FRANCHISE DISCLOSURE DOCUMENT
The Cake Slice Franchising, LLC
A Nevada limited liability company
1921 Quail Creek Court
Reno, Nevada 89519
Tel: (775) 830-9121
thecakeslicebymk.franchise@yahoo.com
www.thecakeslicebyMK.com

The franchise that we offer is for The Cake Slice, a specialty cake shop that sells homemade butter cake slices, cupcakes, cakes, and other menu items. We offer individual unit The Cake Slice shop franchises and area development franchises for the development of multiple shops within a designated territory.

The total investment necessary to begin operation of a The Cake Slice shop that is a production shop under a franchise agreement is $137,600 to $391,900~~136,600 to $389,900~~. This includes $36,200 to $36,500 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a The Cake Slice shop that is a service shop under a franchise agreement is $~~96~~97,~~600~~ 200 to $~~154~~156,~~400~~000. This includes $36,200 to $36,500 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a The Cake Slice shop under a multi-unit development agreement is $136,600 to $569,900. This includes $36,200 to $36,500 that must be paid to the franchisor or its affiliates, along with a $20,000 development area fee for each additional shop established under the multi-unit development agreement.

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

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Michelle Kitchen, The Cake Slice Franchising, LLC, 1921 Quail Creek Court, Reno, Nevada 89519, and (775) 830-9121.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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: February 10, 2023

The Cake Slice™

Franchise Disclosure Document

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EXHIBITS

Gini Brent, Retail Training and Support
Gini Brent is our Retail Training and Support and has served in this role since our formation on December 22, 2022. Since February 2020 and continuing to date, Ms. Brent has served as Storefront Manager of our affiliate, Custom Cakes by Kitchen, LLC dba The Cake Slice, located in Reno, Nevada.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

Our Chief Executive Officer, Michelle Kitchen, filed a bankruptcy petition under the liquidation provisions of Chapter 7 of the United States Bankruptcy Code on May 13, 2013, in the United States Bankruptcy Court, Eastern District of Nevada (Reno), captioned Michelle Bosler, Bankruptcy Petition Number 13-50947-btb. On August 20 2013, the bankruptcy court entered a discharge.

ITEM 5
INITIAL FEES

Franchise Agreement
When you sign a Franchise Agreement you will pay to us a non-refundable initial franchise fee in the amount of $35,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is fully earned by us upon payment. The method we use to calculate the Initial Franchise Fee is uniform for all franchises that we offer through this Disclosure Document.

Opening Inventory
You must purchase your opening inventory of certain System Supplies from us, our affiliate, or our designated suppliers. We estimate that your initial opening inventory of System Supplies that you must purchase from us or our affiliates will range between $1,200 to $1,500. Your initial opening inventory fees will be fully earned by us upon payment. ~~and~~ are non-refundable and are uniformly calculated for all franchises.~~e.~~

Multi-Unit Development Agreement
If you sign a Multi-Unit Development Agreement, you must pay a fixed non-refundable development area fee (the "Development Area Fee") in the amount of $20,000 for each additional Shop, over and above your first Shop, authorized for development under the Multi-Unit Development Agreement. The minimum number of Shops that you may agree to develop is three and the maximum is 10. The Development Area Fee is in addition to the Initial Franchise Fee of $35,000 that will pay to us at the time of signing the Franchise Agreement for your first Shop. At the time of signing the Franchise Agreement for each additional Shop authorized by the Multi-Unit Development Agreement, over and above your first Shop, you will not be required to pay us an additional initial franchise fee. The Development Area Fee is fully earned by us upon payment and represents consideration for a designated development area. The method we use to calculate the Development Area Fee is uniform for all franchises that we offer through this Disclosure Document.

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ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty (Notes 2 and 3)	6% of Gross Sales	Weekly on the Thursday of each week for the preceding week	Will be debited automatically from your bank account by ACH or other means designated by us.
Brand Development Fund (Note 4)	2% of Gross Sales	Weekly on the Thursday of each week for the preceding week	Will be debited automatically from your bank account by ACH or other means designated by us.
Franchisee Directed Local Marketing (Note 5)	2% of Gross Sales	As incurred	Must be spent by you monthly on pre-approved marketing within your designated territory.
POS System (Note 6)	Currently 3% per sales transaction	Monthly as invoiced	Monthly license for point of sale system. Payable to us or supplier as we designate.
~~Online Ordering, Customer Rewards, and Gift Cards (Note 7)~~	~~Currently not implemented by us but may be implemented in the future~~	~~As invoiced and as incurred~~	~~Fees for access to ordering and other systems we designate for online ordering, customer rewards, and/or gift card system management and redemption.~~
~~Technology (Note 8)~~	~~Up to $500 per month, currently not assessed~~	~~Monthly as invoiced~~	~~Will be debited automatically from your bank account by ACH or other means designated by us.~~
~~Local and Regional Advertising Cooperatives (Note 9)~~	~~Up to 2% of monthly Gross Sales, currently not assessed~~	~~As established by cooperative members~~	~~If we authorize an Advertising Cooperative, fees that you pay to the cooperative will count to the satisfaction of your Franchisee Directed Local Marketing Requirements.~~
Annual Conference Attendance Fee	~~Our then current conference fee. N~~Not greater than $1,500	When invoiced and before conference	Applies to conference fee for an annual System conference. Our Annual Conference Attendance Fee is for you or your Managing Owner and one designated manager at no additional charge.
Additional Employee Initial Training	~~Our then current training fee, currently~~	When invoiced and prior to training	Our initial pre-opening training is provided at no additional cost for you or your Managing Owner and one

	$300 per person per day		designated manager at no additional charge. This fee applies to additional individuals that we authorize to attend training. You are responsible for all fees, wages, and expenses associated with attendance.
Supplemental On-Site Training	~~Our then current daily rate per trainer. plus expenses we incur. Current rate is~~ $300 per day plus expenses	When invoiced and prior to training	If you request or we require on-site training at your Shop, you must pay our then current trainer fee plus our expenses related to travel and accommodations.
Interest	18% per annum from due date	On demand	Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same.
Reporting Non-Compliance	$150 per occurrence	14 days of invoice	Payable for failure to timely submit Royalty and Activity Reports, and other reports and financial statements as required under Franchise Agreement.
Operations Non-Compliance	$450 to $1,000 per occurrence	14 days of invoice	Payable for failure to comply with operational standards as required and specified under Franchise Agreement, plus inspection and re-inspection costs incurred by us.
Payment Non-Compliance	$150 per occurrence	14 days of invoice	Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees.
Audit	Cost of audit	On demand	For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Quality Assurance Audit	Actual costs incurred by us or fees designated by us	As invoiced	Payable if we engage a third party to perform periodic quality assurance audits, including mystery shopper programs.

Collections	Actual ~~fees,~~ costs~~,~~ and expenses	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Franchise Agreement or a termination of the Franchise Agreement. Includes costs and expenses of re-inspections required by quality assurance audit.
NSF Check Fee or Failed Electronic Fund Transfer	5% of amount or $50, whichever is greater, or maximum fee allowed by law	On demand	Payable if your bank account possesses insufficient funds and/or fails to process a payment or transfer related to a fee due from you to us.
Non-Compliance	Actual ~~fees,~~ costs~~,~~ and expenses	On demand	Fees, costs and expenses incurred by us as a result of your breach or noncompliance with the terms of your Franchise Agreement.
Supplier Evaluation	Actual ~~fees,~~ costs~~,~~ and expenses	Within 14 days of invoice	You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval.
Management Service	Actual costs incurred by us	As invoiced	Payable if we elect to manage the Franchised Business due to a failure by you to have the Franchised Business managed by an authorized Managing Owner or Manager.
Transfer	$15,000	On demand	Payable if we approve your transfer request and upon signing our then current Franchise Agreement.
Renewal	$10,000	On signing renewal Franchise Agreement	Payable if we approve your renewal request and upon signing our then current Franchise Agreement.
Credit Card Processing Fee	Actual fees	On demand	Payable upon receipt of invoice

Explanatory Notes to Item 6

Note 1: Type of Fee – The above table describes fees and payments that you must pay to us, our affiliates, or that our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for all franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified. If you enter into a Multi-Unit Development Agreement or open multiple Shops then these fees shall apply, respectively, to each and every Shop. Payment is subject to our specification and instruction, including, our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 7) permitting us to electronically debit your designated bank account for payment of all fees payable to us and/or our affiliates. You must deposit the Gross Sales of your Shop into the designated bank accounts that are subject to our ACH authorization. ~~You must install and use, at your expense, the pre-authorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your Shop. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account.~~

Note 2: Royalty Fees – The royalty fee is a continuing weekly fee equal to 6% (the "Royalty Rate") of your weekly Gross Sales (the "Royalty Fee"). If any federal, state or local tax other than an income tax is imposed on the Royalty Fee which we cannot directly, and dollar for dollar, offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective Royalty Fees received by us is not less than 6% of your Gross Sales.

Note 3: Gross Sales – "Gross Sales" means the total dollar sales from all business and customers of your Shop and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or Corporate Entity from business conducted or which started in, on, from or through your Shop and/or your Shop Location, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales include the total gross amount of revenues and sales from whatever source derived from and/or derived by you (including any person and/or Corporate Entity acting on your behalf) from business conducted within and/or outside your designated territory that is related to your Shop and/or a competitive business located and/or operated at your Shop Location, within your designated territory, outside your designated territory, and/or otherwise. Gross Sales shall be based upon the total selling price and no reduction shall be provided for any charges or costs initiated by the third party delivery services. Gross Sales do not include (a) sales taxes that you collect and remit to the proper taxing authority, and (b) authorized promotional discounts that you provide to customers.

Note 4: Brand Development Fund – The brand development fund fee is a continuing weekly fee equal to an amount of up to 2% of your weekly Gross Sales (the "Brand Development Fund Fee").

Note 5: Franchisee Directed Local Marketing – On an on-going monthly basis, you must spend not less than 2% of your monthly Gross Sales on the local marketing of your Shop within your designated territory and in accordance with our standards and specifications.

Note 6: POS System – You must maintain and utilize the point of sale systems that we designate from time to time, currently Square. The POS system fee is the current monthly license fee to access the point of sale systems that we designate. The POS system fee does not include other fees associated with point of sale systems such as credit card processing fees.~~s and other integrations such as online ordering, customer rewards, and gift cards.~~

~~Note 7: Online Ordering, Customer Rewards, and Gift Cards – As designated by us from time to time you must pay to us, our affiliate or our designated vendors, monthly, weekly, and/or per transaction fees related to online, point of sale integrated, web based, and/or app based, ordering, customer rewards, and/or gift card systems. Currently we have not implemented a fee for these systems but require that you access and purchase these services as point of sale integrations from our currently designated point of sale vendor. See, Item 11 for additional details.~~

~~Note 8: Technology Fee – The continuing monthly technology fee is an administrative fee and is not associated with any particular service but is used, at our discretion, to defray some of our costs related to system website and intranet (the "Technology Fee"). Currently we do not charge a monthly Technology Fee but reserve the right to implement one at any time in the future provided that the monthly Technology Fee shall not exceed $500 per month.~~

~~Note 9: Local and Regional Advertising Cooperatives – If two or more Shops are operating within a geographic area, region, or market designated by us (a "designated market"), we reserve the right to establish and require your participation in a local or regional advertising cooperative within the designated market. If a local or regional advertising cooperative is established within a designated market that includes your Shop(s), you will be required to participate in the cooperative and make on-going payments to the cooperative in such amounts and subject to such caps as established by the cooperative members. We anticipate that each Shop franchisee will have one vote for each Shop located within the cooperative market and that cooperative decisions shall be made based on approval of a simple majority vote with a quorum of not less than 25% of the designated cooperative members. Contributions to a local or regional cooperative that we designate will count toward satisfaction of your minimum local marketing requirements and shall not exceed 2% of your monthly Gross Sales.~~

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement – Production Shop

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	$35,000	Lump sum	When Franchise Agreement is signed	Us
Construction and Leasehold Improvements (Note 2)	$10,000 – $200,000	As arranged	As incurred	Contractors, suppliers, and/or landlord
Lease Deposits and Rent – Three Months (Note 3)	$2,200 – $4,000	As arranged	As incurred	Landlord
Furniture, Fixtures, and Equipment (Note 4)	$40,000 – $60,000	As arranged	As incurred	Suppliers
Signage (Note 5)	$3,000 – $6,500	As arranged	As incurred	Suppliers
Computer, Software, and Point of Sale System (Note 6)	$3,400 – $4,400	As arranged	As incurred	Suppliers

Grand Opening Marketing (Note 7)	$1,000 – $2,500	As arranged	As incurred	Suppliers
Initial Inventory (Note 8)	$1,500 – $3,000	As arranged	As incurred	Us, suppliers
Utility Deposits (Note 9)	~~$0 –~~ $500 - $1,500	As arranged	As incurred	Suppliers
Insurance Deposits – Three Months (Note 10)	~~$0 –~~ $500 - $1,500	As arranged	As incurred	Insurers
Travel for Initial Training (Note 11)	$2,000 – $5,500	As arranged	As incurred	Airlines, hotels, restaurants
Professional Fees (Note 12)	$7,000 – $15,000	As arranged	As incurred	Attorneys, accountants, architects, advisors
Licenses and Permits (Note 13)	$1,500 – $3,000	As arranged	As incurred	Government
Additional Funds – Three Months (Note 14)	$30,000 – $50,000	As arranged	As incurred	Us, employees, suppliers, landlord, utility suppliers
Total Estimate (Note 15)	$~~136~~137,600 – $391~~89~~,900			

Explanatory Notes to Item 7 for a Franchise Agreement
for a Production Shop

Note 1: Initial Franchise Fee – The Initial Franchise Fee for a single franchise under a Franchise Agreement is $35,000. All fees are non-refundable.

Note 2: Construction and Leasehold Improvements – This estimate is for the cost of construction, construction management and build-out of The Cake Slice Shop but does not including furniture, fixtures and equipment. Our estimates are based on the assumption that a Shop developed as a Production Shop must possess a minimum square footage of 900 to 1,200 square feet with approximately 600 to 700 square feet dedicated to your kitchen, baking, and storage facilities. These estimates are based on the assumption that the location that you select for your Shop is a site delivered to you at a pre-existing stage where existing interior improvements consist of installed and functional heating/cooling with delivery systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls prepared for painting and a concrete slab floor. This estimate does not include architectural fees or other fees charged by licensed professionals other than general contractors and licensed tradesmen and do not include any special heating cooling or ductwork required by a shop. ~~The costs for developing your Shop may be higher or lower than the estimates provided.~~

Note 3: Lease Deposits and Rent – Three Months – You must operate your The Cake Slice Shop from a Shop Location that we approve and complies with state and local laws. If you do not already own or lease a suitable location you will be required to lease a location that meets our standards and is approved by us. This estimate is based on the assumption that you will be leasing your The Cake Slice Shop Location and is for the estimated amount of the initial lease deposit that you will be required to pay to the landlord at the time of signing your lease and before opening your Shop. The estimate is based on the assumption that your lease deposit will be equal to three months of rent payments. The typical square footage for a Production Shop ranges from 900 to 1,200 square feet. The amount of your lease deposit is something that you will directly negotiate with the landlord and will vary significantly based on a number of factors that include location and your own negotiations. This estimate does not include the purchase of real property should you elect to purchase the real property of your Shop Location.

Note 4: Furniture, Fixtures, and Equipment – You will be required to purchase certain types of furniture, fixtures and equipment for your Shop. Among other things, you will be required to purchase ovens, baking equipment, mixing equipment, refrigeration, freezers, kitchen equipment, prep stations, smallwares, service stations, from us~~and computer equipment from us~~, our approved manufacturers, and/or suppliers and/or subject to our specifications. The costs for furniture and fixtures may differ depending on the material quality and on other factors. Significant factors that will influence and will increase the cost of furniture, fixtures and equipment will depend on the size of your Shop. The costs listed here do not include any transportation or set up costs. ~~It is assumed that some of the equipment will be leased. If you elect to purchase such equipment, your costs may be higher. Third party financing may be available for qualified candidates for some of the leasehold improvement costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this table. The estimate as to Production Shops assumes that your Shop will be approximately 900 to 1,200 square feet with 600 to 700 square feet dedicated to back of the house operations comprised of a kitchen, storage facilities, and service lines. Your Production Shop must maintain a convection oven and full cooking equipment and facilities capable of producing all menu items.~~

Note 5: Signage – You are required to purchase, subject to our design and construction specifications and approval, interior and exterior signs and displays that we designate. This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage. This estimate includes other elements of brand identification within the Shop such as wall graphics.

Note 6: Computer, Software, and Point of Sale System – You will be required to purchase, license and use the point of sale systems, ordering systems, and applications that we designate. Information about the point of sale and computer systems are disclosed in Item 11 of this Disclosure Document.

Note 7: Grand Opening Marketing – You must spend a minimum of $1,000 prior to the opening your Shop to promote your grand opening. You must submit your grand opening marketing plan to us for our pre-approval.

Note 8: Initial Inventory – Your initial inventory comprised of cake mix, smallwares, uniforms, and supplies and your on-going inventory and supplies (including System Supplies) that you are required to obtain from us, our affiliate, or our designated suppliers are paid for at standard prices and terms and your ongoing inventory must be purchased from either us or our approved vendors.

Note 9: Utility Deposits – To secure the appropriate utilities required for the operation of your Shop, including gas, electric, water, sewer and internet access, you will be required to pay upfront deposits to each applicable utility company.

Note 10: Insurance Deposits – Three Months – You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance and we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 11: Travel for Initial Training – You must complete our pre-opening training program before opening your Shop. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program. This estimate includes you or your Managing Owner and one management level employee.

Note 12: Professional Fees – This estimate is for costs associated with the engagement of professionals such as attorneys, accountants and architects for advisories consistent with the start-up of a Shop. You will be required to hire an architect to develop plans that meet our standards and specifications and comply with applicable laws, rules and regulations for the development and operation of your Shop. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, the Franchise Agreement and, if applicable, the Multi-Unit Development Agreement. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of your Shop.

Note 13: Licenses and Permits – You must apply for, obtain and maintain all required permits and licenses necessary to operate a Shop. The licenses will vary depending on local, municipal, county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred, and are due prior to opening the Franchised Business.

Note 14: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities only for the initial three month period following the opening of your Shop. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your Shop. In making this estimate, we have relied on the experiences of our affiliate in developing and operating a Shop. ~~This is only an estimate for your initial three months of operations and more working capital and additional funds may be required depending on the sales and performance of your Shop. Before signing a Franchise Agreement, you should consult with your accountant and advisor to budget and determine the amount of additional funds that should be reserved and set aside by you to support and capitalize the long-term operations of your Shop.~~

Note 15: About Your Estimated Initial Investment – We provide separate Item 7 estimates depending on whether your Shop qualifies as a Production Shop or a Service Shop. This is an estimate of the initial start-up expenses for one The Cake Slice Production Shop. We have based these estimates on the experiences of our affiliate in developing a The Cake Slice Production Shop. ~~These are only estimates and your costs and the range of those costs may vary. Factors that may influence your costs include: the size of your Shop; local geographic market and economic conditions including rent, labor, and construction rates; local licensing costs; competition; the facilities and existing build-out of the Shop Location that you select; landlord-funded tenant improvements and allowances; the capabilities of your management team; and the level of sales achieved by your Shop. These estimates do not include interest and financing charges that you may incur and they do not include management level compensation payable to you or your owners. You should carefully review these estimates with your business, accounting and legal advisors before making any decision to sign a Franchise Agreement. These estimates are for one Shop only. If you sign a Multi-Unit Development Agreement, the estimated amount will be required for each Shop that you develop.~~

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B. Franchise Agreement – Service Shop

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	$35,000	Lump sum	When Franchise Agreement is signed	Us
Construction and Leasehold Improvements (Note 2)	$3,000 – $10,000	As arranged	As incurred	Contractors, suppliers, and/or landlord
Lease Deposits and Rent – Shop Location (Note 3)	$1,200 – $3,500	As arranged	As incurred	Landlord
Furniture, Fixtures, and Equipment (Note 4)	$5,000 –$10,500	As arranged	As incurred	Suppliers
Lease Deposits and Rent – Commercial Kitchen (Note 5)	$3,000 – $4,500	As arranged	As incurred	Landlord, suppliers
Signage (Note 6)	$3,000 – $6,500	As arranged	As incurred	Suppliers
Computer, Software, and Point of Sale System (Note 7)	$3,000 – $4,000	As arranged	As incurred	Suppliers
Grand Opening Marketing (Note 8)	$1,000 – $2,500	As arranged	As incurred	Suppliers
Initial Inventory (Note 9)	$1,500 – $3,000	As arranged	As incurred	Us, suppliers
Utility Deposits (Note 10)	~~$0 –~~$500 - $1,500	As arranged	As incurred	Suppliers

Insurance Deposits – Three Months (Note 11)	~~$0~~ $500 - $1.500	As arranged	As incurred	Insurers
Travel for Initial Training (Note 12)	$2,000 – $5,500	As arranged	As incurred	Airlines, hotels, restaurants
Professional Fees (Note 13)	$7,000 – $15,000	As arranged	As incurred	Attorneys, accountants, architects, advisors
Licenses and Permits (Note 14)	$1,500 – $3,000	As arranged	As incurred	Government
Additional Funds – Three Months (Note 15)	$30,000 – $50,000	As arranged	As incurred	Us, employees, suppliers, landlord, utility suppliers
Total Estimate (Note 16)	$~~96~~97,~~600~~200 – $~~154~~156,~~400~~000			

Explanatory Notes to Item 7 for a Franchise Agreement
for a Service Shop

Note 1: Initial Franchise Fee – The Initial Franchise Fee for a single franchise under a Franchise Agreement is $35,000. All fees are non refundable.

Note 2: Construction and Leasehold Improvements – This estimate is for the cost of construction, construction management and build-out of The Cake Slice Shop but does not including furniture, fixtures and equipment. Our estimates are based on the assumption that a Shop developed as a Service Shop must possess a minimum square footage of 300 to 500 square feet and will be supported by a Production Shop or a Commercial Kitchen for the primary and daily baking and production of all cake slices, bakery items, and other menu items. These estimates are based on the assumption that the location that you select for your Shop is a site delivered to you at a pre-existing stage where existing interior improvements consist of installed and functional heating/cooling with delivery systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls prepared for painting and a concrete slab floor. This estimate does not include architectural fees or other fees charged by licensed professionals other than general contractors and licensed tradesmen and do not include any special heating cooling or ductwork required by a shop. ~~The costs for developing your Shop may be higher or lower than the estimates provided.~~

Note 3: Lease Deposits and Rent – Shop Location – You must operate your The Cake Slice Shop from a Shop Location that we approve and complies with state and local laws. If you do not already own or lease a suitable location you will be required to lease a location that meets our standards and is approved by us. This estimate is based on the assumption that you will be leasing your The Cake Slice Shop Location and is for the estimated amount of the initial lease deposit that you will be required to pay to the landlord at the time of signing your lease and before opening your Shop. The estimate is based on the assumption that your lease deposit will be equal to three months of rent payments. The typical square footage for a Service Shop ranges from 300 to 500 square feet. The amount of your lease deposit is something that you will directly negotiate with the landlord and will vary significantly based on a number of factors that include location

Note 11: Insurance Deposits – Three Months – You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance and we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 12: Travel for Initial Training – You must complete our pre-opening training program before opening your Shop. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program. This estimate includes you or your Managing Owner and one management level employee.

Note 13: Professional Fees – This estimate is for costs associated with the engagement of professionals such as attorneys, accountants and architects for advisories consistent with the start-up of a Shop. You will be required to hire an architect to develop plans that meet our standards and specifications and comply with applicable laws, rules and regulations for the development and operation of your Shop. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, the Franchise Agreement and, if applicable, the Multi-Unit Development Agreement. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of your Shop.

Note 14: Licenses and Permits – You must apply for, obtain and maintain all required permits and licenses necessary to operate a Shop. The licenses will vary depending on local, municipal, county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred, and are due prior to opening the Franchised Business.

Note 15: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities only for the initial three month period following the opening of your Shop. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your Shop. In making this estimate, we have relied on the experiences of our affiliate in developing and operating a Shop. ~~This is only an estimate for your initial three months of operations and more working capital and additional funds may be required depending on the sales and performance of your Shop. Before signing a Franchise Agreement, you should consult with your accountant and advisor to budget and determine the amount of additional funds that should be reserved and set aside by you to support and capitalize the long-term operations of your Shop.~~

Note 16: About Your Estimated Initial Investment – We provide separate Item 7 estimates depending on whether your Shop qualifies as a Production Shop or a Service Shop. A Service Shop must be supported by a Production Shop or a Commercial Kitchen. This is an estimate of the initial start-up expenses for one The Cake Slice Service Shop. We have based these estimates on the experiences of our affiliate in developing a The Cake Slice Service Shop. ~~These are only estimates and your costs and, the range of those costs, may vary. Factors that may influence your costs include: the size of your Shop; local geographic market and economic conditions including rent, labor, and construction rates; local licensing costs; competition; the facilities and existing build-out of the Shop Location that you select; landlord funded tenant improvements and allowances; the capabilities of your management team; and the level of sales achieved by your Shop. These estimates do not include interest and financing charges that you may incur and they do not include management level compensation payable to you or your owners. You should carefully review these estimates with your business, accounting and legal advisors before making any decision to sign a Franchise~~

~~Agreement. These estimates are for one Shop only. If you sign a Multi-Unit Development Agreement, the estimated amount will be required for each Shop that you develop.~~

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C. Multi-Unit Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Area Fee (Note 1)	$40,000 – $180,000	Lump sum	When Franchise Agreement and Multi-Unit Development Agreement are signed	Us
Estimated Initial Investment to Open One Shop (Note 2)	$96,600 – $389,900	Estimated Initial Investment is based on the estimate contained in Table A, above, of this Item 7, for a Franchise Agreement. See, Table A.		
Total Estimate (Note 3)	$136,600 – $569,900			

Explanatory Notes to Item 7 for a Franchise Agreement and a Multi-Unit Development Agreement

Note 1: Development Area Fee and Franchise Fees – When you sign a Multi-Unit Development Agreement you must also sign a Franchise Agreement for the first Shop that you will be required to develop under your Multi-Unit Development Agreement. At the time of signing your Multi-Unit Development Agreement, in addition to paying us the Initial Franchise Fee for your first Shop, you will pay to us a Development Area Fee. The Development Area Fee varies depending on the number of additional Shops, over and above the first Shop authorized by the Franchise Agreement, that you will be authorized to develop within the Development Area.

The minimum number of Shops that you may be authorized to develop under a Multi-Unit Development Agreement is three and the maximum number is 10. The Development Area Fee is $20,000 for each Shop, over and above the first Shop authorized by the Franchise Agreement that you will sign with your Multi-Unit Development Agreement. You will not be required to pay to us an Initial Franchise Fee at the time of signing the Franchise Agreement for each additional Shop, over and above the Initial Franchise Fee of $35,000 that you will pay at the time of signing the Franchise Agreement for the first Shop in your Development Area and the Development Area Fee that you will pay to us at the time of signing the Multi-Unit Development Agreement. All fees are non-refundable.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information, samples, and testing data that we may request. We may charge you a fee equal to the costs and expenses that we incur in reviewing and evaluating an alternate supplier, product, and/or service requested by you. We may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. The actual cost of the evaluation will be reimbursed. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time not exceeding 60 days after we receive your written request and all additional information and samples that we request. We may, in our sole discretion, withhold our approval. We do not make our procedures or criteria for approving suppliers available to our System franchisees, except that when evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the supplier's quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the supplier's approval, in our sole determination, will allow us to advance the overall interests of the System and our company.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 80% of your total purchases and leases in establishing the Franchised Business and approximately 50% of the on-going operating expenses of the Franchised Business. We currently require that you purchase or lease the following source restricted goods and services:

1. Lease – We do not review the terms of the lease for your Shop Location but require that your landlord acknowledge our rights as set forth in the lease agreement rider attached as Exhibit 4 to the Franchise Agreement (the "Lease Agreement Rider") and that you collaterally assign the lease to us as set forth in the collateral assignment of lease attached as Exhibit 5 to the Franchise Agreement (the "Collateral Assignment of Lease"). We possess the right to disapprove of a proposed lease if the landlord refuses to sign the Lease Agreement Rider in substantially the form set forth in Exhibit 4 to the Franchise Agreement. The Lease Agreement Rider grants certain rights to us, including our right to be notified in the event of a lease default and, potentially, for us to enter the premises of your Shop.

2. System Supplies – Your Shop must maintain an initial and ongoing inventory of System Supplies. You must purchase the System Supplies, as designated by us, from us, our affiliates, and/or our designated suppliers.

3. Furniture and Fixtures – Your Shop must be equipped with branded and unbranded furniture and fixtures that we designate and that meet our standards and specifications. You may purchase unbranded furniture and fixtures from any supplier of your choosing, provided that the furniture and fixtures meet our specifications and standards, which may also include specified manufacturers, brands and models. If the furniture and fixtures that we designate are specified to be branded with the Licensed Marks, then you may only purchase them from our designated exclusive suppliers.

4. Signage – The signage for your Shop must meet our standards and specifications and must be purchased from our designated suppliers.

5. Point of Sale System and Computer Equipment – Currently you are required to purchase, license and utilize a Square point of sale system with one configured hardware terminal. Additionally, you must purchase and maintain a computer system on-site at your Shop Location. In general, you will be required to obtain a computer system that will consist of certain hardware, software, and peripheral devices such

as printers. You will be required to meet our requirements involving back office and point of sale systems, security systems, printers, back-up systems, and high-speed internet access.

6. Credit Card Processing – You must use our designated supplier and vendor for credit card processing which may be integrated with the point of sale system that we designate. Credit card processing fees will, generally, be based on a percentage of all credit card processed Gross Sales.

~~7. Online Ordering, Customer Rewards, and Gift Cards – You must use our designated supplier and vendor for the ability to access and use online, point of sale integrated, web based, and/or app-based, ordering, customer rewards, and/or gift card systems. As you access and utilize these systems you will pay usage fees based on a percentage of your processed Gross Sales.~~

~~8~~7. Third Party Delivery Services – The operations of your Shop must comply with our policies, procedures, requirements and restrictions respecting the use of third party food delivery services and third party online ordering services. We may restrict or prohibit your use of and/or participating in third party delivery services and/or third party online ordering services. To the extent that we grant you the right to use a third party delivery service and/or online ordering service we may require that you do so through accounts and/or agreements controlled by us.

~~9~~8. Branded Items and Marketing Materials – All materials bearing the Licensed Marks (including, but not limited to, stationary, business cards, brochures, apparel, signs and displays) must meet our standards and specifications and must be purchased from either of us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your Shop through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels.

~~10~~9. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our initial training program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth below and in the Franchise Agreement (Franchise Agreement, Article 8). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

Insurance Requirements

a) Coverage against direct physical loss or damage to real and personal property, including improvements and betterments, written on a special form peril basis, including flood and earthquake, if the relevant property is situated in a flood or earthquake zone, in an amount equal to 100% of the Franchised Business' property value and with a deductible not more than $5,000;

Operating Manager our initial training program which must be complete to our satisfaction. The initial training program will be provided by us at the facilities that we designate that, presently, is comprised of our Shop located in Reno, Nevada, your Shop Location, or virtually, or as otherwise designated by us. You will be required to pay our then current supplemental training fee for your replacement Operating Manager, currently $300 per manager per day for each replacement manager attending our initial training. You will also be responsible for all costs incurred by your managers in attending our initial training (Franchise Agreement, Articles 4.A. and 7.J.);

3. Communication of Operating Standards – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your Shop including, but not limited to, Approved Services and Products, System Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and as set forth in the Manuals which we may, in our discretion, modify from time to time. (Franchise Agreement, Articles 4.B. and 4.C.);

4. Marketing Standards and Approval – We may establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing materials and mediums that you may utilize. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Franchise Agreement, Article 4.B.);

5. Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the Approved Services and Products and the System Supplies. (Franchise Agreement, Articles 4.B. and 4.C.);

6. Annual System Conference – We may, in our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. We may charge an annual conference fee not exceeding $1,500. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference. (Franchise Agreement, Articles 4.B. and 5.C.);

7. Administration of Marketing Funds – We ~~may~~ administer and manage System-wide marketing funds comprised of a Brand Development Fund and/or Advertising Cooperative. (Franchise Agreement, Articles 9.A. and 9.F.);

8. Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System, you must ensure that all employees wear and maintain the proper uniforms with our approved System branded apparel and uniforms including, but not limited to, the apparel and uniforms comprising System Supplies. You must monitor and ensure that all System Supplies and Approved Services and Products are prepared, maintained, and served in accordance with the System standards and Manuals; and

9. Pricing – You will exclusively determine the prices that you charge for the Approved Services and Products served and sold by your Shop. However, we may suggest pricing levels that we recommend.

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Advertising

1. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your Shop must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your designated territory and we are not required to conduct any advertising on behalf of the franchise System or on your behalf. (Franchise Agreement, Article 9);

2. Local Marketing – You are not authorized to engage in any marketing unless it is pre-approved by us in our discretion (Franchise Agreement, Article 9.B.). On an on-going and monthly basis, you must spend not less than 2% of your monthly Gross Sales on the local marketing of your Shop. We will review your local marketing programs and notify you if we approve same. We will make available to you and provide you with access, in the form of a source document, to our approved marketing campaigns, media, and messaging that may be used by you. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs, copy, and design specifications. However, you will incur the direct costs associated with customizing, duplicating and using such marketing campaigns and in having them printed, distributed and/or placed with media sources. (Franchise Agreement, Article 9);

3. Digital Media and Website – All digital media and marketing must be approved by us. We will designate for your Designated Territory information about your Shop on the www.thecakeslicebyMK.com webpage or such other websites as we may designate for the System. (Franchise Agreement, Article 9);

4. Brand Development Fund – We ~~may~~ control and administer a brand development fund (the "Brand Development Fund") (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure Document, you must contribute a weekly sum not to exceed 2% of weekly Gross Sales to the Brand Development Fund. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, advertising councils, franchisee advisory councils, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. The financial statements of the brand fund are available for review by you upon written request. Our company and/or affiliate owned Shops may but are not required to contribute to the Brand Development Fund. The Brand Development Fund will maintain unaudited financial records detailing its expenditures and will make available to you, no more frequently than one time in any 12 month period, an unaudited accounting of how monies contributed to the Brand Development Fund were spent each year. We are not required to segregate the Brand Development Fund from our general operating funds and we are not a fiduciary or trustee of the Brand Development Fund. The Brand Development Fund will not be used to directly promote your Shop or the marketing area in which your Shop will be located. (Franchise Agreement, Article 9.A.). We may use the Brand Development Fund to develop and test various media and technologies for potential use and/or improvement of the operations of Shops and the marketing

of Shops. These technology developments and/or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of Shops. You may or may not benefit from these technology developments and improvements. The Brand Development Fund will be uniformly imposed upon all franchisees. (Franchise Agreement, Article 9.A.).

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, but not limited to, directing, developing and managing media of the Brand Development Fund. We will not use the Brand Development Fund to directly market the sale of Shops, but may do so indirectly by requiring and including information as to the availability of Shop franchises for sale and contact information for franchise inquiries on and within advertising, marketing and brand development materials, including the System website, developed with the Brand Development Funds. Currently we have not collected any money towards the brand development fund but intend to do so in the future.~~:~~

~~Currently the Brand Development Fund Fee is 2% of your weekly Gross Sales:~~

5. Local and Regional Advertising Cooperative – We possess the exclusive right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that we designate. We will exclusively determine the geographic and other boundaries constituting each respective cooperative and factors that we will consider include media markets including print, television and digital. If we establish a cooperative within a market that includes your Shop you must contribute to the cooperative in such amounts and frequency as determined by the cooperative. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, marketing expenditures and allocations. However, we may require that cooperative decisions be made based on approval of a simple majority of franchisee members based on one vote per Shop located and a quorum of not less than 25% of the designated franchisee cooperative members. If a cooperative exceeds nine franchisee members we may require that the cooperative establish formal governing documents. Each cooperative must prepare annual unaudited financial statements that must be provided to each cooperative member for review. We reserve the right to form, change, dissolve, or merge any advertising cooperative. If we elect to form a local or regional cooperative or if a cooperative already exists as to the area of your Shop, you will be required to participate in the cooperative in accordance with the provisions of our operations manual which we may supplement and modify from time to time. You will not be required to make contributions to a Local or Regional Advertising Cooperative in amounts exceeding 2% of your monthly Gross Sales.

As of the Issuance Date of this Disclosure Document we have not established any local or regional advertising cooperatives but reserve the right to do so in the future; and

6. Advertising Council – We have not established an advertising council but reserve the right to do so in the future. (Franchise Agreement, Article 9.A.).

Computer System

You must purchase, license and use the computer, point of sale, business management, and ordering systems that we designate. Currently, the designated point of sale system that you must license and use is Square, and as may be otherwise designated by us in the Manuals. Your computer system cost $3,400 to $4,400. You are required to purchase and operate one configured and licensed point of sale hardware terminal. Additionally, you must purchase and maintain a computer system on-site at your Shop Location. You are responsible for maintaining updated and current versions of all software systems designated by us. You are responsible for the maintenance and repair of all computer equipment and computer systems that we designate and require. Estimated costs for the maintenance, repair and update of the designated computer systems ranges from $1,500 to $2,000 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems. You are required to provide us with independent access to all of the information and data that is transacted, collected, and stored by the Franchised Business on the Business Management Systems, your computer systems, and otherwise. There is no obligation for us to update or upgrade your computer system.

Initial Training

If this is your first Shop we will provide initial training for you, or if you are a Corporate Entity, your Managing Owner, plus one designated manager. You or your Managing Owner and your general manager must successfully attend and complete the initial training program to our satisfaction no later than 45 days before the opening of your Shop. The initial training program takes place over an approximate two-week period. If more than two individuals attend initial training you will be charged an additional fee per additional persons attending initial training. Although we provide you and your general manager with initial training at no additional fee or charge, you will be responsible for paying for all travel expenses and employee wages that you incur in your initial training attendance and participation. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

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recordings, reproduction, or distribution of the Manuals or the information contained in the Manuals. You must also restrict access to the Manuals to management level employees who sign a confidentiality agreement with you and are required by you to maintain the confidentiality of the Manuals and refrain from distributing or disclosing the Manuals and the information contained in the Manuals. You must provide us with immediate notice if you learn of any unauthorized use of the Manuals or of the information contained in the Manuals, or any infringement or challenge to the proprietary or confidentiality of the information contained in the Manuals. We will take any and all action(s), or refrain from taking action, that we determine, in our discretion, to be appropriate. We may control any action or legal proceeding we choose to bring. We need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that it possesses rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions.

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

The Franchise Agreement requires that you or, if you are a Corporate Entity, your designated managing shareholder, member or partner (your "Managing Owner") be personally responsible for the management and overall supervision of your Shop. Your Managing Owner must complete, to our satisfaction, our initial training program and be approved by us. While we recommend that your Managing Owner personally participate in the day-to-day management and on-site supervision and operations of your Shop, you may hire an operating manager to supervise and manage the day-to-day on-site operations of your Shop provided that your operating manager: (a) meets all of our minimum standards and criteria for managers; (b) completes our initial training program; and (c) signs our confidentiality agreements (an "Operating Manager"). At all times, your Shop must be managed and supervised on-site by either a Managing Owner or Operating Manager. If you own and operate multiple Shops then each Shop must be managed and supervised on-site by an Operating Manager. Your Operating Manager is not required to possess equity interest in the franchise.

You and, if you are a Corporate Entity, each of your members, shareholders and/or partners (collectively, "Owners"), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and the spouse of each Owner must personally guarantee your obligations to us under the Franchise Agreement. You and each Owner and spouse must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for 24 months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), neither you nor your Owners and their spouses will participate in any competitive business located within and/or servicing customers located within your Designated Territory and a 25 mile radius surrounding your Designated Territory. Further you will not participate in any competitive business located within and/or servicing customers located within a 10 mile radius of any other The Cake Slice Shop and/or the designated territory of any other The Cake Slice Shop. Your managers and all other employees and agents with access to our confidential information will be required by us to sign a confidentiality agreement.

ITEM 16
RESTRICTIONS ON PRODUCTS AND SERVICES SOLD

You may only sell the Approved Services and Products as specified in the Manuals or otherwise approved by us in writing and may only sell the products and services required by us. We can change the products and services that you must offer. There is no limitation on our right to change the products and services

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

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) 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.

DEFINITIONS

(a) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.

(b) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate or any person identified in Item 2.

(c) Direct Gross Profit – means Gross Sales less Food Cost and Labor Cost. Direct Gross Profit is not net profit or income. Direct Gross Profit ~~and, except as to Food Cost and Labor Cost,~~ does not include the deduction of all other expenses incurred by The Cake Slice Shop, including~~, but not limited to,~~ payroll taxes, employee benefits, operating expenses (including~~, but not limited to,~~ rent, utilities, marketing, training, insurance, professional fees, maintenance, administrative and operational expenses), interest, taxes, depreciation, and amortization.

(d) Disclosed Expenses – means the following select expenses: rent and utility expenses.

(e) Food Cost – means the direct costs incurred by the Shop for all food and beverage ingredient items that are used in preparing a menu item. Food Cost includes the cost of paper goods used to serve the menu items but does not include Labor Cost or other expenses.

(f) Franchise Outlet – refers to The Cake Slice Shop operated under a Franchise Agreement that is not a Company Owned Outlet.

(g) Gross Sales – means the total revenue derived by each The Cake Slice Shop less sales tax, discounts, allowances and returns.

(h) Labor Cost – means the gross wages paid to employees in connection with the preparation and service of menu items. Labor Cost includes gross wages paid to general managers and assistant managers. Labor Cost does not include gross wages paid to owner operators of the Outlet.

(i) Outlet – refers to The Cake Slice Shop that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. We do not have any Franchise Outlets. Data for our Company Owned Outlets is based on information reported to us by our affiliate. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

COMPANY OWNED OUTLETS

We have two Company Owned Outlets. Our Northwest Reno Company Owned Outlet is located at 9570 McCarran Boulevard, Suite 109, Reno, Nevada 89523 (the "Northwest Reno Outlet"). The Northwest Reno Outlet opened for business in April 2017 and operates in a free-standing shop location that is approximately 1,100 square feet. The Northwest Reno Outlet operates as a Production Shop.

Our Sparks Company Owned Outlet is located at 113 Los Altos Parkway, Suite 102, Sparks, Nevada 89436 (the "Sparks Outlet"). The Sparks Outlet opened for business in March 2021 and operates in a free-standing shop location that is approximately 1,200 square feet. The Sparks Outlet operates as a Service Shop.

Table 1

Company Owned Outlet: Northwest Reno Outlet				
	2021 Calendar Year		**2022 Calendar Year**	
	Total	%[1]	Total	%[1]
Gross Sales	**$110,980.39**	100%	**$78,970.55**	100%
Less:				
Food Cost	($20,753.33)	18.7%	($15,004.40)	19.0%
Labor Cost	$0	0.0%	$0	0.0%
Direct Gross Profit	**$90,227.06**	81.3%	**$63,966.15**	81.0%
Less: Disclosed Expenses				
Rent	($27,460.00)	24.7%	($28,284.00)	35.8%
Utilities	($5,844.00)	5.3%	($6,136.00)	7.8%
Direct Gross Profit Less Disclosed Expenses	**$56,923.06**	51.3%	**$29,546.15**	37.4%
Less: Adjustments for Franchise Related Expenses				
Royalty Fee[2]	($6,658.82)	6.0%	($4,738.23)	6.0%
Brand Development Fund Fee[3]	($2,219.61)	2.0%	($1,579.41)	2.0%
Technology Fee[4]	N/A	0.0%	N/A	0.0%
Local Marketing[5]	($2,219.61)	2.0%	($1,579.41)	2.0%
Direct Gross Profit Less Adjustment for Franchise Related Expenses	**$45,825.02**	41.3%	**$21,649.10**	27.4%

Notes to Table:
Footnote [1] – "%" represents the percentage of Gross Sales.
Footnote [2] – The Royalty Fee is equal to 6% of Gross Sales.
Footnote [3] – The Brand Development Fund Fee is 2% of Gross Sales.
Footnote [4] – The Technology Fee is currently not collected but may be increased to $500 per month.
Footnote [5] – You must spend a minimum of 2% of monthly Gross Sales on the marketing of your The Cake Slice Shop.

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Table 2

Company Owned Outlet: Sparks Outlet				
	2021 Partial Calendar Year July 1 – December 31		**2022 Calendar Year**	
	Total	%[1]	Total	%[1]
Gross Sales	**$117,052.23**	100%	**$184,976.86**	100%
Less:				
Food Cost	($21,888.77)	18.7%	($35,145.60)	19.0%
Labor Cost	($14,190.00)	12.1%	($26,026.00)	14.1%
Direct Gross Profit	**$80,973.46**	69.2%	**$123,805.26**	66.9%
Less: Disclosed Expenses				
Rent	($15,924.00)	13.6%	($32,226.00)	17.4%
Utilities	($2,298.00)	2.0%	($4,596.00)	2.5%
Direct Gross Profit Less Disclosed Expenses	**$62,751.46**	53.6%	**$86,983.26**	47.0%
Less: Adjustments for Franchise Related Expenses				
Royalty Fee[2]	($7,023.13)	6.0%	($11,098.61)	6.0%
Brand Development Fund Fee[3]	($2,341.04)	2.0%	($3,699.54)	2.0%
Technology Fee[4]	N/A	0.0%	N/A	0.0%
Local Marketing[5]	($2,341.04)	2.0%	($3,699.54)	2.0%
Direct Gross Profit Less Adjustment for Franchise Related Expenses	**$51,046.24**	43.6%	**$68,485.57**	37.0%

Notes to Table:
Footnote [1] – "%" represents the percentage of Gross Sales.
Footnote [2] – The Royalty Fee is equal to 6% of Gross Sales.
Footnote [3] – The Brand Development Fund Fee is 2% of Gross Sales.
Footnote [4] – The Technology Fee is currently not collected but may be increased to $500 per month.
Footnote [5] – You must spend a minimum of 2% of monthly Gross Sales on the marketing of your The Cake Slice Shop.

~~DISCLAIMER~~

Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlets as a result of our extensively experienced management team; (b) brand recognition within the local markets in which our Company Owned Outlets operate; and (c) no obligation to pay ongoing monthly fees that a franchisee will pay to us, such as royalties and a brand development fund fee.

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

Other than the preceding financial performance representations, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michelle Kitchen, The Cake Slice Franchising, LLC at 1921 Quail Creek Court, Reno, Nevada 89519 and (775) 830-9121, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

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California FDD Amendment
Amendments to The Cake Slice
Franchise Disclosure Document

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. Item 17 "Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship," is supplemented by the addition of the following:

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

B. The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

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

D. 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.).

E. 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.

F. The Franchise Agreement requires binding arbitration. The arbitration will occur in the State of Nevada with the costs being borne by the franchisee and franchisor.

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.

G. The Franchise Agreement requires application of the laws of the State of Nevada. This provision may not be enforceable under California law.

2. 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.

3. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Hawaii FDD Amendment
Amendments to The Cake Slice
Franchise Disclosure Document

Exhibit K "FDD Receipts," is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit "K") is supplemented to add the following:

1. THIS FRANCHISE 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.

2. 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 BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE 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.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND 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.

Illinois FDD Amendment
Amendments to The Cake Slice
Franchise Disclosure Document

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by ay franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of nay document executed in connection with the franchise.

Indiana FDD Amendment
Amendments to The Cake Slice
Franchise Disclosure Document

1. Item 8, "Restrictions on Sources of Products and Services," is supplemented by the addition of the following:

> Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not 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 by the franchisee.

2. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations", are supplemented, by the addition of the following:

> The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

> A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
>
> C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.
>
> D. ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.
>
> E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

ILLINOIS FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to The Cake Slice Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to The Cake Slice Franchising, LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign The Cake Slice Franchising, LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

1. Article 18.F. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.5 of the Development Agreement, under the heading "Governing Law", shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.F. of the Franchise Agreement and Article 7.5 of the Development Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in a Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration in a venue outside Illinois.

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act Provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void

2. Article 18.G. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.6 of the Development Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction", shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.G. of the Franchise Agreement and Article 7.6 of the Development Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in a Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration in a venue outside Illinois.

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act Provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any

statement made by ay franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of nay document executed in connection with the franchise.

4. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to The Cake Slice Franchising, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: The Cake Slice Franchising, LLC	**Franchisee:**
Signature	Signature
Name and Title (please print)	Name (please print)
Dated	Dated