|
| ~~California~~ | ~~Pending renewal~~ |
| ~~Hawaii~~ | |
| ~~Illinois~~ | |
| ~~Indiana~~ | |
| ~~Maryland~~ | |
| ~~Michigan~~ | |
| ~~Minnesota~~ | |
| ~~New York~~ | ~~Pending renewal~~ |
| ~~North Dakota~~ | |
| ~~Rhode Island~~ | |
| ~~South Dakota~~ | |
| ~~Virginia~~ | |
| ~~Washington~~ | |
| ~~Wisconsin~~ | |

~~In the following states, we have filed a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document:~~

| ~~State~~ | ~~Effective Date~~ |
|---|---|
| ~~Connecticut*~~ | |
| ~~Florida~~ | |
| ~~Kentucky*~~ | |
| ~~Nebraska*~~ | |
| ~~Texas*~~ | |
| ~~Utah~~ | |

## Special Risks to Consider About *This* Franchise

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

**Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New Jersey. 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 New Jersey than in your own state.

1.

~~The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a risker investment than a franchise in a system with a longer operating history.~~

~~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.

~~* One-time filing~~

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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 the right of a franchisee to join an association of franchisees.

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee 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 a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor 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 5 years and (ii) the franchisee is prohibited by the franchise 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 the franchisee does not receive at least 6 months advance notice of franchisor’s intent not to renew the franchise.

(e) A provision that permits the franchisor 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 this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor 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 the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor 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 the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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: State

of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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**EXHIBITS**

## Item 1
## THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, "we", "us," or "our" refers to Woody's Backyard Franchising, LLC. "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement's provisions also will apply to your owners.

(1) Us, Any Parents, and Certain Affiliates

Our name is Woody's Backyard Franchising, LLC. Our principal business address is 22 Meridian Rd, Unit 5, Eatontown, NJ 07724. We do not have any parent entities. ~~We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.~~

Our affiliate, Stumpy's Hatchet House, LLC has operated Stumpy's in Eatontown, New Jersey since April 2016 and was formed September 2015. This affiliate has the same business address as us.

Our affiliate, Backyard Enterprises, LLC was opened on January 8, 2014 and sells products and merchandise to our franchisees. This affiliate has the same business address as us.

Our affiliate, Backyard Intellectual Holdings, LLC, was formed in Delaware in October 2017 and owns the trademark described in Item 13 of this Disclosure Document. This affiliate has the same business address as us.

Our affiliate, Uptown Hatchets, LLC, was formed in North Carolina on April 12, 2018 and has a principal business address of 208 Cedar Street, Lakehurst, NJ 08733. This affiliate owns and operates a Stumpy's located at 816 Dickinson Avenue, Greenville, NC 27834.

Other than as described above, we do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

(2) Our Predecessors

We do not have any predecessors.

(3) Our Business Name

We use the names "Woody's Backyard Franchising, LLC" and "Stumpy's". We do not intend to use any other names to conduct business.

(4) Agent for Service of Process

Our agent for service of process in New Jersey is Mr. Stu Josberger, and the agent's principal business address is 22 Meridian Rd, Unit 5, Eatontown, NJ 07724. Our agents for service of process in other states are disclosed in Exhibit A.

(5) Business Organization

We are a New Jersey Limited Liability Company. We were created on 2/03/2017.

(6) Information About Our Business and the Franchises Offered

(i) We (that is, Woody's Backyard Franchising, LLC) do not operate businesses of the type being franchised, but our affiliate does.

(ii) We do not have any other business activities. We have not offered franchises in other lines of business.

(iii) If you sign a franchise agreement with us, you will develop and operate a specialty event services business focusing on hatchet throwing under the trade name Stumpy's.

(iv) If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple Stumpy's outlets, on an agreed-upon schedule. Franchisees who sign a Multi-Unit Development Agreement must agree to develop and operate a minimum of two outlets. There is no maximum number of outlets that may be opened under a Multi-Unit Development Agreement. At the time you sign the Multi-Unit Development Agreement, you will also sign the franchise agreement for your first Stumpy' location. Before opening each subsequent location, you will sign our then-current franchise agreement. For future unit franchisees, an area developer may be required to sign a franchise agreement in a form that differs from the form of franchise agreement in this offering.

~~(iv)~~

(v) The general market for specialty event services and hatchet throwing is residential and commercial customers who are visiting the business for fun, special events or corporate training and community events. This market is highly developed and mature for specialty events and recreational services, although the specific niche of hatchet throwing is new and undeveloped. Our customers are primarily middle to upper income private customers or small to mid-sized businesses for corporate events. Sales may be seasonal depending on your market.

(vi) We are not aware of any laws or regulations specific to our industry.

(vii) You will compete against national chains, a variety of versions of recreational services and specialty event venues along with regional chains, and independent owners. Some of these competitors are franchised.

(7) Prior Business Experience

We have offered franchises since May 2017. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees.

~~Our affiliate, Stumpy's Hatchet House, LLC has operated Stumpy's in~~

~~Eatontown, New Jersey since April 2016 and was formed September 2015. This affiliate has the same business address as us.~~

~~Our affiliate, Backyard Enterprises, LLC was opened on January 8, 2014 and sells products and merchandise to our franchisees. This affiliate has the same business address as us.~~

## Item 2
## BUSINESS EXPERIENCE

**Mrs. Trish Oliphant – Managing Member**

~~Uptown Hatchets, LLC, Managing Member, 04/2018 – Current, Charlotte, NC~~

~~Woody's Backyard Franchising, LLC, Managing Member, 02/2017 – Current, Eatontown, NJ~~

~~Stumpy's Hatchet House, LLC, Managing Member, 09/2015 – Current, Eatontown, NJ~~
~~Ralph Lauren, Inc., Brand Ambassador, 03/2000 – 06/2016, New York, NY~~Mrs. Trish Oliphant has been a Managing Member for us since our inception. She has also been a Managing Member of Uptown Hatchets, LLC in Charlotte, NC since April 2018. Additionally, she has been a Managing Member of our affiliate, Stumpy's Hatchet House, LLC in Eatontown, NJ, since September 2015. She was previously a Brand Ambassador for Ralph Lauren, Inc. in New York, NY from March 2000 to June 2016.

**Mr. Mark Oliphant – Managing Member**

~~Uptown Hatchets, LLC, Managing Member, 04/2018 – Current, Charlotte, NC~~

~~Woody's Backyard Franchising, LLC, Managing Member, 02/2017 – Current, Eatontown, NJ~~

~~Stumpy's Hatchet House, LLC, Managing Member, 09/2015 – Current, Eatontown, NJ~~
~~Carpenters Union Local, Carpenter/Foreman, 04/1976 – 06/2014, New Jersey~~Mr. Mark Oliphant has been a Managing Member for us since our inception. He has also been a Managing Member of Uptown Hatchets, LLC in Charlotte, NC since April 2018. Additionally, he has been a Managing Member of our affiliate, Stumpy's Hatchet House, LLC in Eatontown, NJ, since September 2015.

**Mr. Stu Josberger – Managing Member**

~~Woody's Backyard Franchising, LLC, Managing Member, 02/2017 – Current, Eatontown, NJ~~

~~Stumpy's Hatchet House, LLC, Managing Member, 09/2015 – Current, Eatontown, NJ~~
~~Toms River Regional Schools, Network Administrator, 12/1999 – 03/2017, Toms River, NJ~~Mr. Stu Josberger has been a Managing member for us since our inception. He has also been a Managing Member of our affiliate, Stumpy's Hatchet House, LLC in Eatontown, NJ, since September 2015. He was previously a Network Administrator for Toms River Regional Schools in Toms River, NJ from December 1999 to March 2017.

**Mrs. Kelly Josberger – Managing Member**

~~Woody's Backyard Franchising, LLC, Managing Member, 02/2017 – Current, Eatontown, NJ~~

~~Stumpy's Hatchet House, LLC, Managing Member, 09/2015 – Current, Eatontown, NJ~~
~~Toms River Regional Schools, Principal, 06/2014 – 02/2017, Toms River, NJ~~Mrs. Kelly Josberger has been a Managing Member for us since our inception. She has also been a Managing Member of our affiliate, Stumpy's Hatchet House, LLC in Eatontown, NJ, since September 2015. She was previously a Principal for Toms River Regional Schools in Toms River, NJ from June 2014 to February 2017.

~~Toms River Regional Schools, Elementary Supervisor of Instruction, 06/2008 – 06/2014, Toms River, NJ~~

## Item 3
## LITIGATION

~~No litigation is required to be disclosed in this Item.~~Prior Actions

Hatchets of San Antonio, LLC vs. Woody's Backyard Franchising, LLC (AAA Case No. 01-19-0001-8121). On April 5, 2019, our franchisee, Hatchets of San Antonio, LLC ("HOSA"), filed a demand for arbitration claiming breach of contract and seeking damages and attorneys' fees. On December 19, 2019, the arbitrator ordered us to pay HOSA $400,000 as damages, $230,283.35 for attorneys' fees and costs, and administrative and arbitrator fees paid by HOSA to the American Arbitration Associations of $25,127.70.

Pending Actions

Hatchets of San Antonio, LLC vs. Woody's Backyard Franchising, LLC (W.D. Tex. No. 05:20-cv-0027-JKP-HJB). On January 10, 2020, our franchisee, Hatchets of San Antonio, LLC ("HOSA") filed an action in the Western District of Texas to confirm its December 19, 2019 arbitration award. As of the issuance date of this Disclosure Document, we have opposed the confirmation and have filed an answer to HOSA's complaint to confirm arbitration award.

Other than the above actions, no litigation is required to be disclosed in this Item.

## Item 4
## BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

## Item 5
## INITIAL FEES

Franchise Fee

~~Item 5 INITIAL FEES~~

When you sign your franchise agreement, you must pay us $35,000 as the initial franchise fee. This fee is uniform.

If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable.

Inventory and Supplies

You must purchase your hatchets, target systems, target boards, sacrificial boards, and Stumpy's merchandise needed to operate the business from us. We estimate the combined price for your inventory and supplies to be $23~~19~~,729~~000~~ to $42,440~~28,000~~.

Target Frames and boards

You must purchase from us an initial 1-month supply of targets and sacrificial boards. The estimated cost for this purchase is $9,000 to $11,000.

You must also purchase our required target frames. The estimated cost for this purchase is $12,729 to $25,440.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement ("MUDA") in the form of Exhibit C to this disclosure document. You will pay us a minimum Development Fee of $60,000 for the right to open 2 franchises; however, you are not limited on the number of franchises you can open under the MUDA. The Development Fee is uniform and non-refundable. Your franchise fees will be reduced to $25,000 for the second and additional franchises. You will pay all franchise fees upon signing the MUDA. These franchise fees are refundable only under the same circumstances as described above under "Franchise Fee."

[~~*Remainder of page intentionally left blank*~~]

# Item 6
# OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty | 6% of your gross sales | Payable on the 15th day of each month for the preceding calendar month via electronic funds transfer ("EFT") payment. | See Note 1. |
| National Marketing Fund Contribution | 1% of your gross sales | Payable together with the Royalty Fee | See Note 1.~~National Marketing Fund will not be initiated until we acquire 20 franchises across the United~~ |
| Market Cooperative Contribution | As determined by co-op. Currently, none. The minimum fee will be 1% of Gross Sales and maximum fee is | Monthly, first Tuesday | We have the right to establish local or regional advertising cooperatives. |
| Listings and ~~reputation~~ Reputation ~~management~~Mana | ~~Up to~~ $~~1~~50 per month | ~~As incurred~~Monthly | Payable to us~~ or approved vendors and suppliers~~. |
| Replacement / Additional Training Fee | Currently, $500 | Prior to attending training | If you send a manager or other employee to our training program after you open, we will charge our then-current training fee. |

| | | | |
|---|---|---|---|
| Third Party Vendors | Pass-through of costs, plus reasonable administrative charge. Currently, none. | Varies | We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together a reasonable markup or charge for administering the payment |
| Non-compliance fee | $1,000 | Upon demand | We may charge you $250 for any non- compliance with our system specifications or your franchise agreement. If such non- compliance is ongoing, we may charge you $250 per week until you cease such non-compliance. |
| Reimbursement | Amount that we spend on your behalf, plus 10% | Within 15 days of invoice | If we pay any amount that you owe or are required to pay to a third party, you must |
| Late fee | $100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law) | Upon demand | We may charge a late fee if you fail to make a required payment when due. |

| | | | |
|---|---|---|---|
| Insufficient funds fee | $50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law) | Upon demand | We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account or is declined. |
| Costs of collection | Our actual costs | As incurred | Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us. |
| Special support fee | Our then-current fee, plus our expenses. Currently, $600 per day. | On demand | If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support). |
| Customer complaint resolution | Our expenses | | We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses. |
| Records audit | Our actual cost | Upon demand | Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period. |
| Inspection fee | Currently $600, plus our out-of-pocket costs | Upon demand | Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification. |

| | | | |
|---|---|---|---|
| Non-compliance cure costs and fee | Our out-of-pocket costs and internal cost allocation, plus 10% | When billed | We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee. |
| Transfer fee | $20,000 | When transfer occurs | Payable if you sell your business. |
| Indemnity | Our costs and losses from any legal action related to the operation of your franchise | On demand | You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence). |
| Prevailing party's legal costs | Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party | On demand | In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses. |
| Indemnity | Our costs and losses from any legal action related to the operation of your franchise | On demand | You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence). |
| SalesVu (Point of Sale System) | $55 | Monthly | Payable to us. |

| ~~T~~ | ~~A~~ | ~~D~~ | ~~Remarks~~ |
|---|---|---|---|
| ~~Records audit~~ | ~~Our actual cost~~ | ~~Upon dem~~ | ~~Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that~~ |
| ~~Inspection fee~~ | ~~Currently $600, plus~~ | ~~Upon dem~~ | ~~Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback,~~ |
| ~~Non-compliance~~ | ~~Our out-of-pocket~~ | ~~When billed~~ | ~~We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance~~ |
| ~~Transfer fee~~ | ~~$20,000~~ | ~~When tran~~ | ~~Payable if you sell your business.~~ |
| ~~Indemnity~~ | ~~Our costs and losses~~ | ~~On demand~~ | ~~You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or~~ |
| ~~Prevailing party's legal~~ | ~~Our attorney fees,~~ | ~~On demand~~ | ~~In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.~~ |

| ~~T~~ | ~~A~~ | ~~D~~ | ~~Remarks~~ |
|---|---|---|---|
| ~~S ales Vu~~ | ~~$ 50~~ | ~~M o nt~~ | ~~Payable to approved us.~~ |
| ~~L OC ALi~~ | ~~$ 99~~ | ~~M o nt~~ | ~~Payable to approved LOCALiQ vendor or supplier~~ |

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, our own outlets do not have any voting power on any fees imposed by a cooperative.

Notes

"Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit and whether through direct sales or through third party sales including, but not limited to, Groupon, Living Social, Hownd, etc.. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). All fees are payable to us by electronic funds transfer (EFT), credit card or other automatic payment mechanism we designate and are non-refundable.

~~1.~~

1.

## Item 7
## ESTIMATED INITIAL INVESTMENT

### A. Franchise Agreement

**YOUR ESTIMATED INITIAL INVESTMENT**

| Type of expenditure | Amount | Method of payment | When due | To whom payment is |
|---|---|---|---|---|
| Initial franchise fee | $35,000 | Check or wire transfer | Upon signing the franchise agreement | Us |
| Real Estate / Rent (see Note 2) | $5,000 - $15,000 | Check | Upon signing lease | Landlord |

| | | | | |
|---|---|---|---|---|
| Utilities | $500 - $1,000 | Check, debit, and/or credit | Upon ordering service | Utility providers |
| Leasehold Improvements | $150,000 - $200,000 | Check | As incurred or when billed | Contractors |
| Market Introduction Program | $5,000 - $15,000 | Check, debit, and/or credit | As incurred or when billed | Vendors and suppliers |
| Furniture, Fixtures, and Equipment | $7,000 - $20,000 | Check, debit, and/or credit | As incurred | Vendors and suppliers |
| ~~Target Frames & 1 month Supply of Targets and Sacrificial Boards~~Openin | $9,000 - $11,000 | Check, debit, and/or credit | Upon ordering | Us |
| Computer, Audio, POS & Security Systems | $4,000 - $6,000 | Check, debit, and/or credit | As incurred | Vendors and suppliers |
| Insurance | $15,000 - $18,000 | Check | Upon ordering | Insurance company |
| Signage | $4,000 - $6,000 | Check, debit, and/or credit | Upon ordering | Vendor |
| Office Expenses | $1,000 - $2,000 | Check, debit, and/or credit | As incurred | Vendors |
| ~~Inventory Stumpy's Merchandise~~~~Inventory and Supplies~~Starting Inventory of Stumpy's Merchandise and Supplies, | ~~$3,000 - $6,000~~$23,729 - $42,440 | Check, debit, and/or credit | Upon ordering | Us |
| Target Frames | $12,729 - $25,440 | Check, debit, and/or credit | Upon ordering | Us |
| Licenses and Permits | $250 - $500 | Check | Upon application | Government |
| Dues and Subscriptions | $250 - $500 | Check, debit, and/or credit | As incurred | Vendors, trade organizations |

| | | | | |
|---|---|---|---|---|
| Professional Fees (lawyer, accountant, etc.) | $1,000 - $5,000 | Check, debit, and/or credit | As incurred or when billed | Professional service firms |
| Travel, lodging and meals for initial training | $1,500 - $4,500 | Cash, debit or credit | As incurred | Airlines, hotels, and restaurants |
| Additional funds (for first 3 months) (see Note 3) | $10,000 - $25,000 | Varies | Varies | Employees, suppliers, utilities |
| Total | ~~$264,229 - $395,940~~$284,958 - $432,380 | | | |

Notes

1. The initial franchise fee is refundable only as described in Item 5. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Our estimates in this table assume you pay a security deposit equal to one month rent.~~,~~ Our estimates in this table assume you pay a security deposit equal to one month rent, the low end of the investment assumes a lower rent cost and the high end of the investment range assumes a higher rent range. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Stumpy's business by our affiliate, and our general knowledge of the industry.

~~[*Remainder of page intentionally left blank*]~~

~~3.~~

**B. Multi-Unit Development Agreement**

| Type of Expenditure[1] | Amount | Method of | When Due | To Whom Payment |
|---|---|---|---|---|

| | | **Payment** | | **is to be Made** |
|---|---|---|---|---|
| Development Fee | $60,000 | Lump Sum | Upon execution of Development Agreement | Us |
| Initial Investment to Open Initial Location[2] | ~~$22960,229500 - $36083,94500~~$249,958 - $397,380 | See Chart A of this Item 7. | | |
| TOTALS | ~~$289320,229500 - $42043,94500~~$309,958 - $457,380 | This is the total estimated initial investment to enter into a Development Agreement for the right to own a total of two (2) locations, as well as the costs to open and commence operating your initial location for the first three months (as described more fully in Chart A of this Item 7). | | |

1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This chart details the estimated initial investment associated with executing a Multi-Unit Development Agreement for the right to own and operate 2 Locations, as well as the initial investment to open your first Location under your Development Schedule.

2. This figure represents the total estimated initial investment required to open the initial Location you agreed to open and operate under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Location you open under your Development Agreement. The range includes all the items outlined in Chart 7.A. of this Item, except for the Initial Franchise Fee because you are not required to pay any Franchise Fee for those Locations you open under the Development Agreement. It does not include any of the costs you will incur in opening any additional Location(s) that you are granted the right to open and operate under your Development Agreement.

~~[*Remainder of page intentionally left blank*]~~

## Item 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

(1) Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000, (iii) Workers Compensation coverage as required by state law, (iv) Employment Practices Liability Insurance in an amount of not less than $1,000,000, and (v) Cyber Liability Insurance in an amount of not less than $1,000,000. Your insurance policies must add us and our affiliates as additional insured.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Hatchets, Target Systems, Boards, Merchandise and other Supplies. You must purchase items from us needed to operate the business and open your business.

(2) Us or our Affiliates as Supplier

We are currently the only approved supplier of some of the goods and services that you must purchase. The following are items and categories of supplies you must purchase from us:

Hatchets – For customers to throw at targets as part of the franchise business service.

Apparel and Clothing – hats, shirts items you will sell in the retail section of the business.

Target Systems and Boards – to be used as the primary targets in the operation of the business which hatchets will be thrown towards.

(3) Ownership of Suppliers

We will supply you with the primary supplies and materials used in operating the business. Outside of this, none of our officers owns an interest in any supplier to our franchisees.

(4) Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

We do allow our franchisees to purchase wooden handled hatchets for use in their businesses; however, we have not investigated or tested any suppliers of wooden handled hatchets. If you choose to purchase and offer wooden handled hatchets in your business then you must sign our required addendum attached to the Franchise Agreement and agree to indemnify us for any costs we incur as a result of your purchase and use of wooden handled hatchets.

(5) Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

(6) Revenue To Us and Our Affiliates

We or our Affiliates will derive revenue from the required purchases and leases by franchisees. Our revenue from all required purchases and leases of products and services by franchisees in the ~~2018~~ 2019 fiscal year was $0. Our affiliate, Backyard Enterprises, LLC, sells products and merchandise to our franchisees and in the ~~2018~~ 2019 fiscal year received $~~116,613~~686,177 in revenue from those sales.

(7) Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 30% to 60% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 25% to 50% of your total purchases and leases of goods and services to operate your business.

(8) Payments by Designated Suppliers to Us

We will be the primary supplier of franchisee purchases based on the following: Hatchets, Targets, Shirts and Apparel sold in the operation.

We will not receive payments from any outside suppliers or vendors.

(9) Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

(10) Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

(11) Benefits Provided To You For Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

## 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 | F.A. §§ 6,1, 6.2 | Item 11 |
| b. Pre-opening purchase/leases | F.A. §§ 6.2, 6.3<br>M.U.D.A. §Not Applicable | Items 5, 7, 8 and 11 |
| c. Site development and other -pre-opening requirements | F.A. Article 6<br>M.U.D.A. §3 | Items 5, 7, 8 and 11 |

| | | |
|---|---|---|
| d. Initial and ongoing training | F.A. §§ 6.4, 7.6<br>M.U.D.A. §Not Applicable | Items 5, 6, 8 and 11 |
| e. Opening | F.A. §§ 6.5, 6.6<br>M.U.D.A. §1(a) | Items 7, 8 and 11 |
| f. Fees | F.A. Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6<br>M.U.D.A. §1(a), 1(b) | Items 5, 6 and 7 |
| g. Compliance with standards and policies/operating manual | F.A. §§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1<br>M.U.D.A. §6(ii) | Items 8, 11 and 14 |
| h. Trademarks and proprietary information | F.A. Article 12, § 13.1<br>M.U.D.A. §Not applicable | Items 13 and 14 |
| i. Restrictions on products/services offered | F.A. § 7.3<br>M.U.D.A. §Not applicable | Items 8, 11 and 16 |
| j. Warranty and customer service requirements | F.A. §§ 7.7, 7.8, 7.9<br>M.U.D.A. §Not applicable | Item 8 |
| k. Territorial development and sales quotas | F.A. Not Applicable<br>M.U.D.A. §Not Applicable | Item 12 |
| l. Ongoing product/service purchases | F.A. Article 8<br>M.U.D.A. §3 | Items 6 and 8 |
| m. Maintenance, appearance, and remodeling requirements | F.A. §§ 7.12, 7.13<br>M.U.D.A. §Not Applicable | Items 6, 7 and 8 |
| n. Insurance | F.A. § 7.15<br>M.U.D.A. §Not Applicable | Items 6, 7 and 8 |
| o. Advertising | F.A. Article 9<br>M.U.D.A. §Not Applicable | Items 6, 7, 8 and 11 |
| p. Indemnification | F.A. Article 16<br>M.U.D.A. §5 | Items 6 and 8 |
| q. Owner's participation/management/staffing | F.A. § 2.4<br>M.U.D.A. §Not Applicable | Items 15 |

| | | |
|---|---|---|
| r. Records and reports | F.A. Article 10<br>M.U.D.A. §Not Applicable | Item 11 |
| s. Inspections and audits | F. A. §§ 10.5, 11.2<br>M.U.D.A. §Not Applicable | Items 6 and 11 |
| t. Transfer | F. A. Article 15<br>M.U.D.A. §7 | Items 6 and 17 |
| u. Renewal | F.A. § 3.2<br>M.U.D.A. §Not Applicable | Item 17 |
| v. Post-termination obligations | F.A. Article 13, § 14.3<br>M.U.D.A. §5 | Item 17 |
| w. Non-competition covenants | F.A. § 13.2<br>M.U.D.A. §Not Applicable | Item 17 |
| x. Dispute resolution | F.A. Article 17<br>M.U.D.A. §7 | Items 6 and 17 |

## Item 10
## FINANCING

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

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

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

(1)Our Pre-Opening Obligations

Before you open your business:

A. *Your Site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.4). We are *not* obligated to further assist you in locating a site or negotiating the purchase or lease of the site. If you sign a multi-Unit Development Agreement, we will review and advise you regarding potential areas that you submit to us. We are not obligated to further assist you in selecting a Development Area.

(i) We generally do not own your premises.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

(iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

(v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. Constructing, remodeling, or decorating the premises. We will provide you with guidance for front of house layout, traffic flow and pit layout (architectural drawings not included). We will supply blueprint elevations for throwing pits (Section 5.4).

C. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies required to open your business. (Section 5.4) We do provide these items directly. We do deliver and will assist with installing Point of Sale and Waiver equipment.

E. *Operating Manual*. We will give you access to our operating manual (Section 5.1).

F. *Initial Training Program*. We will conduct our initial training program (Section 5.4). The current initial training program is described below.

G. *Business Plan Review*. If you request, we will review your pre-opening business plan and financial projections (Section 5.4).

H. *Market introduction plan*. We will advise you regarding the planning and execution of your market introduction plan, including suggested mobile geofencing, social media advertising, Google advertising, and print media. You must buy a monthly listings and reputation management service, as recommended by us, at an expense of no more than $150 per month (Section 5.4).

I. *On-site opening support*. We will have a representative provide on-site support for at least 2 days in connection with your business opening (Section 5.4).

[~~*Remainder of page intentionally left blank*~~]

(2) Length of Time To Open

The typical length of time between signing the franchise agreement and the opening of your business is 3-6 months. Factors that may affect the time period include your ability to obtain a lease, obtaining financing, obtaining business permits and licenses, hiring employees, shortages, or delayed installation of equipment, fixtures, and signs. We will schedule the opening of your franchised business no sooner than 2 weeks after you receive a copy of your certificate of occupancy or your temporary certificate of occupancy for your location.

(3) Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers*. Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees*. We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).

D. *Establishing prices*. Upon your request, we will provide recommended prices for products and services. (Section 5.5). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administrative, bookkeeping, accounting, and inventory control. (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund*. We will administer the Marketing Fund. (Section 5.5).

G. *Website*. We will maintain a website for the Stumpy's brand, which will include your business information and telephone number, links to social media, editable fields for events and promotions. (Section 5.5)

(4) Advertising

~~(i)~~ *Our obligation.* We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or

(i) territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

(ii) *Your own advertising material*. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

(iii) *Advertising council*. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

(iv) *Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of gross sales. If our own outlets are members of a cooperative, they must contribute to the fund on the same basis as franchisees. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives must prepare annual financial statements and which are available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

(v) *~~Advertising~~ Marketing Fund*. You and all other franchisees must contribute to our Marketing Fund. ~~after 20 Stumpy's Hatchet House locations are open for business.~~ Your contribution is 1% of gross sales per month. All franchisees contribute the same percentage. Any outlets that we operate also contribute to the Marketing Fund on the same basis. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

We did not collect any money for the Marketing Fund in the 2019~~8~~ fiscal year.

If not all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund was spent in the 2019~~8~~ fiscal year to solicit new franchise sales.

(vi) *Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

~~(5)~~ (vii) *Required spending.* After you open, you must spend at least 5% of gross sales each month on marketing your business.

~~(6)~~(5) Point of Sale and Computer Systems

We require you to buy (or lease) and use a point-of-sale system and computer system as follows:

POS SalesVu

QuickBooks Accounting or similar

Recordable Camera Security System

The system will provide operational tools, financial management systems, scheduling, security and customer information. These systems will generate or store data such as financial data, calendar information, financial data and other relevant business information.

(i) We estimate that these systems will cost between $2,000 and $4,000 to purchase.

(ii) Monthly billable software licensed fee for SalesVu POS will cost between $55~~0~~ to $75~~100~~, subject to vendor pricing.~~.~~

(iii) We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party.

(iv) You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

(v) We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be $500 to $1,000 per year.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

~~(7)~~(6) Operating Manual

The Operating Manual contains 169 pages. See Exhibit G for the table of contents of our Operating Manual.~~, with the number of pages devoted to each subject and the total number of pages in the Operating Manual.~~

~~(8)~~(7) Training Program

Our training program consists of the following:

**TRAINING PROGRAM**

| **Subject** | **Hours of Classroom Training (At Our Location)** | **Hours of On-The-Job Training (At Your Location)** | **Lo~~Lo~~cation** |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Establishing the Business | 5 hours | 5 hours | Eatontown, NJ and Franchisee's Location |
| Establishing your Staff and Personnel | 1 hour | 4 hours | Monmouth, NJ and Franchisee's Location |
| Management of the Day to Day Business | 8 hours | 6 hours | Monmouth, NJ and Franchisee's Location |
| Marketing and Sales of the organization | 6 hours | 5 hours | Monmouth, NJ and Franchisee's Location |
| **TOTALS:** | 20 hours | 20 hours | |

| ~~Subject~~ | ~~Hours of Classroom Training (At Our Location)~~ | ~~Hours of On-The-Job Training (Our Your Location)~~ | ~~Location~~ |
|---|---|---|---|
| ~~Establishing your Staff and Personnel~~ | ~~1 hour~~ | ~~4 hours~~ | ~~Monmouth, NJ and Franchisee's Location~~ |
| ~~Management of the Day to Day Business~~ | ~~8 hours~~ | ~~6 hours~~ | ~~Monmouth, NJ and Franchisee's Location~~ |
| ~~Marketing and Sales of the organization~~ | ~~6 hours~~ | ~~5 hours~~ | ~~Monmouth, NJ and Franchisee's Location~~ |
| ~~TOTALS:~~ | ~~20 hours~~ | ~~20 hours~~ | |

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class once per month. Training will be held at our offices and business location in Monmouth County, New Jersey.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

~~Training classes will be led by Mr. Mark Oliphant. His experience is described in Item 2. He has 2 years of experience in our industry, and 1 years of experience with us or our affiliates.~~

~~Training classes will be led by Mrs. Trisha Oliphant. Her experience is described in Item 2. She has 2 years of experience in our industry, and 1 years of experience with us or our affiliates.~~

Training classes will be led by Mr. Stu Josberger. His experience is described in Item 2. He has 1 year of experience in our industry, and 2 years of experience with us or our affiliates.

Training classes will be led by Mrs. Kelly Josberger. Her experience is described in Item 2. She has 1 year of experience in our industry, and 2 years of experience with us or our affiliates.

There is no fee for up to 3 persons to attend training. You must pay the travel and living expenses of persons attending training.

You must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

Your business must at all times be under your on-site supervision or under the on-site supervision of or a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently

$500. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

## Item 12
## TERRITORY

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

If you sign a Multi-Unit Development Agreement ('MUDA") in the form attached as Exhibit C to this disclosure document, we will approve sites for future/additional locations based on our then-current site criteria.

(1)Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Territories will be listed as zip codes with a population between 450,000 to 500,000 people. Boundaries (such as counties or other political boundaries, streets, geographical features, or trade areas) may be used.

(2)Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on case- by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right establish a mutually-agreed number of additional outlets. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Stumpy's business, (3) you must be in compliance with all brand requirements at your open Stumpy's business(es), and (4) you must not be in default under any other agreement with us.

(3)Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Under the Multi-Unit Development Agreement, the right to develop each Stumpy's franchise after establishing the first location is dependent upon the franchisee's financial and organizational ability to open and maintain each subsequent location and the franchisee must be in full compliance with all brand requirements. Failure to adhere to the development schedule may result in termination of the Multi-Unit Development Agreement.

(4)Territory Protection

We grant you an exclusive territory. In your territory, we will not open a Stumpy's outlet, nor license or franchise another party to open a Stumpy's outlet. The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

If you sign a Multi-Unit Development Agreement, your Development Area will not be exclusive. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

(5)Other

(i)Restrictions on us from soliciting or accepting orders in your territory.

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

(ii)Soliciting By You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that we reserve the right to control all internet-based marketing.

(iii)Competition By Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

## Item 13

## TRADEMARKS

(1) – (4) Principal Trademark

~~Item 13 TRADEMARKS~~

The following is~~are~~ the principal trademark~~s~~ that we license to you. This~~ese~~ trademark~~s~~ is ~~are~~ owned by our affiliate, ~~Stumpy's Hatchet House, LLP~~Backyard Intellectual Holdings, LLC. It is~~They are~~ listed on the Principal Register of the United States Patent and Trademark Office.

| Trademark | Registration Date | Registration~~/ Serial~~ Number |
|---|---|---|
| ~~STUMPY's~~ Stumpy's Hatchet House A Social | November 22, 2016 | 5085461 |
| ~~STUMPY's Hatchet House A Social Throwdown #socialthrowdown (verbiate)~~ | ~~January 5, 2018~~ | ~~87744793~~ |

Because no federal registration is at least five years old, no Section 8 or 15 affidavits have been filed and the trademark~~s~~ above is~~are~~ not incontestable. The trademark~~s~~ has~~ve~~ not yet been renewed.

(5) Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

(6)Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

(7)Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of the trademark~~s~~ listed above in a manner material to the franchise.

~~Stumpy's Hatchet House, LLP~~Backyard Intellectual Holdings, LLC, our affiliate, owns the trademark~~s~~ described in this Item. Under an Intercompany License Agreement between us and ~~Stumpy's Hatchet House, LLP~~Backyard Intellectual Holdings, LLC, we have been granted the exclusive right to sublicense the trademark~~s~~ to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (1) we materially misuse the trademark~~s~~ and fail to correct the misuse, or (2) we discontinue commercial use of the trademark~~s~~ for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

(8)Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we shall defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

(9)Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.~~.~~

## Item 14
## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

(1) Patents

Our Affiliate, Backyard Intellectual Property Holdings, LLC has a utility ~~provisional~~ patent ~~application~~ for our proprietary target system that you will use in your franchise business. The duration of this patent is for 20 years.~~, which is patent pending.~~

| Patent~~(pending)~~ | Issuance~~Filing~~ Date | ~~Registration~~ Patent Number |
|---|---|---|
| Quick Change Target System | ~~June 13, 2017~~January 14, 2020 | 10,533,828~~62518671~~ |

This patent is for a quick change target system including a frame, a target mounted to the frame, and a retainer movable between a first position retaining the target within the frame and a second position permitting removal of the target from the frame.

Under a patent license agreement between us and our affiliate, Backyard Intellectual Property Holdings, LLC, we have been granted the exclusive right to sublicense the patented Quick Change Target System to our franchisees throughout the United States. The agreement is of perpetual duration. Under the agreement, no royalties are paid by use to Backyard Intellectual Property Holdings, LLC. It may be canceled by Backyard Intellectual Property Holdings, LLC is (1) we materially misuse the patented Quick Change Target System and fail to correct the misuse, or (2) we discontinue commercial use of the patented Quick Change Target System for a continuous period of more than one year. The agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. Other than this, there are no currently effective agreements that significantly limit our rights to use or license the patent.

There are no currently effective material determinations or pending proceedings of the United States patent and Trademark Office or court. There are no pending infringement, opposition, or cancellation proceedings.

We have no obligation to protect the patent or defend you against claims arising from your use of the patented Quick Change Target System. The franchise agreement does not require us to take affirmative action when notified of any infringement claims. We have th right to control any litigation. We are not obligated to participate in the defense of a franchise or indemnify the franchisee for expenses in a proceeding involving a patent or patent application. We may require you to modify or discontinue using the Quick Change Target System at your expense.

We do not know of any patent infringement that could materially affect you.

There are no pending patent applications that are material to the franchise.

(1) – (6) Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

(7) Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

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

(1)Your Participation

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your "Principal Executive". The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B). Spouses of any owners are not required to sign our Guaranty.

(2)"On-Premises" Supervision

You are not required to personally conduct "on-premises" supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

(3)Restrictions On Your Manager

If we request, you must have your general manager sign a confidentiality and non- compete agreement. We do not require you place any other restrictions on your manager.

## Item 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

## 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 | F.A. § 3.1<br>M.U.D.A. § Not Applicable | 10 years from date of franchise agreement. |
| b. Renewal or extension of the term | F.A. § 3.2<br>M.U.D.A. § Not Applicable | You may obtain a successor franchise agreement for up to two additional 5-year terms. |
| c. Requirements for franchisee to renew or extend | F.A. § 3.2<br>M.U.D.A. § Not Applicable | For our franchise system, "renewal" means that at the end of your term, you sign our successor franchise agreement for an additional ~~5 year~~5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.<br>To renew, you must give advance notice to us; be in compliance; renovate to then-current standard; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law).<br>If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. |
| d. Termination by franchisee | F.A. § 14.1<br>M.U.D.A. § Not Applicable | If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. |
| e. Termination by franchisor without cause | F.A. § Not Applicable<br>M.U.D.A. § Not Applicable | |

| | | |
|---|---|---|
| f. Termination by franchisor with cause | F.A. § 14.2<br>M.U.D.A. § 4 | |
| g. "Cause" defined--curable defaults | F.A. § 14.2<br>M.U.D.A. § 4 | Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure). |
| h. "Cause" defined--non-curable defaults | F.A. § 14.2<br>M.U.D.A. § 4 | Misrepresentation when applying to be a franchisee; intentionally submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; libel or defamation of us; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.<br><br>M.U.D.A.: Franchisee fails to satisfy the development schedule; we have the right to terminate any franchise agreement between us and Franchisee |
| i. Franchisee's obligations on termination/non-renewal | F.A. §§ 14.3 – 14.6<br>M.U.D.A. § 5 | Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.<br><br>M.U.D.A.: If Stumpy's terminates the M.U.D.A. for franchisee's default, franchisee shall not be liable to Stumpy's Franchise for lost future revenues or profits from the unopened Stumpy's business. |
| j. Assignment of agreement by us | F.A.§ 15.1<br>M.U.D.A. § Not Applicable | Unlimited |

| | | |
|---|---|---|
| k. "Transfer" by franchisee - defined | F.A. Article 1<br>M.U.D.A. § Not Applicable | For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business. |
| l. Franchisor's approval of transfer by franchisee | F.A. § 15.2<br>M.U.D.A § 7 | No transfers without our approval.<br><br>M.U.D.A.: No transfer without our prior approval. |
| m. Conditions for franchisor's approval of transfer | F.A. § 15.2<br>M.U.D.A. § Not Applicable | Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications. |
| n. Franchisor's right of first refusal to acquire franchisee's business | F.A. § 15.5<br>M.U.D.A. § Not Applicable | If you want to transfer your business, we have a right of first refusal. |
| o. Franchisor's option to purchase franchisee's business | F.A. Not Applicable<br>M.U.D.A. § Not Applicable | |
| p. Death or disability of franchisee | F.A. §§ 15.4, 11.9<br>M.U.D.A. § Not Applicable | If you die or become incapacitated, your executor must transfer the business to a third party within nine months. We have the right to temporarily operate the business if you die or become incapacitated. |
| q. Non-competition covenants during the term of the franchise | F.A. § 13.2<br>M.U.D.A. § Not Applicable | Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor. |
| r. Non-competition covenants after the franchise is terminated or expires | F.A. § 13.2<br>M.U.D.A. § Not Applicable | For two years, no ownership or employment by a competitor located within five miles of your former territory or the territory of any other Stumpy's business operating on the date of termination. |

| | | |
|---|---|---|
| s. Modification of the agreement | F.A. § 18.4<br>M.U.D.A. § Not Applicable | No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications. |
| t. Integration/merger clause | F.A. § 18.3<br>M.U.D.A. § Not Applicable | Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, this does not disclaim the representations made by us in this disclosure document. |
| u. Dispute resolution by arbitration or mediation | F.A. § 17.1<br>M.U.D.A § 7 | All disputes are resolved by arbitration (except for injunctive relief).<br><br>M.U.D.A.: All disputes are resolved by arbitration (except for injunctive relief). |
| v. Choice of forum | F.A. §§ 17.1; 17.5<br>M.U.D.A. § 7 | Arbitration will take place where our headquarters is located (currently, Eatontown, New Jersey). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located.<br><br>M.U.D.A.: Arbitration will take place where our headquarters is located (currently, Eatontown, New Jersey). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located. |
| w. Choice of law | F.A. § 18.8<br>M.U.D.A. § 7 | New Jersey (unless other state law applies).<br><br>M.U.D.A.: New Jersey (unless other state law applies). |

| ~~Provision~~ | ~~Section in franchise or other agreement~~ | ~~Summary~~ |
|---|---|---|
| ~~k. "Transfer" by franchisee – defined~~ | ~~Article 1~~ | ~~For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.~~ |
| ~~l. Franchisor's approval of transfer by franchisee~~ | ~~§ 15.2~~ | ~~No transfers without our approval.~~ |
| ~~m. Conditions for franchisor's approval of transfer~~ | ~~§ 15.2~~ | ~~Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications.~~ |
| ~~n. Franchisor's right of first refusal to acquire franchisee's business~~ | ~~§ 15.5~~ | ~~If you want to transfer your business, we have a right of first refusal.~~ |
| ~~o. Franchisor's option to purchase franchisee's business~~ | ~~Not Applicable~~ | |
| ~~p. Death or disability of franchisee~~ | ~~§§ 15.4, 11.9~~ | ~~If you die or become incapacitated, your executor must transfer the business to a third party within nine months. We have the right to temporarily operate the business if you die or become incapacitated.~~ |
| ~~q. Non-competition covenants during the term of the franchise~~ | ~~§ 13.2~~ | ~~Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor.~~ |

| ~~Provision~~ | ~~Section in franchise or other agreement~~ | ~~Summary~~ |
|---|---|---|
| ~~r. Non-competition covenants after the franchise is terminated or expires~~ | ~~§ 13.2~~ | ~~For two years, no ownership or employment by a competitor located within five miles of your former territory or the territory of any other Stumpy's business operating on the date of termination.~~ |
| ~~s. Modification of the agreement~~ | ~~§ 18.4~~ | ~~No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.~~ |
| ~~t. Integration/merger clause~~ | ~~§ 18.3~~ | ~~Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, this does not disclaim the representations made by us in this disclosure document.~~ |
| ~~u. Dispute resolution by arbitration or mediation~~ | ~~§ 17.1~~ | ~~All disputes are resolved by arbitration (except for injunctive relief).~~ |
| ~~v. Choice of forum~~ | ~~§§ 17.1; 17.5~~ | ~~Arbitration will take place where our headquarters is located (currently, Eatontown, New Jersey). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located.~~ |
| ~~w. Choice of law~~ | ~~§ 18.8~~ | ~~New Jersey (unless other state law applies).~~ |

~~**For additional disclosures required by certain states, refer to Exhibit I - State Addenda to Disclosure Document**~~

## Item 18
## PUBLIC FIGURES

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

## Item 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following tables present unaudited information about the total sales of (i) franchised locations open and operating at least half of the 2018 Fiscal Year and (ii) the one affiliate-owned location for the period of January 1, 2018 to December 31, 2018. Written substantiation of the data presented in this financial performance representation will be made available to you upon reasonable request.

This Financial Performance Representation ("FPR") is based on historical financial information maintained by the Company-owned location and from the reports provided by Franchisees through standard financial reporting. This data is only valuable if the data provided by systems and reporting was accurate.

**Notes:**

A. There ~~Gross Sales alone do not reflect the actual potential income of a Business and should not be relied on in calculating profitability. There~~ are a number of fixed and variable costs associated with a Stumpy's Business, not all of which are reflected in the information below and that vary among individual Businesses. These expenses~~, which are likely to be significant,~~ include, but are not limited to, the following: the certain costs listed above, costs described in Items 6 and 7 of this Franchise Disclosure Document, including the 6% royalty fee; interest or finance charges if you finance some or all of the cost of the franchise; depreciation on property and equipment; occupancy costs (including rent, maintenance, insurance and utilities); store supplies; credit card fees; worker's compensation and general liability insurance; taxes; national brand marketing fund; customer service and training fund; tech fund; accounting and legal fees and general administrative expenses; any pre-opening or amortization of organization costs; costs associated with regulatory compliance; management costs; fringe benefits; and certain repairs and maintenance. We strongly encourage you to consult with your financial advisors in reviewing the table and, in particular, in estimating the categories and amount of additional expenses you will incur in establishing and operating a Stumpy's Business. You should be aware that you may incur expenses that may not be incurred by affiliate owned Businesses.

~~B. You should also be aware that the financial performance of any particular Stumpy's~~

~~Business might be affected by a number of factors that may vary due to the individual characteristics of the Business. These factors include, but are not limited to: competition from other Businesses; appreciation and acceptance of the products or services offered by your Business in the community in which your Business is located; your efforts; your experience; the quality and effectiveness or your managerial skills; and your decisions with respect to location, additional advertising programs, personnel and cost controls; geographic and socioeconomic conditions in you locality; business cycles; the performance of the local, national and world economy.~~

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

These numbers are based on a specific date range. These do not describe costs of operating the businesses in detail.

**Table A**

| Franchised Units | | |
|---|---|---|
| Date Range | Franchised Location | ~~Total~~ Gross Sales[2] |
| ~~May 24~~January 1, ~~2018~~ 2019 – December 31, ~~2018~~2019 | Fairfield, NJ | $990,204.80~~$530,285.81~~ |
| January 1~~June 3~~, ~~2018~~ 2019 – December 31, ~~2018~~2019 | Green Brook, NJ | $1,286,068.94~~$656,748.53~~ |
| January 1, 2019 – December 31, 2019 | Greenville, NC | $361,619.98 |
| January 1, 2019 – December 31, 2019 | Bucks County, PA | $227,313.61 |
| January 1, 2019 – December 31, 2019 | San Antonio, TX | $443,593.56 |

**Table B**

| **Affiliate-Owned Unit[1]<br>22 Meridian Rd, Unit 5, Eatontown, NJ 07724** | |
|---|---|
| Date Range | Gross Sales[2] |
| January 1, 2019 – December 31, 2019 | $780,694.09 |
| **Known franchisee expenses that are not paid by Affiliate-Owned Units** (note 5) | |
| Royalty (6% of Gross Sales) | $46,841.65 |
| Marketing Fund Contribution (1% of Gross Sales) | $7,806.94 |

| | |
|---|---|
| Local Marketing (5% of Gross Sales) | $39,034.70 |

| Affiliate-Owned Unit[1] 22 Meridian Rd, Unit 5, Eatontown, NJ 07724 | |
|---|---|
| Date Range | Gross Sales[2] |
| January 1, 2018 – December 31, 2018 | $1,162,969 |
| **Known franchisee expenses that are not paid by Affiliate-Owned Units** (note 5) | |
| Royalty (6% of Gross Sales) | $69,778.14 |
| Marketing Fund Contribution (1% of Gross Sales) | $11,629.69 |
| Local Marketing (5% of Gross Sales) | $58,148.45 |

| ~~Affiliate-Owned Unit[1] 22 Meridian Rd, Unit 5, Eatontown, NJ 07724~~ | | |
|---|---|---|
| | ~~Dollars~~ | ~~Percent~~ |
| ~~Total Sales[2]~~ | ~~$1,162,969~~ | ~~100%~~ |
| ~~Gross Profit[3]~~ | ~~$605,249~~ | ~~52.0%~~ |
| ~~Personnel Costs[4]~~ | ~~$198,884~~ | ~~17.1%~~ |
| ~~Marketing Costs[5]~~ | ~~$50,334~~ | ~~4.3%~~ |
| ~~Facility Costs[6]~~ | ~~$124,776~~ | ~~10.7%~~ |
| ~~Operating Income~~ | ~~$67,295~~ | ~~5.8%~~ |

Notes:

1. The Affiliate owned business has been open since April 2016. This corporate location operate in a different sized market and with different market conditions than you may operate in.
2. Gross Sales means the aggregate amount of all revenue and receipts derived from operations of a location, including, all amounts received from sales made at or away from the premises, whether from cash, check, or credit.~~Total Sales means the aggregate amount of all revenue and receipts derived from operations of a location, including, all amounts received from sales made at or away from the premises, whether from cash, check, or credit.~~
3. The Affiliate owned unit is not required to pay royalties and marketing fund contributions to us and is not required to spend a defined amount in their local area for marketing. These fees are estimates of what the represented Affiliate owned unit would have incurred for these fees.~~Gross Profit is calculated as gross sales less cost of goods sold. Cost of goods includes~~

~~product costs, freight, and delivery.~~

4. ~~Personnel costs include all wages, employment taxes and benefits.~~
5. ~~Marketing costs include expenditures for local advertising, marketing and promotions. It does~~ not ~~include contributions to the Marketing Fund.~~

~~6.~~3. ~~Facility costs include rent, CAM, utilities, repair and maintenance.~~

Financial Information for Specific Operating Units

We may give a prospective franchisee who is seeking to buy a specific operating unit, whether owned by us or another franchisee, actual operating results of that unit.

Other than as stated above, Woody's Backyard Franchising, LLC~~we~~ does 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 Mrs. Trish Oliphant, 22 Meridian Rd, Unit 5, Eatontown, NJ 07724, and 732-544-5069, the Federal Trade Commission, and the appropriate state regulatory agencies.

## Item 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table 1 Systemwide Outlet Summary**
**For years 2017~~6~~ to 2019~~8~~**

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of the Year | Column 4<br>Outlets at the End of the Year | Column 5<br>Net Change |
|---|---|---|---|---|
| Franchised | 2017~~6~~ | 0 | ~~0~~50 | ~~0~~+50 |
| | 2018~~7~~ | ~~0~~50 | ~~5~~74 | ~~+5~~~~+2~~+4 |
| | 2019~~8~~ | ~~5~~74 | ~~14~~16 | ~~+9~~+12 |
| Company-Owned | 2017~~6~~ | ~~0~~1 | 1 | ~~+1~~0 |
| | 2018~~7~~ | 1 | ~~1~~2 | ~~0~~+1 |
| | 2019~~8~~ | ~~1~~2 | ~~1~~2 | 0 |
| Total Outlets | 2017~~6~~ | ~~0~~1 | ~~1~~61 | ~~+1~~0 |
| | 2018~~7~~ | ~~1~~61 | ~~6~~86 | ~~+5~~~~+2~~+5 |
| | 2019~~8~~ | ~~6~~86 | ~~15~~18 | ~~+9~~+12 |

**Table No. 2**
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**For years 2017~~6~~ to 2019~~8~~**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|---|---|---|
| Total | 2017~~6~~ | 0 |
| | 2018~~7~~ | 0 |
| | 2019~~8~~ | 0 |

**Table 3**
**Status of Franchised Outlets**
**For years 2017~~6~~ to 2019~~8~~**

| Column 1 State | Column 2 Year | Column 3 Outlets at the Start of the Year | Column 4 Outlets Opened | Column 5 Termi-Nations | Column 6 Non-Renewals | Column 7 Reacquired by Franch-isor | Column 8 Ceased Operations – Other Reasons | Column 9 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| DE | 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| FL | 2017~~6~~ | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2018~~7~~ | 0 | ~~01~~0 | 0 | 0 | 0 | 0 | ~~01~~0 |
| | 2019~~8~~ | ~~01~~0 | ~~1~~2 | ~~0~~0 | ~~0~~0 | ~~0~~0 | ~~0~~0 | ~~1~~2 |
| MA | 2017~~6~~ | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2018~~7~~ | 0 | ~~01~~0 | 0 | 0 | 0 | 0 | ~~01~~0 |
| | 2019~~8~~ | ~~01~~0 | ~~10~~1 | 0 | 0 | 0 | 0 | 1 |
| MD | 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2019 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| NJ | 2017~~6~~ | 0 | ~~02~~0 | 0 | 0 | 0 | 0 | ~~02~~0 |
| | 2018~~7~~ | ~~02~~0 | ~~20~~2 | 0 | 0 | 0 | 0 | 2 |
| | 2019~~8~~ | 2 | ~~0~~3 | 0 | 0 | 0 | 0 | ~~2~~5 |
| PA | 2017~~6~~ | 0 | ~~01~~0 | 0 | 0 | 0 | 0 | ~~01~~0 |
| | 2018~~7~~ | ~~01~~0 | ~~10~~1 | 0 | 0 | 0 | 0 | 1 |
| | 2019~~8~~ | 1 | ~~30~~2 | 0 | 0 | 0 | 0 | ~~41~~3 |
| TX | 2017~~6~~ | 0 | ~~02~~0 | 0 | 0 | 0 | 0 | ~~02~~0 |
| | 2018~~7~~ | ~~02~~0 | ~~20~~1 | 0 | 0 | 0 | 0 | ~~2~~1 |
| | 2019~~8~~ | ~~2~~1 | ~~0~~1 | 0 | 0 | 0 | 0 | 2 |
| Totals | 2017~~6~~ | 0 | ~~05~~0 | 0 | 0 | 0 | 0 | ~~05~~0 |
| | 2018~~7~~ | ~~05~~0 | ~~52~~4 | 0 | 0 | 0 | 0 | ~~57~~4 |
| | 2019~~8~~ | ~~57~~4 | ~~9~~12 | ~~0~~0 | ~~0~~0 | ~~0~~0 | ~~0~~0 | ~~14~~16 |

**Table 4**
**Status of Company-Owned Outlets**
**For years 2017~~6~~ to 2019~~8~~**

| Column 1 State | Column 2 Year | Column 3 Outlets at the Start of the Year | Column 4 Outlets Opened | Column 5 Outlets Reacquired From Franchisee | Column 6 Outlets Closed | Column 7 Outlets Sold to Franchisee | Column 8 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| New Jersey | 2017~~6~~ | ~~0~~ | ~~1~~ | 0 | 0 | 0 | 1 |
| | 2018~~7~~ | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2019~~8~~ | 1 | 0 | 0 | 0 | 0 | 1 |
| North Carolina | 2017 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2018 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2019 | 1 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2017~~6~~ | ~~0~~ | ~~1~~ | 0 | 0 | 0 | 1 |
| | 2018~~7~~ | 1 | ~~0~~ | 0 | 0 | 0 | ~~1~~ |
| | 2019~~8~~ | ~~1~~ | 0 | 0 | 0 | 0 | ~~1~~ |

**Table 5**
**Projected Openings As Of December 31, 2019~~8~~**

| Column 1 State | Column 2 ~~Franchise Agreements~~Franchise Agreements Signed But Outlet Not Opened | Column 3 Projected New Franchised Outlets In The Next Fiscal Year | Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year |
|---|---|---|---|
| California | 1 | 0 | 0 |
| Connecticut | 1 | 1 | 0 |
| Florida | 1 | 1 | 0 |
| Georgia | 1 | 0 | 0 |
| Louisiana | 0 | 1 | 0 |
| Maryland | 1 | 1 | 0 |
| Minnesota | 1 | 0 | 0 |
| New Jersey | 2 | 2 | 1 |
| New York | 1 | 2 | 0 |
| Pennsylvania | ~~1~~2 | ~~1~~2 | 0 |

| | | | |
|---|---|---|---|
| Texas | 3~~2~~ | ~~2~~3 | 0 |
| Virginia | 1 | 1 | 0 |
| Totals | 5 | 5 | 1 |

(4)Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets. As of the end of our last fiscal year, we have 2 area developers.

(5)Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

(6)Sale of Previously Owned Outlet

We are not selling a previously-owned franchised outlet now under our control.

(7) Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

(8) Franchisee Organizations

~~There are no trademark-specific franchisee organizations associated with our franchise system.~~The following independent franchisee organizations have asked to be included in this disclosure document:

Independent Association of Stumpy's Hatchet House Franchisees (IASHHF)
A Chapter of the American Association of Franchisees & Dealers
PO Box 10158
Palm Desert, CA 92255-1058
Phone: 619-209-3775
Fax: 866-855-1988

## Item 21
## FINANCIAL STATEMENTS

~~**We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.**~~ Exhibit F contains our audited financial statements for the fiscal years ending December 31, 2019, December 31, 2018 and December 31, 2017. Our fiscal year end is December 31.

## Item 22
## CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
C. Multi-Unit Development Agreement
D. Rider to Lease Agreement
E. Form of General Release
J. State Addenda to Franchise Agreement
K. State Addenda to Multi-Unit Development Agreement

## Item 23
## RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

## EXHIBIT A

## STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible or the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

| State | State Administrator | Agent for Service of Process (if different from State Administrator) |
|---|---|---|
| California | Commissioner of Business Oversight<br>Department of Business Oversight<br>1515 K Street<br>Suite 200<br>Sacramento, CA 95814-4052<br>866-275-2677 | |
| Hawaii | Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Commissioner of Securities<br>P.O. Box 40<br>Honolulu, Hawaii 96810<br>(808) 586-2744 | Commissioner of Securities<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813 |
| Illinois | Franchise Bureau<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | |
| Indiana | Franchise Section<br>Indiana Securities Division<br>Secretary of State<br>Room E-111<br>302 W. Washington Street<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | |
| Maryland | Maryland Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-7042 | Maryland Commissioner of Securities<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2020 |
| Michigan | Michigan Attorney General's Office<br>Consumer Protection Division Attn:<br>Franchise Section<br>525 W. Ottawa Street<br>Williams Building, 1st Floor<br>Lansing, MI 48933<br>(517) 373-7117 | |

| State | State Administrator | Agent for Service of Process (if different from State Administrator) |
|---|---|---|
| Minnesota | Minnesota Department of Commerce<br>Securities-Franchise Registration-<br>~~Unit~~<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101-2198 | Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101-2198<br>(651) 539-1500 |
| New York | ~~New York State~~NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, NY 10005<br>(212) 416-8285~~36~~ | Secretary of State<br>99 Washington Avenue, 6th Floor<br>Albany, NY 12231 |
| North Dakota | North Dakota Securities Department<br>600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | North Dakota Securities Commissioner<br>600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712 |
| Oregon | Department of Consumer & Business Services<br>Division of Finance and Corporate Securities<br>Labor and Industries Building<br>Salem, Oregon 97310<br>(503) 378-4140 | |
| Rhode Island | Department of Business Regulation<br>Securities Division<br>1511 Pontiac Avenue<br>John O. Pastore Complex–69-1<br>Cranston, RI 02920-4407<br>(401) 462-9527 | |
| South Dakota | Division of Insurance<br>Securities Regulation<br>124 South Euclid Suite 104<br>Pierre, SD 57501-3185<br>(605) 773-3563 | |
| Virginia | State Corporation Commission<br>1300 East Main Street<br>9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk<br>State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219 |
| Washington | Department of Financial Institutions<br>Securities Division<br>~~150 Israel Rd SW~~PO Box 9033<br>Olympia~~Tumwater~~, | Department of Financial Institutions<br>Securities Division<br>150 Israel Rd SW<br>Tumwater, WA 98501<br>(360) 902-8760 |
| Wisconsin | Division of Securities<br>Department of Financial Institutions<br>Post Office Box 1768<br>Madison, Wisconsin 53701<br>(608) 266-2801 | |

# EXHIBIT B

# FRANCHISE AGREEMENT

# FRANCHISE AGREEMENT

| SUMMARY PAGE | | |
|---|---|---|
| 1. | Franchisee | |
| 2. | Effective Date | |
| 3. | Initial Franchise Fee | $____________ |
| 4. | Development Area | ________________________________ |
| 5. | Business Location | ________________________________ |
| 6. | Territory | |
| 7. | Opening Deadline | ____________________ |
| 8. | Principal Executive | ____________________ |
| 9. | Franchisee's Address | ________________________________________ |

## FRANCHISE AGREEMENT

This Agreement is made between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise"), and Franchisee on the Effective Date.

**Background Statement:**

~~A.~~ Stumpy's Franchise has created and owns a system (the "System") for developing and operating a recreational and event services business for private and commercial customers with a brand and business model built around hatchet thro

A. wing under the trade name "Stumpy's".

B. The System includes (1) methods and procedures for developing and operating a Stumpy's business, (2) plans, specifications, equipment, signage and trade dress for Stumpy's businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, (8) methods and standards of operation, and (9) other mandatory or optional elements as determined by Stumpy's Franchise from time to time.

C. The parties desire that Stumpy's Franchise license the Marks and the System to Franchisee for Franchisee to develop and operate a Stumpy's business on the terms and conditions of this Agreement.

## ARTICLE 1. DEFINITIONS

"**Action**" means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

"**Approved Vendor**" means a supplier, vendor, or distributor of Inputs which has been approved by Stumpy's Franchise.

"**Business**" means the Stumpy's business owned by Franchisee and operated under this Agreement.

"**Competitor**" means any business which offers hatchet throwing services which derives 15% or more of its annual gross sales from recreational hatchet throwing services.

"**Confidential Information**" means all non-public information of or about the System, Stumpy's Franchise, and any Stumpy's business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

"**Gross Sales**" means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit and whether through direct sales or through third party sales including, but not limited to, Groupon, Living Social, Hownd, etc.. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

"**Input**" means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

"**Location**" means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

"**Losses**" includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys' fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Stumpy's Franchise's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

"**Manual**" means Stumpy's Franchise's confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

"**Marketing Fund**" means the fund established ~~(or which may be established)~~ by Stumpy's Franchise into which Marketing Fund Contributions are deposited.

"**Marks**" means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Stumpy's Franchise from to time for use in a Stumpy's business.

"**Owner**" means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then "Owner" means Franchisee.

"**Remodel**" means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Stumpy's business.

"**Required Vendor**" means a supplier, vendor, or distributor of Inputs which Stumpy's Franchise requires franchisees to use.

"**System Standards**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Stumpy's Franchise, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

"**Territory**" means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

"**Transfer**" means for Franchisee (or any owner of Franchisee) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** Stumpy's Franchise grants to Franchisee the right to operate a Stumpy's business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Stumpy's business at the Location for the entire term of this Agreement. The parties acknowledge that Franchisee must operate the Business to meet Stumpy's Franchise's minimum System Standards, but that the means of satisfying the System Standards are left to the control and discretion of Franchisee.

**2.2 Protected Territory.** Stumpy's Franchise shall not establish, nor license the establishment of, another Stumpy's business within the Territory. Stumpy's Franchise retains the right to:

(i) establish and license others to establish and operate Stumpy's businesses outside the Territory;

(ii) operate and license others to operate businesses anywhere that do not operate under the Stumpy's brand name; and

(iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than Stumpy's outlets.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Stumpy's Franchise within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day- to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Stumpy's Franchise's reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Stumpy's Franchise, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to Stumpy's Franchise that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

## ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to two additional periods of 5 years each, subject to the following conditions prior to each renewal:

(i) Franchisee notifies Stumpy's Franchise of the election to renew between 90 and 180 days prior to the end of the term;

(ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Stumpy's Franchise (or any of its affiliates) at the time of election and at the time of renewal;

(iii) Franchisee has made or agrees to make (within a period of time acceptable to Stumpy's Franchise) renovations and changes to the Business as Stumpy's Franchise requires to conform to the then-current System Standards;

(iv) Franchisee executes Stumpy's Franchise's then-current standard form of franchise agreement, which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section; and

(v) Franchisee and each Owner executes a general release (on Stumpy's Franchise's then-standard form) of any and all claims against Stumpy's Franchise, its affiliates, and their respective owners, officers, directors, agents and employees.

## ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable, except as provided in Section 6.4.

**4.2 Royalty Fee.** Franchisee shall pay Stumpy's Franchise a monthly royalty fee (the "Royalty Fee") equal to 6% of Gross Sales. The Royalty Fee for any given month is due on the fifteenth (15th) day of the following month.

**4.3 Marketing Contributions.**

(a) Marketing Fund Contribution. Franchisee shall pay Stumpy's Franchise a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to 1% of Franchisee's Gross Sales (or such lesser amount as Stumpy's Franchise determines), at the same time as the Royalty Fee.

(b) Marketing Cooperative Contribution. If the Business participates in a Marketing Cooperative, then Franchisee shall contribute to the Marketing Cooperative a percentage of Gross Sales (or other amount) an amount determined by the Market Cooperative.

**4.4 Replacement / Additional Training Fee.** If Franchisee sends an employee to Stumpy's Franchise's training program after opening, Stumpy's Franchise may charge its then-current training fee. As of the date of this Agreement, the training fee is $500 per person.

**4.5 Third Party Vendors.** If Stumpy's Franchise requires Franchisee to use a designated third-party vendor, Stumpy's Franchise has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If Stumpy's Franchise does so, it may impose a reasonable markup or charge for administering the payment program.

**4.6 Non-Compliance Fee.** Stumpy's Franchise may charge Franchisee $1,000 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Stumpy's Franchise). If such non-compliance is ongoing, Stumpy's Franchise may charge Franchisee $1,000 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Stumpy's Franchise's internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Stumpy's Franchise's other rights and remedies.

**4.7 Reimbursement.** Stumpy's Franchise may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Stumpy's Franchise does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Stumpy's Franchise within 15 days after invoice by Stumpy's Franchise accompanied by reasonable documentation.

**4.8 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Stumpy's Franchise by electronic funds transfer ("EFT") or other automatic payment mechanism as Stumpy's Franchise may require. Promptly upon Franchisor's request, Franchisee shall execute and deliver to Franchisor the EFT payment form attached to this Agreement as Attachment 4 and all pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw Franchisee's Royalty Fees and other sums payable under the terms of this Agreement.

(b) Calculation of Fees. Franchisee shall ensure that all weekly Gross Sales are updated in the computer system by Tuesday of the following week. If Franchisee fails to update its weekly Gross Sales, then Stumpy's Franchise may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to Stumpy's Franchise, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Stumpy's Franchise has the right to remotely access Franchisee's point-of-sale system and to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a $100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds and Declined Payments. Stumpy's Franchise may charge $50 for any payment returned for insufficient funds or for any credit or debit card that is declined (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Stumpy's Franchise (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Stumpy's Franchise may apply any payment received from Franchisee to any obligation and in any order as Stumpy's Franchise may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Stumpy's Franchise any fees or amounts described in this Agreement are not dependent on Stumpy's Franchise's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

## ARTICLE 5. ASSISTANCE

**5.1 Manual.** Stumpy's Franchise shall make its Manual available to Franchisee.

**5.2 Assistance in Hiring Employees.** Stumpy's Franchise shall provide its suggested staffing levels to Franchisee. Stumpy's Franchise shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

**5.3 Assistance in Training Employees.** Stumpy's Franchise shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

**5.4 Pre-Opening Assistance.**

(a) Selecting Location. Stumpy's Franchise shall provide its criteria for Stumpy's locations to Franchisee. Stumpy's Franchise will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, Stumpy's Franchise shall provide Franchisee with (i) Stumpy's Franchise's sample set of standard throwing pit specifications and/or Stumpy's recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as Stumpy's Franchise deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) Stumpy's Franchise's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, Stumpy's Franchise shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that Stumpy's Franchise accepts no responsibility for the performance of the Business.**

(d) Pre-Opening Training. Stumpy's Franchise shall make available its standard pre-opening training to the Principal Executive and up to 2 other employees, at Stumpy's Franchise's headquarters and/or at a Stumpy's business designated by Stumpy's Franchise. Stumpy's Franchise shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

(e) Market Introduction Plan. Stumpy's Franchise shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(f) On-Site Opening Assistance. Stumpy's Franchise shall have a representative support Franchisee's business opening with at least 2 days of onsite opening training and assistance.

**5.5 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, Stumpy's Franchise will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Stumpy's Franchise deems reasonable. If Stumpy's Franchise provides in-person support in response to Franchisee's request, Stumpy's Franchise may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, Stumpy's Franchise will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Stumpy's Franchise will provide Franchisee with Stumpy's Franchise's recommended administrative, bookkeeping, accounting, and inventory control procedures. Stumpy's Franchise may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Stumpy's Franchise shall manage the Marketing Fund.

(e) Internet. Stumpy's Franchise shall maintain a website for Stumpy's, which will include Franchisee's location (or territory) and telephone number.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1 Determining Location and Territory.** If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page, and submit its proposed Location to Stumpy's Franchise for acceptance, with all related information Stumpy's Franchise may request. If Stumpy's Franchise does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When Stumpy's Franchise accepts the Location, it shall issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. Stumpy's Franchise shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document.

(iii) **Stumpy's Franchise's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and Stumpy's Franchise has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Stumpy's Franchise, Franchisee must submit the proposed lease to Stumpy's Franchise for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by Stumpy's Franchise.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with Stumpy's Franchise's System Standards. If required by Stumpy's Franchise, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Stumpy's Franchise's approval of Franchisee's plans. Stumpy's Franchise may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Stumpy's Franchise or its representatives regarding any architectural, engineering or legal matters in the development and construction of the Business, and Stumpy's Franchise assumes no liability with respect thereto. Stumpy's Franchise's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

**6.4 New Franchisee Training.** Franchisee's Principal Executive must complete Stumpy's Franchise's training program for new franchisees. If the Principal Executive (i) fails to complete the initial training program to Stumpy's Franchise's satisfaction, or (ii) Stumpy's Franchise concludes, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then Stumpy's Franchise may terminate this Agreement. In such event, Stumpy's Franchise shall refund the initial franchise fee to Franchisee (less any out-of-pocket costs incurred by Stumpy's Franchise), subject to Franchisee's prior execution of a general release of liability of Stumpy's Franchise and its affiliates, in a form prescribed by Stumpy's Franchise.

**6.5 Conditions To Opening.** Franchisee shall notify Stumpy's Franchise at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee complies with the provisions of Section 6.6. of this Agreement, (2) Franchisee is in compliance with this Agreement, (3~~2~~) Franchisee has obtained all applicable governmental permits and authorizations, (4~~3~~) the Business conforms to all applicable System Standards, (5~~4~~) Stumpy's Franchise has inspected and approved the Business, (6~~5~~) Franchisee has hired sufficient employees, (7~~6~~) Franchisee's officers and employees have completed all of Stumpy's Franchise's required pre-opening training; (8~~7~~) Stumpy's Franchise has given its written approval to open, which will not be unreasonably withheld.

**6.6 Opening Date.** Franchisee shall open the Business to the public on or before the date stated on the Summary Page; however, Franchisee shall not open the Business without prior written consent from Stumpy's Franchise which Stumpy's Franchise will not unreasonably withhold its consent. Stumpy's Franchise will schedule the opening of Franchisee's Business no sooner than two (2) weeks after Franchisee receives a copy of their certificate of occupancy or temporary certificate of occupancy for Franchisee's Location.

## ARTICLE 7. OPERATIONS

**7.1 Compliance With Manual and System Standards**. Franchisee shall at all times and at its own expense comply with all System Standards and with all other mandatory obligations contained in the Manual.

**7.2 Compliance With Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3 Products, Services, and Methods of Sale.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Stumpy's Franchise in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by Stumpy's Franchise, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations.

**7.4 Prices.** Stumpy's Franchise may require Franchisee to offer products and services at specific prices determined by Stumpy's Franchise if Stumpy's Franchise is promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

**7.5 Personnel.**

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed Stumpy's Franchise's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. Stumpy's Franchise may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Stumpy's Franchise are not joint employers, and no employee of Franchisee will be an agent or employee of Stumpy's Franchise.

**7.6 Post-Opening Training.** Stumpy's Franchise may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Stumpy's Franchise. Stumpy's Franchise may charge a reasonable fee for any training programs. Stumpy's Franchise may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Guaranties and Warranties.** Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Stumpy's Franchise may require.

**7.8 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. Stumpy's Franchise may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Stumpy's Franchise may require Franchisee to reimburse Stumpy's Franchise for any expenses.

**7.9 Customer Evaluation and System Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by Stumpy's Franchise for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Stumpy's Franchise shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Stumpy's Franchise for such programs.

**7.10 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by Stumpy's Franchise (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Stumpy's Franchise. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.11 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by Stumpy's Franchise, in the manner specified by Stumpy's Franchise in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Stumpy's business. Franchisee shall comply with all procedures and specifications of Stumpy's Franchise related to gift cards, certificates, and other pre-paid system, or related to customer loyalty or customer incentive programs.

**7.12 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Stumpy's Franchise may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

**7.13 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, Stumpy's Franchise may require Franchisee to undertake and complete a Remodel of the Location to Stumpy's Franchise's satisfaction. Franchisee must complete the Remodel in the time frame specified by Stumpy's Franchise. Stumpy's Franchise may require the Franchisee to submit plans for Stumpy's Franchise's reasonable approval prior commencing a required Remodel. Stumpy's Franchise's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.14 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Stumpy's Franchise requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

**7.15 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Stumpy's Franchise in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

(i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit;

(ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and

(iii) Workers Compensation coverage as required by state law.

(b) Franchisee's policies must list Stumpy's Franchise and its affiliates as an additional insured and the policies must stipulate that Stumpy's Franchise shall receive a 30 day prior written notice of cancellation. Franchisee shall provide Certificates of Insurance evidencing the required coverage to Stumpy's Franchise prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Stumpy's Franchise.

**7.16 Suppliers and Landlord.** Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

**7.17 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Stumpy's, the Business, or any particular incident or occurrence related to the Business, without Stumpy's Franchise's prior written approval.

**7.18 Reputation Management**. Franchisee shall purchase and implement monthly listings and reputation management services from a supplier approved by Franchisor.

**7.19 Association With Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Stumpy's Franchise's prior written approval.

**7.20 No Other Activity At the Location.** Franchisee shall not engage in any activity at the Location other than operation of the Stumpy's Business. Franchisee shall not host or allow competitive hatchet or axe throwing leagues without prior written approval from Stumpy's Franchise.

**7.21 No Other Businesses.** If Franchisee is an entity, Franchisee shall not own or operate any other business except Stumpy's businesses.

**7.22 No Third Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Stumpy's Franchise, which will not be unreasonably withheld.

**7.23 No Co-Branding.** Franchisee shall not "co-brand" or associate any other business activity with the Stumpy's Business in a manner which is likely to cause the public to perceive it to be related to the Stumpy's Business.

**7.24 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Stumpy's Franchise. Franchisee must display at the Business signage prescribed by Stumpy's Franchise identifying the Location as an independently owned franchise.

## ARTICLE 8. SUPPLIERS AND VENDORS

**8.1 Generally.** Stumpy's Franchise may require Franchisee to purchase or lease any Inputs from Stumpy's Franchise, Stumpy's Franchise's designee, Required Vendors, Approved Vendors, and/or under Stumpy's Franchise's specifications. Stumpy's Franchise may change any such requirement or change the status of any vendor. To make such requirement or change effective, Stumpy's Franchise shall issue the appropriate System Standards.

~~8.1~~ **Alternate Vendor Approval.** If Stumpy's Franchise requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Stumpy's Franchise. Stumpy's Franchise may condition its approval on such criteria as Stumpy's Franchise deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Stumpy's Franchise will provide Franchisee with written notification of the approval or disapproval of any propose new vendor within 30 days after receipt of Franchisee's request.

(a) ~~**Alternate Vendor Approval.** If Stumpy's Franchise requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Stumpy's Franchise. Stumpy's Franchise may condition its approval on such criteria as Stumpy's Franchise deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Stumpy's Franchise will provide Franchisee with written notification of the approval or disapproval of any propose new vendor within 30 days after receipt of Franchisee's request.~~

**8.2 Alternate Input Approval.** If Stumpy's Franchise requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Stumpy's Franchise. Stumpy's Franchise will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

**8.3 Purchasing.** Stumpy's Franchise may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. Stumpy's Franchise may receive rebates or payments from vendors in connection with purchases by franchisees. Stumpy's Franchise may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Stumpy's Franchise may determine.

**8.4 Shortages and Unavailability.** Stumpy's Franchise shall not have liability to Franchisee for unavailability of, or delay in shipment or receipt of, any products or supplies from any vendor (including Stumpy's Franchise or its affiliates) resulting from shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the control of Stumpy's Franchise.

**8.5 Product Recalls.** If Stumpy's Franchise or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Stumpy's Franchise or the vendor, supplier, or manufacturer of such item with respect the recall, repair, or other remedy of such item.

~~**8.5**~~

## ARTICLE 9. MARKETING

**9.1 Implementation.** Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by Stumpy's Franchise. Franchisee shall implement any marketing plans or campaigns determined by Stumpy's Franchise.

**9.2 Use By Stumpy's Franchise.** Stumpy's Franchise may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to Stumpy's Franchise for such purpose.

**9.3 Marketing Fund.** Stumpy's Franchise has~~may~~ established a Marketing Fund to promote the System on a local, regional, national, and/or international level. ~~If Stumpy's Franchise has established a Marketing Fund:~~As such:

(a) Separate Account. Stumpy's Franchise shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from Stumpy's Franchise's other accounts.

(b) Use. Stumpy's Franchise shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Stumpy's Franchise reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Stumpy's Franchise's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. The Marketing Fund will be spent at Stumpy's Franchise's sole discretion, and Stumpy's Franchise has no fiduciary duty with regard to the Marketing Fund.

(d) Surplus or Deficit. Stumpy's Franchise may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, Stumpy's Franchise may loan such funds to the National Marketing Fund on reasonable terms.

(e) Financial Statement. Stumpy's Franchise will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Stumpy's Franchise's fiscal year and will provide the financial statement to Franchisee upon request.

**9.4 Marketing Cooperatives.** Stumpy's Franchise may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. Stumpy's Franchise shall not require Franchisee to be a member of more than one Market Cooperative. If Stumpy's Franchise establishes a Market Cooperative:

~~(a)~~ Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Stumpy's Franchise. Stumpy's Franchise may require the Market Cooperative to adopt bylaws or regulations prepared by Stumpy's Franchise. Unless otherwise specified by Stumpy's Franchise, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Stumpy's Franchise will be entitled to attend and participate in any meeting of a Market Cooperative. Any

(a) Stumpy's business owned by Stumpy's Franchise in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Stumpy's Franchise may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Stumpy's Franchise's approval), standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Stumpy's Franchise pursuant to Section 9.1. Stumpy's Franchise may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% of Gross Sales.

(e) Enforcement. Only Stumpy's Franchise will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Stumpy's Franchise may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

**9.5 Required Spending.** Franchisee shall spend at least 5% of Gross Sales each month on marketing the Business. Upon request of Stumpy's Franchise, Franchisee shall furnish such proof of its compliance with this Section. Stumpy's Franchise has the sole discretion to determine what activities constitute "marketing" under this Section. Stumpy's Franchise may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

**9.6 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain Stumpy's Franchise's approval of the marketing plan at least 30 days before the projected opening date of the Business.

**9.7 Internet Marketing.** Stumpy's Franchise has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and "social media" marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as Stumpy's Franchise may specify, and only with Stumpy's Franchise's consent. Stumpy's Franchise retains the right to approve any linking to or other use of Stumpy's Franchise's website. Franchisee must comply with any internet, online commerce and/or social media policy that Stumpy's Franchise may prescribe.

**~~9.7~~9.8 Special Events.** Franchisee may conduct or host special events and/or fundraisers at the

Business only after submitting to Stumpy's Franchise all materials concerning any such special event that Stumpy's Franchise may request and only after receiving written approval from Stumpy's Franchise.

## ARTICLE 10. RECORDS AND REPORTS

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Stumpy's Franchise may specify in the Manual or otherwise in writing.

**10.2 Reports.**

(a) Financial Reports. Withing 10-days after the end of each calendar quarter Franchisee shall provide such periodic financial reports as Stumpy's Franchise may require in the Manual or otherwise in writing, including:

(i) a quarterly profit and loss statement and balance sheet for the Business within 1~~3~~0 days after the end of each fiscal quarter of Stumpy's Franchise's fiscal year, and

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Stumpy's Franchise's fiscal year.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Stumpy's Franchise of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Stumpy's Franchise may request.

(c) Government Inspections. Franchisee shall give Stumpy's Franchise copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Stumpy's Franchise such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Stumpy's Franchise may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to Stumpy's Franchise a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Stumpy's Franchise's Franchise Disclosure Document and with such other information as Stumpy's Franchise may request.

**10.4 Business Records.** Franchisee shall keep accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Stumpy's Franchise may specify in the Manual or otherwise in writing.

**~~10.5~~ Records Audit.** Stumpy's Franchise may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Stumpy's Franchise may

10.5 conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Stumpy's Franchise. Franchisee shall also reimburse Stumpy's Franchise for all costs and expenses of the examination or audit if (i) Stumpy's Franchise conducted the audit because Franchisee failed to submit require reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

**10.6 Remote Access To Point of Sale System.** Franchisee shall give Stumpy's Franchise unlimited access to Franchisee's point of sale system and other software systems related to the operation of the Business, by any means designated by Stumpy's Franchise.

## ARTICLE 11. FRANCHISOR RIGHTS

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by Stumpy's Franchise. Stumpy's Franchise may supplement, revise, or modify the Manual, and Stumpy's Franchise may change, add or delete System Standards at any time in its discretion. Stumpy's Franchise may inform Franchisee thereof by any method that Stumpy's Franchise deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, Stumpy's Franchise's master copy will control.

**11.2 Inspections.** Stumpy's Franchise may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Stumpy's Franchise's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Stumpy's Franchise may videotape and/or take photographs of the inspection and the Business. Without limiting Stumpy's Franchise's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Stumpy's Franchise conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Stumpy's Franchise may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 Stumpy's Franchise's Right To Cure.** If Franchisee breaches or defaults under any provision of this Agreement, Stumpy's Franchise may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Stumpy's Franchise for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

~~11.4~~ **Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, Stumpy's Franchise may (i) require that Franchisee pay cash on delivery for products or services supplied by Stumpy's Franchise, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third party vendors to not sell or provide products or services to Franchisee. No such action by Stumpy's Franchise shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly

11.4 characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Stumpy's Franchise are in addition to any other right or remedy available to Stumpy's Franchise.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by Stumpy's Franchise. Stumpy's Franchise hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to Stumpy's Franchise all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. Stumpy's Franchise will automatically own all Innovations, and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

**11.7 Delegation.** Stumpy's Franchise may delegate any duty or obligation of Stumpy's Franchise under this Agreement to a third party.

**11.8 System Variations.** Stumpy's Franchise may vary or waive any System Standard for any one or more Stumpy's franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.9 Temporary Public Safety Closure.** If Stumpy's Franchise discovers or becomes aware of any aspect of the Business which, in Stumpy's Franchise's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Stumpy's Franchise's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Stumpy's Franchise shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## ARTICLE 12. MARKS

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Stumpy's Franchise, and only in the manner as Stumpy's Franchise may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Stumpy's Franchise.

**12.2 Change of Marks.** Stumpy's Franchise may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Stumpy's Franchise makes any such change, Franchisee must comply with the change, at Franchisee's expense.

**12.3 Infringement.**

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Stumpy's Franchise shall defend Franchisee (at Stumpy's Franchise's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) Stumpy's Franchise will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement By Third Party. Franchisee shall promptly notify Stumpy's Franchise if Franchisee becomes aware of any possible infringement of a Mark by a third party. Stumpy's Franchise may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Stumpy's Franchise shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

## ARTICLE 13. COVENANTS

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall
(a) adhere to all procedures prescribed by Stumpy's Franchise for maintaining confidentiality,
(b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Stumpy's Franchise, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and
(f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Stumpy's Franchise (except for Confidential Information which Stumpy's Franchise licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

**13.2 Covenants Not to Compete.**

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within five miles of Franchisee's Territory or the territory of any other Stumpy's business operating on the date of termination or transfer, as applicable.

~~(c)~~ Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then parties intend that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Stumpy's Franchise. Franchisee agrees that the existence of any claim it may have against Stumpy's Franchise shall not constitute a defense to the enforcement

(c) by Stumpy's Franchise of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

**13.3 Employee Recruitment.** During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Stumpy's Franchise or by any other Stumpy's franchisee.

**13.4 General Manager and Key Employees.** If requested by Stumpy's Franchise, Franchisee will cause its general manager and other key employees to sign Stumpy's Franchise's then- current form of confidentiality and non-compete agreement.

## ARTICLE 14. DEFAULT AND TERMINATION

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if Stumpy's Franchise violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Stumpy's Franchise receives written notice of termination.

**14.2 Termination by Stumpy's Franchise.**

(a) Subject to 10-Day Cure Period. Stumpy's Franchise may terminate this Agreement if Franchisee does not make any payment to Stumpy's Franchise when due, or if Franchisee does not have sufficient funds in its account when Stumpy's Franchise attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Stumpy's Franchise gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and fails to cure such breach to Stumpy's Franchise's satisfaction within 30 days after Stumpy's Franchise gives notice to Franchisee of such breach, then Stumpy's Franchise may terminate this Agreement.

(c) Without Cure Period. Stumpy's Franchise may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

(ii) Franchisee intentionally submits any false report or intentionally provides any other false information to Stumpy's Franchise;

(iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the

Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

(iv) Franchisee fails to open for business by the date specified on the Summary Page and/or according to Section 6.6 of this Agreement;

(v) Franchisee loses possession of the Location;

(vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;

(viii) Franchisee or any Owner slanders or libels Stumpy's Franchise or any of its employees, directors, or officers;

(ix) Franchise refuses to cooperate with or permit any audit or inspection by Stumpy's Franchise or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;

(x) the Business is operated in a manner which, in Stumpy's Franchise's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Stumpy's Franchise or otherwise);

(xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;

(xii) Stumpy's Franchise (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or

(xiii) Franchisee or any Owner is charged with, pleads guilty to, or is convicted of a felony, or is accused by any governmental authority or third party of any act that in Stumpy's Franchise's opinion is reasonably likely to materially and unfavorably affect Stumpy's Franchise's brand.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, and indemnity, will remain in effect, and Franchisee must immediately:

(i) pay all amounts owed to Stumpy's Franchise based on the operation of the Business through the effective date of termination or expiration;

(ii) return to Stumpy's Franchise all copies of the Manual, Confidential Information and any and all other materials provided by Stumpy's Franchise to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items;

(iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Stumpy's Franchise or any new franchisee as may be directed by Stumpy's Franchise, and Franchisee hereby irrevocably appoints Stumpy's Franchise, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Stumpy's business, to the reasonable satisfaction of Stumpy's Franchise. Franchisee shall comply with any reasonable instructions and procedures of Stumpy's Franchise for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Stumpy's Franchise may enter the Location to remove the Marks and de-identify the Location. In this event, Stumpy's Franchise will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Stumpy's Franchise.

**14.5 Other Claims.** Termination of this Agreement by Stumpy's Franchise will not affect or discharge any claims, rights, causes of action or remedies (including claims for Stumpy's Franchise's lost future income after termination), which Stumpy's Franchise may have against Franchisee, whether arising before or after termination.

**14.6 Purchase Option.** When this Agreement expires or is terminated, Stumpy's Franchise will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value, and/or to require Franchisee to assign its lease or sublease to Stumpy's Franchise. To exercise this option, Stumpy's Franchise must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Stumpy's Franchise's purchase will be of assets only (free and clear of all liens), and will not include any liabilities of Franchisee. If Stumpy's Franchise exercises the purchase option, Stumpy's Franchise may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Stumpy's Franchise to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Stumpy's Franchise may pay a portion of the purchase price directly to the lienholder to pay off such lien. Stumpy's Franchise may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. Stumpy's Franchise may assign this purchase option to another party.

## ARTICLE 15. TRANSFERS

**15.1 By Stumpy's Franchise.** Stumpy's Franchise may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Stumpy's Franchise may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Stumpy's Franchise entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Stumpy's Franchise at least 60 days prior notice of the proposed Transfer, and without obtaining Stumpy's Franchise's consent. In granting any such consent, Stumpy's Franchise may impose conditions, including, without limitation, the following:

(i) Stumpy's Franchise receives a transfer fee equal to $20,000;

(ii) the proposed assignee and its owners have completed Stumpy's Franchise's franchise application processes, meet Stumpy's Franchise's then-applicable standards for new franchisees, and have been approved by Stumpy's Franchise as franchisees;

(iii) the proposed assignee is not a Competitor;

(iv) the proposed assignee executes Stumpy's Franchise's then-current form of franchise agreement, which form may contain materially different provisions;

(v) Franchisee has paid all monetary obligations to Stumpy's Franchise in full, and Franchisee is not otherwise in default or breach of this Agreement;

(vi) the proposed assignee and its owners and employees undergo such training as Stumpy's Franchise may require;

(vii) Franchisee, its Owners, and the transferee and its owners execute a general release of Stumpy's Franchise in a form satisfactory to Stumpy's Franchise; and

(viii) the Business fully complies with all of the Stumpy's Franchise's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Stumpy's Franchise, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Stumpy's Franchise, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Stumpy’s Franchise within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 Stumpy’s Franchise’s Right of First Refusal.** Before Franchisee (or any owner) engages in a Transfer (except under Section 15.3 or Section 15.4), Stumpy’s Franchise will have a right of first refusal, as set forth in this Section. Franchisee (or its owners) shall provide to Stumpy’s Franchise a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Stumpy’s Franchise’s receipt of such copy, Stumpy’s Franchise will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Stumpy’s Franchise may substitute cash for any other form of payment). If Stumpy’s Franchise does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee’s rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an “all assets” security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## ARTICLE 16. INDEMNITY

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to Stumpy’s Franchise) Stumpy’s Franchise, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses in any Action by or against Stumpy’s Franchise and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from claims arising as a result of any Indemnitee’s misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption by Stumpy’s Franchise.** Stumpy’s Franchise may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

## ARTICLE 17. DISPUTE RESOLUTION

**17.1 Arbitration.**

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Stumpy's Franchise's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Stumpy's Franchise to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, Stumpy's Franchise and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior the expiration of the term, Stumpy's Franchise's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to Stumpy's Franchise but for the termination.

**17.3 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Stumpy's Franchise's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Stumpy's Franchise's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## ARTICLE 18. MISCELLANEOUS

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Stumpy's Franchise is not a fiduciary of Franchisee and does not control Franchisee or its Business. Stumpy's Franchise has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Stumpy's Franchise, and Stumpy's Franchise's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Stumpy's Franchise in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Stumpy's Franchise's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of New Jersey (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Stumpy's Franchise, addressed to 22 Meridian Rd, Unit 5, Eatontown, NJ 07724. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Stumpy's Franchise may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Joint and Several Liability.** If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

**18.11 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by Stumpy's Franchise does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Stumpy's Franchise.

## ARTICLE 19. CERTIFICATION OF FRANCHISOR'S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

(1) Franchisee understands all the information in Stumpy's Franchise's Disclosure Document.

(2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee's skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee's control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.

(3) That no person acting on Stumpy's Franchise's behalf made any statement or promise regarding the costs involved in operating a Stumpy's franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

(4) That no person acting on Stumpy's Franchise's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.

(5) That no person acting on Stumpy's Franchise's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a Stumpy's franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

(6) That no person acting on Stumpy's Franchise's behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.

(7) Franchisee understands that this Agreement contains the entire agreement between Stumpy's Franchise and Franchisee concerning the Stumpy's franchise, which means that any oral or written statements not set out in this Agreement will not be binding.

[*Signatures on next page*]

Agreed to by:

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ______________________________
Name: ____________________________
Title: _____________________________
Date: _____________________________

FRANCHISEE:

[*if an individual:*]

_________________________________
Name: ____________________________
Date: _____________________________

[*if an entity:*]

_________________________________

By: ______________________________
Name: ____________________________
Title: _____________________________
Date: _____________________________

~~(*Check if applicable*) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:~~

~~________Illinois~~
~~________Indiana~~
~~________Maryland~~
~~________Minnesota~~
~~________New York~~
~~________North Dakota~~
~~________Rhode Island~~
~~________Washington~~
~~________Other~~

## Attachment 1 to Franchise Agreement

## OWNERSHIP INFORMATION

1. **Form of Ownership.** Franchisee is a (check one):

_____________ *Sole Proprietorship*
_____________ *Partnership*
_____________ *Limited Liability Company*
_____________ *Corporation*

State of incorporation / organization / residence: ____________________________

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

| Name | Shares or Percentage of Ownership |
|---|---|
| | |
| | |
| | |
| | |
| | |

3. **Officers.** If Franchisee is a limited liability company or corporation:

| Name | Title |
|---|---|
| | |
| | |
| | |
| | |
| | |

**<u>Attachment 2 to Franchise Agreement</u>**

# LOCATION ACCEPTANCE LETTER

To: ______________________________

This Location Acceptance Letter is issued by Woody's Backyard Franchising, LLC for your Stumpy's franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

______________________________________________________

2. The Territory of the Business is:

______________________________________________________

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

## Attachment 3 to Franchise Agreement

## GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise").

**Background Statement:________________________**("Franchisee") desires to enter into a Franchise Agreement with Stumpy's Franchise for the franchise of a Stumpy's business (the "Franchise Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Stumpy's Franchise to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to Stumpy's Franchise and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Stumpy's Franchise, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Stumpy's Franchise upon demand from Stumpy's Franchise. Guarantor waives (a) acceptance and notice of acceptance by Stumpy's Franchise of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned;
(f) any law which requires that Stumpy's Franchise make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Stumpy's Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Stumpy's Franchise, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Stumpy's Franchise or its affiliates (except for Confidential Information which Stumpy's Franchise licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Stumpy's Franchise. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

**3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor located within five miles of Franchisee's Territory or the territory of any other Stumpy's business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then parties intend that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Stumpy's Franchise. Guarantor agrees that the existence of any claim it or Franchisee may have against Stumpy's Franchise shall not constitute a defense to the enforcement by Stumpy's Franchise of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

**4. Employee Recruitment.** During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Stumpy's Franchise or by any other franchisee of Stumpy's Franchise.

**5. Modification.** Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Stumpy's Franchise may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**6. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of New Jersey. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

_______________________________
Name: _________________________
Address: _______________________
_______________________________
_______________________________
Date: __________________________

_______________________________
Name: _________________________
Address: _______________________
_______________________________
_______________________________
Date: __________________________

_______________________________
Name: _________________________
Address: _______________________
_______________________________
_______________________________
Date: __________________________

**Attachment 4 to Franchise Agreement**

ELECTRONIC TRANSFER AUTHORIZATION

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO WOODY'S BACKYARD FRANCHISING, LLC**

Depositor hereby authorizes and requests __________________________________ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Woody's Backyard Franchising, LLC by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name: ________________________________________________________________

City: _____________________________ State: _______________ Zip Code: ___________

Transit/ ABA Number: ____________________________ Account No.: ____________________

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

____________________________________

____________________________________

____________________________________

Date Signed

____________________________________

____________________________________

Signature(s) of Depositor, as Printed Above

**Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.**

## Attachment 4 to Franchise Agreement

Optional Amendment to the Franchise Agreement for

Authorization for Purchase of Wooden Handled Hatchets

This Amendment to the Woody's Backyard Franchising, LLC Franchise Agreement ("Amendment") is made and entered into effective ________________________, by and between ________________________ (the "Franchisee") and Woody's Backyard Franchising, LLC (the "Franchisor").

### RECITALS

**WHEREAS**, Franchisee and Franchisor entered into the Woody's Backyard Franchising, LLC Franchise Agreement on ________________________ (the "Franchise Agreement");

**WHEREAS**, Franchisee has requested the opportunity to purchase wooden handled hatchets for use in its Stumpy's Hatchet House Franchised Business and Franchisor has consented to this in consideration of Franchisee's agreement to the terms herein;

**WHEREAS**, Franchisor and Franchisee desire to memorialize an Amendment to the Franchise Agreement as set forth below,

**NOW, THEREFORE**, in consideration of the mutual promises and undertaking set forth herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby mutually agree to amend the Franchise Agreement as follows:

1. The above preamble and recitals are true and correct and incorporated into this Amendment.

2. **Franchisee's Ongoing Purchase Obligations**. Franchisee must continue to purchase required amounts of approved hatchets through the Franchisor as required in Franchisee's Franchise Agreement and/or Operations Manual.

3. **Franchisor's Duties**. Franchisee acknowledges that Franchisor has not inspected or approved of suppliers that sell wooden handled hatchets and does not approve of any supplier for said purchases.

4. **Franchisee's Assumption of Risk**. Franchisee assumes all risks associated with the purchase, sale, maintenance and use of wooden handled hatchets in or associated with the Franchised Business.

5. **Franchisee Reporting**.

   a. In addition to Franchisees other reporting obligations under the Franchise Agreement, Franchisee shall, on a monthly basis, report to the Franchisor an accounting of all wooden handled hatchets purchased by or on behalf of the Franchised Business along with a full accounting of suppliers in which hatchets were purchased from, prices paid per hatchet, volume of hatchets purchased, and total number of hatchets that break or are in any way damages or rendered unusable each month. Failure to report this data to the Franchisor by the tenth (10th) calendar day of each month will be deemed a material breach of this Amendment and the Franchise Agreement. Upon notice of such breach, Franchisee shall have thirty (30) days cure such breach or Franchisor may terminate the Franchise Agreement.

b. If any injuries are sustained by an Franchisee or any of its employees or customers arising from or as result of the use of wooden handled hatchets in association with the Franchised Business, Franchisee must report such incident to the Franchisor within twenty-four (24) hours of such incident along with a detailed account of any actions Franchisee took to remedy the injury. Failure to report this data to the Franchisor within twenty-four (24) hours of such incident will be deemed a material breach of this Amendment and the Franchise Agreement and Franchisor shall have the right to withdraw its consent for Franchisee to continue purchasing and/or using such wooden handled hatchets in its Franchised Business.

6. **Franchisor's Right of Revocation**. Franchisor, in its sole discretion and for any reason or no reason whatsoever and upon sixty (60) days written notice to Franchisee, has the right to revoke its consent for Franchisee to purchase wooden handled hatchets. If Franchisor revokes its consent pursuant to this Section 5, Franchisee shall have a period not to exceed ninety (90) days after receipt of written notice of revocation of consent to use, sell or otherwise dispose of all of its inventory of wooden handled hatchets.

7. **Indemnification**. Franchisee agrees to indemnify, defend, and hold harmless Franchisor, its affiliates, and its respective shareholders, directors, officers, employees, agents, successors, and assignees (the "Franchisor Indemnified Parties") against, and to reimburse any one or more of the Franchisor Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising our of Franchisee's purchase, sale and/or use of wooden handled hatchets in connection with its Franchised Business.

For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Franchisor Indemnified Party reasonably incurs defending any claim against it, including 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 other alternative dispute resolution, regardless of whether litigation, arbitration or other alternative dispute resolution is commenced. Each Franchisor Indemnified Party may defend any claim against it at Franchisee's sole expense and may agree to settlements or take any other remedial, corrective, or other actions without consultation or consent of Franchisee.

This indemnity will continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Amendment and/or the Franchise Agreement. A Franchisor Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Amendment. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that a Franchisor Indemnified Party may recover under this Section.

8. **General Release**. As a condition of the Franchisor agreeing to the provisions within this Amendment, Franchisee must sign and be bound by the provisions of the General Release Attached hereto as "Attachment A."

9. **Remaining Articles of Franchise Agreement**. All of the terms and conditions of the Franchise Agreement shall remain in full force and effect, except as amended by this Amendment.

10. **Entire Agreement.** This Amendment and all other written agreements expressly referenced in this Amendment, represent the entire understanding and agreement between the parties on the subject matter of this Amendment and supersede all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Amendment and all other written agreements concerning this Amendment and expressly referenced in this Amendment are of any effect.

**IN WITNESS WHEREOF**, the Franchisor and Franchisee have executed this Amendment effective as of the date set forth in the preamble of this Amendment.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| **WOODY'S BACKYARD FRANCHISING, LLC** | ______________________________ |
| By:______________________________ | By:______________________________ |
| Print Name:_______________________ | Print Name:_______________________ |
| Title:____________________________ | Title:____________________________ |

# EXHIBIT C

## MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this "MUDA") is made between __________, a_________("Stumpy's Franchise") and _____________, a__________("Franchisee") on the Effective Date.

**Background Statement:** On the same day as they execute this MUDA, Stumpy's Franchise and Franchisee have entered into a Franchise Agreement for the franchise of a Stumpy's business (the "Franchise Agreement"; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Stumpy's Franchise and Franchisee desire that Franchisee develop multiple Stumpy's businesses.

**1. Multi-Unit Commitment.**

(a) Development Schedule; Fee. Franchisee shall develop and open Stumpy's businesses on the following schedule:

| Store # | Deadline for Opening | Total # of Stores to be Open and Operating On Deadline | Initial Franchise Fee |
|---|---|---|---|
| 1 | | 1 | $______ |
| 2 | | 2 | $______ |
| 3 | | 3 | $______ |
| 4 | | 4 | $______ |
| 5 | | 5 | $______ |
| | | Total Initial Franchise Fee: | |

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to Stumpy's Franchise. The Initial Franchise Fee is non-refundable except as provided in Section 6.4 of the Franchise Agreement.

**2. Form of Agreement.** For Store #1, Franchisee and Stumpy's Franchise have executed the Franchise Agreement simultaneously with this MUDA. For each additional Stumpy's franchise, Franchisee shall execute Stumpy's Franchise's then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Stumpy's business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Stumpy's business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Stumpy's business.

**3.** **Development Area.** Franchisee shall locate each Stumpy's business it develops under this MUDA within the following area:______________________________ _____________ (the "Development Area"). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Stumpy's businesses in the Development Area.

**4.** **Default and Termination.** Stumpy's Franchise may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee fails to satisfy the development schedule; or

(ii) Stumpy's Franchise has the right to terminate any franchise agreement between Stumpy's Franchise and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not Stumpy's Franchise actually terminates such franchise agreement).

**5.** **Limitation of Liability.** Franchisee's commitment to develop Stumpy's businesses is in the nature of an option only. If Stumpy's Franchise terminates this MUDA for Franchisee's default, Franchisee shall not be liable to Stumpy's Franchise for lost future revenues or profits from the unopened Stumpy's businesses.

**6.** **Conditions.** Franchisee's right to develop each Stumpy's franchise after the Store #1 is subject to the following:

(i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Stumpy's business, in the reasonable judgment of Stumpy's Franchise, and

(ii) Franchisee must be in full compliance with all brand requirements at its open Stumpy's businesses, and not in default under any Franchise Agreement or any other agreement with Stumpy's Franchise.

**7.** **Dispute Resolution; Miscellaneous.** The laws of the State of New Jersey (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. Franchisee shall not Transfer this MUDA without the prior written consent of Stumpy's Franchise, and any Transfer without Stumpy's Franchise's prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

[*Signatures on Next Page*]

Agreed to by:

FRANCHISOR:

Woody’s Backyard Franchising, LLC

By: ____________________________
Name: __________________________
Title: ___________________________
Date: ___________________________

FRANCHISEE:

[*if an individual:*]

________________________________
Name: __________________________

[*if an entity:*]

________________________________

By: ____________________________
Name: __________________________
Title: ___________________________
Date: ___________________________

**EXHIBIT D**

RIDER TO LEASE AGREEMENT

Landlord: ______________________________
Notice Address: ________________________
______________________________________
______________________________________
Telephone:_____________________________

Franchisor: Woody's Backyard Franchising, LLC
Notice Address: 22 Meridian Rd, Unit 5, Eatontown, NJ 07724
Telephone: 732-544-506

Tenant: ______________________________

Leased Premises: ________________________________________________

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Stumpy's business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Lease Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Stumpy's brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or

its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Lease Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

______________________________

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

TENANT:

______________________________

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

## EXHIBIT E

## FORM OF GENERAL RELEASE

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise").

**Background Statement**: [*describe circumstances of Release*]

Releasor agrees as follows:

**1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases Stumpy's Franchise, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, "Claims").

**2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

**3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

**4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Stumpy's Franchise reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

Agreed to by:

________________________________
Name: __________________________
Date: ___________________________

# EXHIBIT F

# FINANCIAL STATEMENTS

A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

**WOODY'S BACKYARD FRANCHISING LLC**

**WOODY'S BACKYARD FRANCHISING LLC**

DECEMBER 31, 2019 AND 2018

DECEMBER 31, 2018

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

Table of Contents

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

March 1, 2020
February 25, 2019

# INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
Woody's Backyard Franchising LLC:

## REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Woody's Backyard Franchising LLC (a limited liability company) as of December 31, 2019 and 2018, and the related statements of operations, changes in owner's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management.

I have audited the accompanying balance sheet of Woody's Backyard Franchising LLC (a limited liability company) as of December 31, 2018, and the related statements of operations, changes in owner's equity and cash flows for the period then ended. These financial statements are the responsibility of the Company's management.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion.



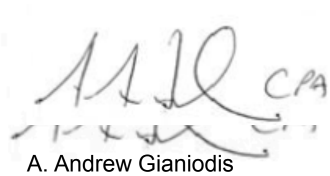
279 Niagara Falls Blvd.    Amherst, New York 14226    716 – 510-6068

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woody's Backyard Franchising, LLC (a limited liability company) as of December 31, 2018, and the results of operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.




A. Andrew Gianiodis

Certified Public Accountant

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woody's Backyard Franchising, LLC (a limited liability company) as of December 31, 2019 and 2018, and the results of operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

## Woody's Backyard Franchising LLC

### Balance Sheet
### December 31, 2018

### Assets

| | |
|---|---|
| Current assets | |
| Cash | $ 105,956 |
| Inventory | 269,232 |
| Accounts receivable | 9,305 |
| Total Current Assets | 384,493 |
| Other assets | |
| Security deposit | - |
| Start-up Costs, net of amortization | 86,005 |
| | 86,005 |
| Total Assets | $ 470,498 |

### Liabilities & Equity

| | |
|---|---|
| Current liabilities | |
| Accounts payable | $ 26,072 |
| Franchise deposits | 510,000 |
| Total current liabilities | 536,072 |
| Total liabilities | 536,072 |
| Member's Equity | |
| Member's Equity | (65,574) |
| Total equity | (65,574) |
| Total liabilities and equity | $ 470,498 |

*See accompanying notes*



## Woody's Backyard Franchising LLC



Balance Sheet
December 31, 2019 and 2018

| 2019 | 2018 |
|---|---|

Woody's Backyard Franchising LLC

Statement of Operations

Years ending December 31, 2019 and 2018

| | 2019 | 2018 |
|---|---|---|
| Revenues | | |
| Franchise income | $ 34,500 | $ 120,000 |
| Royalties | 266,568 | 320,500 |
| Sales | 861,807 | 135,240 |
| Total revenue | 1,162,875 | 575,740 |
| Cost of Sales | 529,499 | 71,505 |
| Job Supplies | 28,916 | 50,944 |
| Gross margin | 604,460 | 453,291 |
| Expenses | | |
| Advertising | 71,171 | 44,548 |
| Bank and credit card fees | 24,850 | 5,819 |
| Insurance | 40,287 | 13,156 |
| Licenses & Fees | 2,694 | 1,196 |
| Meals | 7,010 | 3,491 |
| Miscellaneous | 3,339 | 1,601 |
| Office expenses | 32,508 | 17,807 |
| Payroll expenses | 261,840 | 107,338 |
| Phone & Internet | 6,418 | 1,358 |
| Professional fees | 84,258 | 65,874 |
| Rent | 70,500 | 47,700 |
| Shipping | 44,046 | 7,894 |
| Travel | 49,046 | 15,782 |
| Utilities | 5,711 | 1,724 |
| Total expenses | 703,678 | 335,288 |
| Operating Income/(Loss) | (99,218) | 118,003 |
| Other Income/Expenses | | |
| Amortization | 5,049 | 6,168 |
| Income taxes | 600 | 900 |
| Net Income/(Loss) | $ (104,867) | $ 110,935 |

*See accompanying notes*

Woody's Backyard Franchising LLC

Statement of Operations

Year ending December 31, 2018

| | |
|---|---|
| Revenues | |
| Franchise income | $ 120,000 |
| Sales | 455,740 |
| Other revenue | - |
| Total revenue | 575,740 |
| Cost of Sales | 71,505 |
| Job Supplies | 50,944 |
| Gross margin | 453,291 |
| Expenses | |
| Advertising | 44,548 |
| Bank charges | 5,819 |
| Contractors | 16,809 |
| Insurance | 13,156 |
| Licenses & Fees | 1,196 |
| Miscellaneous | 1,601 |
| Office expenses | 17,807 |
| Payroll expenses | 107,338 |
| Phone & Internet | 1,358 |
| Professional fees | 49,065 |
| Rent | 47,700 |
| Shipping | 7,894 |
| Travel | 19,273 |
| Utilities | 1,724 |
| Total expenses | 335,288 |
| Operating Income | 118,003 |
| Other Income/Expenses | |
| Amortization | 6,168 |
| Income taxes | 900 |
| Interest expense | - |
| Net Income | $ 110,935 |

*See accompanying notes*

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# Woody's Backyard Franchising LLC

## Statement of Changes in Equity
## Year ending December 31, 2018

| | | Total Equity |
|---|---|---|
| Members' Equity at December 31, 2017 | $ | (1,410) |
| Period Adjustment | | (35,099) |
| Draws | | (140,000) |
| Net Income | | 110,935 |
| Members' equity at December 31, 2018 | $ | (65,574) |

*See accompanying notes*

## Woody's Backyard Franchising LLC

### Statement of Cash Flows

Years ending December 31, 2019 and 2018

| | 2019 | 2018 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net Income/(Loss) | $ (104,867) | $ 110,935 |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation & amortization | 5,049 | |
| Prior period adjustment | | (30,480) |
| Prepaid commissions | (81,600) | |
| Deferred revenues | 310,500 | |
| Changes in assets and liabilities | | |
| Current assets | (230,795) | (280,847) |
| Current liabilities | 179,520 | 420,314 |
| Net cash provided by operating activities | 77,807 | 219,922 |
| Cash flows from investing activities: | | |
| Other assets | (24,967) | (49,133) |
| Proceeds of Notes Receivable (net) | - | |
| Net cash provided by investing activities | (24,967) | (49,133) |
| Cash flows from financing activities: | | |
| Member Draws | (3,505) | (140,000) |
| Proceeds from Capital Infusion | - | |
| Net cash provided by investing activities | (3,505) | (140,000) |
| Net change in cash | 49,335 | 30,789 |
| Cash - beginning of period | 105,956 | 75,167 |
| Cash - end of period | $ 155,291 | $ 105,956 |
| Supplemental Disclosures | | |
| Interest Paid | - | - |
| Income Taxes Paid | 600 | 900 |

*See accompanying notes*

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## Woody's Backyard Franchising LLC

### Statement of Cash Flows

Year ending December 31, 2018

| | |
|---|---|
| Cash flows from operating activities: | |
| Net Income | $ 110,935 |
| Adjustments to reconcile net loss to net cash provided by operating activities: | |
| Amortization | 6,168 |
| Prior Period Adjustment | (35,099) |
| Changes in assets and liabilities | |
| Current assets | (278,537) |
| Current liabilities | 532,623 |
| Net cash provided by operating activities | 336,090 |
| Cash flows from investing activities: | |
| Security deposit payment | 24,699 |
| Expenditures on intangibles | (80,000) |
| Proceeds of Notes Receivable (net) | (110,000) |
| Net cash provided by investing activities | (165,301) |
| Cash flows from financing activities: | |
| Member Draws | (140,000) |
| Proceeds from Capital Infusion | - |
| Net cash provided by investing activities | (140,000) |
| Net increase in cash | 30,789 |
| Cash - beginning of period | 75,167 |
| Cash - end of period | $ 105,956 |
| Supplemental Disclosures | |
| Interest Paid | - |
| Income Taxes Paid | 900 |

*See accompanying notes*

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## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ORGANIZATION AND NATURE OF BUSINESS

The Company was organized under the laws of the State of New Jersey for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Stumpy's Hatchet House operation, as a franchise.

### BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

### REVENUE RECOGNITION

The Company accounts for revenue using the accounting method prescribed under Accounting Standards Codification 606 ("ASC") Topic Franchisors.

Deferred revenue consists of fees paid to the Company when a franchise agreement is signed. This revenue is deferred until all material services or conditions relating to the sale have been substantially performed or satisfied by the Company. The Company collected $510k of franchise fees collected and had franchise deposits from 2018 of $510k. These payments related to 12 franchises opened and operating in 2019. The Company deferred revenues at December 31, 2019 in the amount of $300.5k ($34.5k current and $276k long-term); while, $34.5k was recognized as franchisee fees. The Company continues to maintain a balance of $690k in franchise deposits.

The Company pays commissions and legal fees for certain franchise sales. In 2019, $82k had such expenditures relating to the sales of franchise sales. Prepaid expenses total $81.6k ($.4k current and $81.2k in long-term).

Royalty fees and other revenues are reported as earned.

The financial information for the year ending December 31, 2018 was not restated based on ASC 606.

### COMPANY INCOME TAXES

The Company is an LLC; as such, the Company will not be responsible for income taxes on the company level. Instead, its taxable income will be included on the owner's personal tax returns.



WOODY'S BACKYARD FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was organized under the laws of the State of New Jersey for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Stumpy's Hatchet House operation, as a franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

COMPANY INCOME TAXES

The Company is an LLC; as such, the Company will not be responsible for income taxes on the company level. Instead, its taxable income will be included on the owner's personal tax returns.

## NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2018 values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

**NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company estimates that the fair value of all financial instruments at December 31, 2019 and 2018 values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company, using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

**NOTE 3 FRANCHISE AGREEMENT**

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

**NOTE 4 SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 1, 2020, the date that the financial statements were available to be issued. The Company was taken to arbitration by a franchisee over future territory privileges. The Company received a negative preliminary judgement from the arbitrator with a maximum amount of $650k. The Company is vigorously fighting the judgement and the final amount is no determined.



WOODY'S BACKYARD FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

**NOTE 3 FRANCHISE AGREEMENT**

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

**NOTE 4 SUBSEQUENT EVENTS**

Subsequent events have been evaluated through February 25, 2019, the date that the financial statements were available to be issued.

**A. ANDREW GIANIODIS**

CERTIFIED PUBLIC ACCOUNTANT

# CONSENT OF THE INDEPENDENT AUDITOR

# CONSENT OF THE INDEPENDENT AUDITOR

Andrew Gianiodis, CPA consents to the use in the Franchise Disclosure Document issued by Woody's Backyard Franchising LLC ("Franchisor") on March 3, 2020, as it may be amended, of our report dated March 1, 2020, relating to the financial statements of the Franchisor for the years ended December 31, 2019 and 2018.

To Whom It May Concern:

Andrew Gianiodis, CPA consents to the use in the Franchise Disclosure Document issued by Woody's Backyard Franchising LLC ("Franchisor") on February 28, 2019, as it may be amended, of our report dated February 25, 2019, relating to the financial statements of Franchisor for the period ended December 31, 2018.

Sincerely,

Sincerely,

A. Andrew Gianiodis, CPA

A. Andrew Gianiodis, CPA

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

# WOODY'S BACKYARD FRANCHISING LLC

DECEMBER 31, 2017

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

## WOODY'S BACKYARD FRANCHISING LLC

Table of Contents

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

March 3, 2018

**INDEPENDENT AUDITORS' REPORT**

Board of Directors and Members of
Woody's Backyard Franchising LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Woody's Backyard Franchising LLC (a limited liability company) as of December 31, 2017, and the related statements of operations, changes in owner's equity and cash flows for the period then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion.



279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woody's Backyard Franchising, LLC (a limited liability company) as of December 31, 2017, and the results of operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

CPA

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

# Woody's Backyard Franchising LLC

## Balance Sheet
## December 31, 2017

### Assets

| | |
|---|---|
| Current assets | |
| Cash | $ 75,167 |
| Accounts receivable | - |
| Total Current Assets | 75,167 |
| Other assets | |
| Security deposit | 36,872 |
| | 36,872 |
| Total Assets | $ 112,039 |

### Liabilities & Equity

| | |
|---|---|
| Current liabilities | |
| Accounts payable | $ 3,449 |
| Total current liabilities | 3,449 |
| Due to onwer | 110,000 |
| Total liabilities | 113,449 |
| Member's Equity | |
| Member's Equity | (1,410) |
| Total equity | (1,410) |
| Total liabilities and equity | $ 112,039 |

*See accompanying notes*

# Woody's Backyard Franchising LLC

## Statement of Operations
## Period ending December 31, 2017

| | | |
|---|---|---|
| Revenues | | |
| Franchise income | $ | 103,925 |
| Other revenue | | - |
| Total revenue | | 103,925 |
| Cost of Sales | | 57,035 |
| Gross margin | | 46,890 |
| Expenses | | |
| Advertising | | 13,677 |
| Bank charges | | 595 |
| Commissions | | - |
| Computer and internet | | - |
| Consulting | | - |
| Dues and subscriptions | | - |
| Insurance | | 3,051 |
| Miscellaneous | | 99 |
| Office expenses | | 499 |
| Payroll expenses | | - |
| Professional fees | | 21,726 |
| Rent | | 12,819 |
| Travel | | 834 |
| Total expenses | | 53,300 |
| Operating Loss | | (6,410) |
| Income taxes | | 100 |
| Interest expense | | - |
| Net Loss | $ | (6,510) |

*See accompanying notes*

## Woody's Backyard Franchising LLC

### Statement of Changes in Equity
### Period ending December 31, 2017

| | Total Equity |
|---|---|
| Members' Equity at February 21, 2017 | $ - |
| Equity Infusion | 5,100 |
| Draws | - |
| Net Loss | (6,510) |
| Members' equity at December 31, 2017 | $ (1,410) |

*See accompanying notes*

# Woody's Backyard Franchising LLC

## Statement of Cash Flows
## Period ending December 31, 2017

| | | |
|---|---|---|
| Cash flows from operating activities: | | |
| Net Loss | $ | (6,510) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation & amortization | | - |
| Changes in assets and liabilities | | |
| Current assets | | - |
| Current liabilities | | 3,449 |
| Net cash provided by operating activities | | (3,061) |
| Cash flows from investing activities: | | |
| Security deposit payment | | (36,872) |
| Proceeds of Notes Receivable (net) | | 110,000 |
| Net cash provided by investing activities | | 73,128 |
| Cash flows from financing activities: | | |
| Member Draws | | - |
| Proceeds from Capital Infusion | | 5,100 |
| Net cash provided by investing activities | | 5,100 |
| Net increase in cash | | 75,167 |
| Cash - beginning of period | | - |
| Cash - end of period | $ | 75,167 |
| Supplemental Disclosures | | |
| Interest Paid | | - |
| Income Taxes Paid | | 100 |

*See accompanying notes*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ORGANIZATION AND NATURE OF BUSINESS

The Company was organized under the laws of the State of New Jersey for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Stumpy's Hatchet House operation, as a franchise.

### BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

### REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

### COMPANY INCOME TAXES

The Company is an LLC; as such, the Company will not be responsible for income taxes on the company level. Instead, its taxable income will be included on the owner's personal tax returns.

## NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2017 values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

## NOTE 3 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

## NOTE 4 SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 3, 2018, the date that the financial statements were available to be issued.

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

# CONSENT OF THE INDEPENDENT AUDITOR

To Whom It May Concern:

Andrew Gianiodis, CPA consents to the use in the Franchise Disclosure Document issued by Woody's Backyard Franchising LLC ("Franchisor") on March 5, 2018, as it may be amended, of our report dated March 3, 2018, relating to the financial statements of Franchisor for the period ended December 31, 2017.

Sincerely,

AAG CPA

A. Andrew Gianiodis, CPA

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

# EXHIBIT G

# OPERATING MANUAL TABLE OF CONTENTS

**EXHIBIT H**

**CURRENT AND FORMER FRANCHISEES**

Current Franchisees

Names of all current franchisees (as of December 31, 201~~9~~8) and the address and telephone number of each of their outlets:

| **Name** | **Address** | **Phone** |
|---|---|---|
| Milton Delgado, Exan Correa, Anne Correa & Hector Correa | 819 Middletown Warwick Rd. Middletown, DE 19709 | (302) 378-4737 |
| Matthew Donahue ~~and~~& Shaun Donahue | 8462 Palm Parkway Orlando, FL 32836 | (617) 485-7481 |
| Brendan Wehnann | 13353 West Hillsborough Ave. Tampa, FL 33635 | (813) 510-4478 |
| Rick & Anna Smith* | 4635 Wedgewood Blvd., Suite 101, Fredrick, MD 21703 | (301) 678-8679 |
| Brad Wurtz, Andrew Titus, David Rzepski & Ted Clements | 1 W. Pennsylvania Ave., Suite 117, Towson, MD 21204 | (215) 919-5758 |
| Kimberly & Bryan Besse | 75 Ferry Street Falls River, MA 02721 | (774) 488-4583 |
| Jason & Julie Malandro | 5029 US 130 Delran, NJ 08705 | (856) 872-2052 |
| Armondo DiReinzo | 373 US-46 West, Suite D140 Fairfield, NJ 07004 | (908) 432-5880 |
| Mark Milan* | 159 Route 22 East Green Brook, NJ 08812 | (732) 241-4949 |
| ~~Armondo DiReinza~~ | ~~373 US-46 West, Suite D140 Fairfield, NJ 07004~~ | ~~(908) 432-5880~~ |
| Scott & Alissa Kuppe & Stephen & Clara Kuppe | 745 Alexander Road Princeton, NJ 08540 | (609) 436-9737 |
| Armondo DiReinzo | 107 Pleasant Ave. Upper Saddle River, NJ 07458 | (201) 962-7363 |
| Jennifer Runyon & Michael Keely | 1501 Grundy Lane Bristol, PA 19007 | (732) 267-1202 |

| | | |
|---|---|---|
| Joe Fritsche | 405 Granite Run Dr., Suite 405<br>Lancaster, PA 17601 | (717) 826-9960 |
| Brad Wurtz, Andrew Titus, David Rzepski ~~and~~& Ted Clements | 706 East Market Street<br>West Chester, PA 19382 | (215) 919-5758 |
| Andrew Titus, Brad Wurtz, David Rzepaki & Ted Clements | 370 West Las Colinas Blvd., Suite 120, Irving, TX 75039 | (972) 954-2121 |
| LisaMarie Leadens | 758 Isom Road<br>San Antonio, TX 78216 | (210) 693-6900 |

| ~~Name~~ | ~~City~~ | ~~State~~ | ~~Phone~~ |
|---|---|---|---|
| ~~Andrew Titus, Brad Wurtz, David Rzepski and Chase Villafana~~ | ~~Los Angeles~~ | ~~CA~~ | ~~(215) 919-5758~~ |
| ~~Andrew Titus, Brad Wurtz, David Rzepaki and Ted Clements~~ | ~~Irvine~~ | ~~CA~~ | ~~(215) 919-5758~~ |
| ~~Matthew Donahue and Shaun Donahue~~ | ~~Orlando~~ | ~~FL~~ | ~~(617) 485-7481~~ |
| ~~Kevin & Helena Cunningham~~ | ~~Baton Rouge~~ | ~~LA~~ | ~~(225) 268-2730~~ |
| ~~Kimberly & Bryan Besse~~ | ~~Falls River~~ | ~~MA~~ | |
| ~~Rick & Anna Smith~~ | ~~Fredrick~~ | ~~MD~~ | ~~(301) 908-8653~~ |
| ~~Brad Wurtz, Andrew Titus, David Rzepski and Ted Clements~~ | ~~Inner Harbor~~ | ~~MD~~ | ~~(215) 919-5758~~ |
| ~~Mark Milan~~ | ~~Green Brook~~ | ~~NJ~~ | ~~(732) 241-4949~~ |
| ~~Armondo DiReinza~~ | ~~Fairfield~~ | ~~NJ~~ | ~~(908) 432-5880~~ |
| ~~Scott & Alisa Kuppe and Stephen & Clara Kuppe~~ | ~~Princeton~~ | ~~NJ~~ | |
| ~~Ruben Guerrero and Hansel Baez~~ | ~~Yonkers~~ | ~~NY~~ | |
| ~~Jennifer Runyon & Michael Keely~~ | ~~Bristol~~ | ~~PA~~ | ~~(732) 267-1202~~ |
| ~~Brad Wurtz, Andrew Titus, David Rzepski and Ted Clements~~ | ~~Philadelphia~~ | ~~PA~~ | ~~(215) 919-5758~~ |
| ~~Brad Wurtz, Andrew Titus, David Rzepski and Ted Clements~~ | ~~West Chester~~ | ~~PA~~ | ~~(215) 919-5758~~ |
| ~~Tom Tourish and Jason Liszweski~~ | ~~Lansdale~~ | ~~PA~~ | ~~(215) 696-9192~~ |
| ~~Daniel and Christine Poane~~ | ~~Austin~~ | ~~TX~~ | ~~(848) 448-3630~~ |
| ~~LisaMarie Leadens~~ | ~~San Antonio~~ | ~~TX~~ | ~~(210) 693-6900~~ |

*Operating under a Multi-Unit Development Agreement

Names of all current franchisees (as of December 31, 2019) that have signed a franchise agreement but have not yet opened.

| **Name** | **Location** | **Phone** |
|---|---|---|

| | | |
|---|---|---|
| Adriana & Eric Lashelle | Huntington Beach, CA | (949) 285-3152 |
| ~~Andrew Titus, Brad Wurtz, David Rzepaki and Ted Clements~~ | ~~Irvine, CA~~ | ~~(215) 919-5758~~ |
| Andrew Titus, Brad Wurtz, David Rzepski ~~and~~& Chase Villafana | ~~Los Angeles~~Irvine, CA | (215) 919-5758 |
| Nicholas & Sharon Toth | Hartford, CT | (850) 895-7700 |
| Michael Ewals & Catherine Sullivan | Cocoa, FL | (321) 735-8578 |
| Jan Daniel Jacobus Greef & Lori Starling Greef | Columbus, GA | (706) 341-9373 |
| Kevin & Helena Cunningham | ~~Baton Rouge~~New Orleans, LA | (225) 268-2730 |
| ~~Brad Wurtz, Andrew Titus, David Rzepski and Ted Clements~~ | ~~Baltimore, MD~~ | ~~(215) 919-5758~~ |
| ~~Rick & Anna Smith*~~ | ~~4635 Wedgewood Blvd Suite 101~~ | ~~(301) 908-8653~~ |
| Andrew Titus, Brad Wurtz, David Rzepaki & Ted Clements | Columbia, MD | (443) 774-0110 |
| Jonathan & Erica Wendroff | Minneapolis, MN | (612) 268-9641 |
| Mark Milan* | Hudson County, NJ | (732) 241-4949 |
| Dave Ferber | Nassau County, NY | (917) 771-4075 |
| Ruben Guerrero & Hansel Baez | Yonkers, NY | (917) 754-1112 |
| Erin Marie Parker-Samlock, Michael Stephen & Paula Ann Uden, & Sara Laue & Scott William Beilharz | Erie, PA | (814) 528-5005 |
| Grady Summers & Daniel Dalton | Hershey, PA | (717) 489-2113 |
| Tom Tourish & Jason Liszewski | Montgomery County, PA | (610) 405-4721 |
| Daniel & Christine Poane | Austin, TX | (848) 448-3630 |
| Devin & Kristen Parks | Fort Worth, TX | (817) 583-2862 |

| | | |
|---|---|---|
| Anthony & Heather Hare | Plano, TX | (214) 675-4379 |
| Scott & Michelle Irwin & Chad & Shawna Latino | Waco, TX | (254) 300-7677 |
| Jacquelynn Jury | Fairfax/Arlington, VA | (215) 919-5758 |
| Rick & Anna Smith* | Leesburg, VA | (301) 678-8679 |
| Andrew Titus, Brad Wurtz, David Rzepaki, Ted Clements & Joseph Scymczak II | Richmond, VA | (215) 919-5758 |

*Operating under a Multi-Unit Development Agreement

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year (2018) or who have not communicated with us within 10 weeks of the disclosure document issuance date:

NONE

# EXHIBIT I

# STATE ADDENDA TO DISCLOSURE DOCUMENT

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of California only, this Disclosure Document is amended as follows:

**Risk Factors**

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

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

**Item 3**

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

**Item 6**

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

**Item 17**

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

**California Law Regarding Termination, Transfer, and Nonrenewal**. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

**Termination Upon Bankruptcy**. 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.).

**Post-Termination Noncompetition Covenants**. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

**Arbitration.** The franchise agreement requires binding arbitration. The arbitration will occur at Eatontown, New Jersey, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

**Applicable Law.** The franchise agreement requires application of the laws of the State of New Jersey. This provision may not be enforceable under California law.

**Modification.** Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

**General Releases.** You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

**Item 19**

The following is added to Item 19:

**The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Stumpy's business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.**

## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of

Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _______

2. A proposed registration or filing is or will be shortly on file in the following states: ___________________________________

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

The following is added to Item 17(f):

> The conditions under which you can be terminated and your rights on non- renewal may be affected by Illinois law, 815 ILCS 705/1-44.

The following is added to Item 17(u), (v), and (w):

> Illinois law will govern any franchise agreement if (i) an offer to sell or buy a franchise is made in Illinois and accepted within or outside of Illinois, or (ii) an offer to sell or buy a franchise is made outside of Illinois and accepted in Illinois, or (iii) the offeree is domiciled in Illinois, or (iv) the franchised business is or will be located in Illinois.
>
> Any condition of the franchise agreement that designates litigation, jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois provided the franchise agreement may provide for arbitration in a forum outside of Illinois.
>
> Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of Illinois law is void.

## MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 5:

Based on our financial condition, the Securities Division of the Maryland Office of the Attorney General has required a financial assurance. We have obtained a surety bond in the amount of $153,000 that is on file with the Maryland Securities Division in connection with the offering in this Disclosure Document and our Unit Offering.

~~The following is added to Item 11:~~

~~Fees related to advertising are to be raised and spent as follows: __________________________. You may obtain an accounting of advertising expenditures by the Marketing Fund by making a written request to us.~~

The following is added to Item 17:

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.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.
~~Pursuant to COMAR 02-02-08-16L, 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.~~

~~You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.~~

~~You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.~~

~~The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.~~

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Item 5 of the Disclosure Document is amended in part by the addition of the following: The Minnesota Department of Commerce requires that we defer collection of all initial franchise fees and development fees until your business opens.

- 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.

- 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.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION**

**WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows: ITEM 3:

LITIGATION

None of the Franchisor, its Predecessor, or any person identified in Item 2 or an affiliate offering franchises under the Franchisor's principal trademark:

(A) Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations, nor has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

(B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise; anti-fraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive practices; or comparable allegations.

(C) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

ITEM 4: BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (or any comparable foreign law); (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

ITEM 5: INITIAL FEES

We use the proceeds from initial fees to defray a portion of our expenses in connection with the sale and establishment of franchises, such as: (1) costs related to developing and improving our services; (2) expenses of preparing and registering this disclosure document; (3) legal fees; (4) accounting fees; (5) costs of obtaining and screening franchisees; and, (6) general administrative and operational expenses.

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

(d) The franchisee may terminate the agreement on any grounds available by law.

(j) However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

(w) The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business law of the state of New York.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows: THE

SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows: Item 17, summary columns for (v) and (w) are amended to add the following:

> Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows: The following statements are added to Item 17(h):

> Under 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 do 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.
>
> Under 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 right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

## WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

# EXHIBIT J

# STATE ADDENDA TO FRANCHISE AGREEMENT

**ILLINOIS RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated______________________(the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and_________________________, a ________ ____________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

**2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

**3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

**4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois (including, but is not limited to, statements involving unregistered earnings claims, timely disclosure, warranty, material misrepresentations or limitation of liability) is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

______________________________

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

## INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated______________________(the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and_________________________, a ________ ____________ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. **Certain Provisions Deleted**. Any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official

price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

______________________________

By: __________________________
Name: ________________________
Title: _________________________
Date: _________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: __________________________
Name: ________________________
Title: _________________________
Date: _________________________

## MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated______________________(the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and_________________________, a ________ ____________ ("Franchisee").

**1.** **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

**2.** **No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, Stumpy's Franchise shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve Stumpy's Franchise or any other person from liability under the Maryland Franchise Law.

**3.** **No Release of Liability.** Pursuant to COMAR 02-02-08-16L, 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.

**4.** **Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

**5.** **Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

**6.** **Surety Bond.** Based on our financial condition, the Securities Division of the Maryland Office of the Attorney General has required a financial assurance. We have obtained a surety bond in the amount of $153,000 that is on file with the Maryland Securities Division in connection with the offering in this Disclosure Document and our Unit Offering.

**7.** 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.

[*Signatures on following page*]

~~5.~~

~~**6. Effective Date.** This Rider is effective as of the Effective Date.~~

Agreed to by:

FRANCHISEE:

_______________________________

By: ___________________________
Name: _________________________
Title: _________________________
Date: _________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: _________________________
Date: _________________________

## MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated______________________(the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and_________________________, a ________ ____________ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. **Amendments.** The Agreement is amended to comply with the following:

- The Minnesota Department of Commerce requires that Stumpy's Franchise defer collection of all initial franchise fees and development fees until Franchisee's business opens.

- 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.

- 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.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

**3.** **<u>Effective Date</u>.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

______________________________

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

# NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated______________________(the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and_________________________, a ________ ____________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Stumpy's Franchise or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3 Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Stumpy's Franchise with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

______________________________

By: ___________________________
Name: _________________________
Title: _________________________
Date: _________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: _________________________
Date: _________________________

# NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated______________________(the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and_________________________, a ________ ____________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

______________________________

By: __________________________
Name: ________________________
Title: _________________________
Date: _________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: __________________________
Name: ________________________
Title: _________________________
Date: _________________________

## RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated______________________(the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and_________________________, a ________ ____________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

______________________________

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

## WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
## AND
## RIDER TO FRANCHISE AGREEMENT

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.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

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 limitation period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Agreed to by:

FRANCHISEE:

______________________________

By: __________________________
Name: ________________________
Title: _________________________
Date: _________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: __________________________
Name: ________________________
Title: _________________________
Date: _________________________

# EXHIBIT K

# STATE ADDENDA TO MULTI-UNIT DEVELOPMENT AGREEMENT

## ILLINOIS RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated ____________________ (the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and ________________________, a ________ ___________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

**2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

**3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

**4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| ____________________________ | WOODY'S BACKYARD FRANCHISING, LLC |
| By: ________________________ | By: ________________________ |
| Name: ______________________ | Name: ______________________ |
| Title: _______________________ | Title: _______________________ |
| Date: _______________________ | Date: _______________________ |

## INDIANA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated ____________________ (the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and ________________________, a ________ ____________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Deleted**. To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new

models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3.** **<u>Effective Date</u>.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| ______________________________ | WOODY'S BACKYARD FRANCHISING, LLC |
| By: ___________________________ | By: ___________________________ |
| Name: _________________________ | Name: _________________________ |
| Title: __________________________ | Title: __________________________ |
| Date: __________________________ | Date: __________________________ |

## MARYLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated ____________________ (the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and ________________________, a ________ ____________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

**2. No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, Stumpy's Franchise shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve Stumpy's Franchise or any other person from liability under the Maryland Franchise Law.

**3. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, 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.

**4. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

**5. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

**6. Surety Bond.** Based on our financial condition, the Securities Division of the Maryland Office of the Attorney General has required a financial assurance. We have obtained a surety bond in the amount of $153,000 that is on file with the Maryland Securities Division in connection with the offering in this Disclosure Document and our Unit Offering.

7. 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.

[*Signatures on following page*]

~~**6. Effective Date.** This Rider is effective as of the Effective Date.~~

Agreed to by:

FRANCHISEE:

______________________________

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

**MINNESOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated ____________________ (the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and _________________________, a ________ ____________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

- The Minnesota Department of Commerce requires that Stumpy's Franchise defer collection of all initial franchise fees and development fees until Franchisee's business opens.

- 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.

- 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.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

______________________________

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

## NEW YORK RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated ____________________ (the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and ________________________, a ________ ____________ ("Franchisee").

**1.** **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2.** **Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Stumpy's Franchise or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3** **Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Stumpy's Franchise with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4.** **Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5.** **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| ______________________________ | WOODY'S BACKYARD FRANCHISING, LLC |
| By: __________________________ | By: __________________________ |
| Name: ________________________ | Name: ________________________ |
| Title: _________________________ | Title: _________________________ |
| Date: _________________________ | Date: _________________________ |

**NORTH DAKOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated ____________________ (the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and ________________________, a ________ ____________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_______________________________

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

**RHODE ISLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated ____________________ (the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and ________________________, a ________ ____________ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

______________________________

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

## WASHINGTON RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated ____________________ (the "Agreement"), between Woody's Backyard Franchising, LLC, a New Jersey Limited Liability Company ("Stumpy's Franchise") and ________________________, a ________ ____________ ("Franchisee").

The state of Washington has a statute, RCW 19.100.180 which may supersede this 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 this Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

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 limitation period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Agreed to by:

FRANCHISEE:

______________________________

By: ___________________________
Name: _________________________
Title: _________________________
Date: _________________________

FRANCHISOR:

WOODY'S BACKYARD FRANCHISING, LLC

By: ___________________________
Name: _________________________
Title: _________________________
Date: _________________________

## STATE EFFECTIVE DATES

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

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

| **State** | **Effective Date** |
|---|---|
| California | Pending |
| Hawaii | |
| Illinois | |
| Indiana | |
| Maryland | Pending |
| Michigan | Pending |
| Minnesota | Pending |
| New York | Pending |
| North Dakota | |
| Rhode Island | Pending |
| South Dakota | |
| Virginia | Pending |
| Washington | |
| Wisconsin | |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

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

If Woody's Backyard Franchising, LLC 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. New York and Rhode Island require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Woody's Backyard Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Mrs. Trish Oliphant | 22 Meridian Rd, Unit 5, Eatontown, NJ 07724 | 732-544-5069 |
| John Naylor | 22 Meridian Rd, Unit 5, Eatontown, NJ 07724 | 866-844-7002 |

Issuance Date: March 3, 2020~~February 28, 2019~~

I received a disclosure document dated March 3, 2020 ~~February 28, 2019~~ that included the following Exhibits:

A. State Administrators and Agents for Service of Process
B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
C. Multi-Unit Development Agreement
D. Rider to Lease Agreement
E. Form of General Release
F. Financial Statements
G. Operating Manual Table of Contents
H. Current and Former Franchisees
I. State Addenda to Disclosure Document
J. State Addenda to Franchise Agreement
K. State Addenda to Multi-Unit Development Agreement

Signature: ____________________________
Print Name: ___________________________
Date Received: _________________________

**Keep This Copy For Your Records**

**RECEIPT**

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

If Woody's Backyard Franchising, LLC 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. New York and Rhode Island require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Woody's Backyard Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Mrs. Trish Oliphant | 22 Meridian Rd, Unit 5, Eatontown, NJ 07724 | 732-544-5069 |
| John Naylor | 22 Meridian Rd, Unit 5, Eatontown, NJ 07724 | 866-844-7002 |

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E. Form of General Release
F. Financial Statements
G. Operating Manual Table of Contents
H. Current and Former Franchisees
I. State Addenda to Disclosure Document
J. State Addenda to Franchise Agreement
K. State Addenda to Multi-Unit Development Agreement

Signature: ___________________________
Print Name: __________________________
Date Received: ________________________

**Return this copy to us.**

**Woody's Backyard Franchising, LLC**
**22 Meridian Rd, Unit 5, Eatontown, NJ 07724**