

# FRANCHISE DISCLOSURE DOCUMENT

## BACK NINE GOLF GROUP, LLC

A Utah limited liability company

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THE BACK NINE

You will operate an indoor golf simulator business for the benefit of subscribing members and the general public under The Back Nine™ name and marks.

The total investment necessary to begin operation of a The Back Nine franchise is \$208,117 to \$438,117. This includes at least \$50,000 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 government agency has verified the information contained in this document.**

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

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

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

Issuance Date: April 20, 2024, amended May 20, 2024, November 2, 2024.

## 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only The Back Nine business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a The Back Nine franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 D.

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 Addenda. See the Table of Contents for the location of the State Addenda.

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in Utah. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Utah than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Inventory/Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
4. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

**BACK NINE GOLF GROUP, LLC  
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## **ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this disclosure document (the “Disclosure Document”), “we”, “us”, “Back Nine”, or “Franchisor”, means Back Nine Golf Group, LLC, the Franchisor. ”. We refer to the purchaser(s) of a The Back Nine franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors.

We were formed as a limited liability company in the State of Utah on November 20, 2023. Our principal business address is 898 E 4010 S., Washington, Utah, 84780. We do business under our trade name “The Back Nine” and its associated designs (the “Marks”). We do not own or operate any businesses of the type you will be operating. We only offer franchises which operate under “The Back Nine” Marks, and we do not engage in any other business activities. We have not offered franchises in any other line of business. We began offering franchises in November 2023.

The principal business addresses of our agents for service of process are shown on Exhibit D.

### **Our Parents, Predecessors and Affiliates**

We have no parent company.

Our predecessor, The Golf Studio, LLC, a Utah limited liability company, is headquartered at 898 E 4010 S., Washington, Utah, 84780. The Golf Studio, LLC offered The Back Nine franchises from November 2022 to October 2023. On November 1, 2023, The Golf Studio, LLC sold to us the assets of The Back Nine system, which included The Back Nine trademarks, software, and 14 The Back Nine franchise agreements under which 14 outlets operate in the United States.

Through affiliates, we have operated The Back Nine outlets since January 2023.

### **The Franchise Offered**

We grant franchises for the right to operate a 24-hour indoor golf facility that features three or four Full Swing simulators, club fitting services, golf lessons, and party and event space. You will provide services and products to customers under “The Back Nine” Marks, using our distinctive operating procedures and standards in a specific territory and from a single location (the “Franchised Business”).

The distinguishing characteristics of a The Back Nine Franchised Business include, but are not limited to, The Back Nine distinctive trade dress, operations methods, inventory, procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”).

### **Market and Competition**

The market for your Franchised Business consists of golfers seeking an indoor golf experience using simulators and specialty services like club fitting and lessons. The market for indoor sports facilities is growing at a rapid pace, but is still considered to be in its infancy. The market for golf facilities is highly competitive.

### **Laws and Regulations**

You must follow all laws and regulations that apply to business generally. In addition, your business will be subject to federal, state, and local laws and regulation pertaining to general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design,

maintenance and operation of the Franchised Business; employee compensation and health and safety including minimum wage requirements; employee practices concerning the storage, handling, cooking and preparation of food; the health, safety and welfare of your customers, such as general health and sanitation requirements and laws and regulations such as the Americans with Disabilities Act relating to access by persons with disabilities, restrictions on smoking, and requirements for fire safety and general emergency preparedness; advertising; and data protection and privacy laws. Requirements under local law vary by location, and you should inquire about, and become familiar with, these laws and regulations. You should consider both their effect and costs of compliance with all relevant laws and regulations.

## **ITEM 2: BUSINESS EXPERIENCE**

### **Wil Bangerter – Founder & CEO**

Wil Bangerter is our Founder and CEO since our inception and is also Owner/Operator of Golf Studio, LLC since December 2020 in St. George, Utah. From June 2020 to December 2023, he was an Attorney at Bangerter Frazier Group, OC in St. George, Utah, and prior to that Mr. Bangerter was a Law Clerk at the same firm from January 2019 to May 2020. From February 2018 to December 2018, he was a Law Clerk at Durham Jones & Pinegar in St. George, Utah.

### **Brady Carlsen – COO**

Brady Carlsen has been our COO since our inception and is also Owner/Operator of The Golf Studio, LLC in St. George, Utah since September 2021. From September 2023 to November 2023, he was an Account Executive with Healthcare Compliance Pros in South Jordan, Utah. Mr. Carlsen was an Account Executive with Les Olson IT in St. George, Utah, from October 2020 to September 2023. From April 2019 to August 2020, he was VP Sales for PractieMax in Scottsdale, Arizona.

### **Justin Harmon – Director of SEO, Analytics and Technology**

Justin Harmon has been our Director of SEO, Analytics and Technology since our inception. Mr. Harmon has also been CTO at Harmon Management Company in St. George, Utah, since February 2018.

### **Ashley Harmon – Director of Marketing and Brand Management**

Ashley Harmon has been our Director of Marketing and Brand Management since our inception. Ms. Harmon has been CEO at Harmon Management Company in St. George, Utah, since February 2018.

### **Darren Wilstead – Director of Franchise Sales**

Darren Wilstead has been our Director of Franchise Sales since January 2024. From June 2020 to December 2023, he was Regional Sales Manager for Zimmer Biomet in Warsaw, Indiana, and previously served as Marketing Brand Manager for the same company from April 2018 to June 2020.

## **ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4: BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

## ITEM 5: INITIAL FEES

You are required to pay to us an initial franchise fee of \$50,000 when you sign the Franchise Agreement. The initial franchise fee is deemed fully earned by us upon execution of the Franchise Agreement and is not refundable under any circumstances.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify, or withdraw any incentive program without notice to you.

There are no other payments to or purchases from us or any affiliate that you must make before your Franchised Business opens.

## ITEM 6: OTHER FEES

Name of Fee	Amount	Date Due	Remarks
Royalty Fee	7% of monthly Gross Revenues	Monthly on the 15th	Payable to Us via ACH. See Note 1.
Brand Marketing Fund	1% of monthly Gross Revenues	Monthly on the 15th	Payable to Us via ACH
Internal Systems Fee	\$350, subject to increase, upon 30 days' notice to you, up to 5% annually	Monthly on the 15th	Payable to us for new or improved technology for the benefit of the System and the Franchised Business, including, but not limited to, software license and/or maintenance fees, website hosting and/or maintenance, web portal access, and/or other services for the benefit of the System and Franchised Business We may increase the fee based on supplier pricing increases, introduction of new technology and/or changes in vendors.
Local Advertising Requirement	Currently \$0. Up to 1% of monthly Gross Revenues	As required by suppliers	All advertising must be pre-approved by us. We reserve the right to collect some or all the local advertising expenditure and implement local

Name of Fee	Amount	Date Due	Remarks
			advertising on your behalf.
Regional Advertising Cooperative	Your share of actual cost of advertising.	As determined by cooperative.	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised The Back Nine outlets in a designated geographic area. Any affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion.
Initial Training	No charge for initial training of 3 individuals. You must pay all travel and other related expenses incurred by all trainees. The current fee to train an additional or replacement trainee is \$300 per person per day.	Travel and related expenses are due as incurred. Training fees are due prior to the commencement of training.	Initial training takes place at our headquarters or another location at Franchisor's discretion. See Item 11.
Additional Training	The then-current tuition. Currently \$300 per person per day.	As incurred	You must participate in on-going training at a location we designate, which shall not exceed 5 days per year.
Remedial Training	Our then-current per diem fee. Currently \$300 per trainer per day.	As incurred	We may impose this fee, payable to us, if you are operating below our standards, and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to,

Name of Fee	Amount	Date Due	Remarks
			airfare, transportation, hotel and meals.
Annual Convention Fee	Up to \$500	As incurred	Required for each annual meeting, conference or convention we schedule.
Step-In Rights Fee	15% of Gross Revenues plus reasonable administrative, personnel, and travel costs	As incurred	Payable only if we exercise our Step-In Rights (see Section 10.1(m) of the Franchise Agreement).
Transfer Fee	\$20,000	Before transferee attends the initial training program	Payable to Us
Successor Agreement Fee	\$5,000	Upon signing the then-current form of franchise agreement	Payable to Us
Late Charge	\$100 per occurrence	Upon demand	If you fail to pay us the Royalty Fee, Brand Marketing Fund contribution, Internal System Fee, or any other fee due to us, or if you fail to submit your Gross Revenues report when due, we may charge you \$100 for each late submission in addition to interest charges explained below
Interest	18% per annum, from due date, or maximum allowed by law.	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-Sufficient Funds Fee	\$50 per occurrence	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for

Name of Fee	Amount	Date Due	Remarks
			insufficient funds, for each occurrence we may charge you a Non-Sufficient Funds Fee.
Relocation	\$2,000	Prior to relocation	Payable to Us
Product Testing Costs	Reasonable out-of-pocket expenses and costs we incur	As incurred	You must reimburse us for our out of pocket expenses and costs we incur to test new products or sources you request for approval (See Item 8 and Franchise Agreement Section 5.1).
Audit	Our reasonable costs for the audit if you understate revenue by more than 2% or fail to deliver to us required reports on time.	Immediately upon demand	See Notes 2 and 3 below.
Reimbursement of Legal Fees and Expenses	Our costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As incurred.	Payable to us.
Indemnification	Amount of loss or damages plus costs.	As incurred.	You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise

Name of Fee	Amount	Date Due	Remarks
			Agreement, as well as the costs, including attorneys' fees, of defending against them.
Reimbursement of Costs and Expenses for Non-Compliance	Actual costs and expenses.	As incurred.	If you fail to do so, in our sole discretion, we may correct any deficiency in the Franchised Business and/or your operation of the Franchised Business or take steps to modify, alter or de-identify the Franchised Business location upon the termination or expiration of the Franchise Agreement. You will reimburse us for our costs and expenses incurred to correct any deficiency or to modify, alter or de-identify the Franchised Business location.
Post-Termination or Post-Expiration Expenses	Costs and expenses.	As incurred.	Payable to us.
Insurance Reimbursement	Amount paid by us for your insurance obligations, plus an additional 10% administrative fee.	As incurred.	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Liquidated Damages	Up to 24 months of Royalty fees and Brand Marketing Fund contributions	Upon termination of the Franchise Agreement due to your default.	If your Franchise Agreement is terminated due to your default, you must pay us the average monthly Royalty fee and Brand Marketing Fund contribution payable by

Name of Fee	Amount	Date Due	Remarks
			you for the 12 months prior to your default multiplied by the lesser of 24 months or the number of months remaining in the term of your Franchise Agreement.
Taxes	Amount of taxes.	When incurred.	You must reimburse us for any taxes that we must pay on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

Note 1. “Gross Revenue” Defined. “Gross Revenue” means “receipts and income of any kind from all products or services sold from or through the BACK NINE Store, including any such sale of products or services made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, less returns for which refunds are made, provided that the refund shall not exceed the sales price and exclusive of discounts, sales taxes and other taxes, amounts received in settlement of a loss of merchandise, shipping expenses paid by the customer. “Gross Revenue” shall also include the fair market value of any services or products received by the Franchisee in barter or in exchange for its services and products.

Note 2. Financial Position and Gross Revenues Reporting. You will deliver to us, as outlined in the Operations Manual, an itemized report of your Gross Revenues for the preceding month. The report must be in the form we designate. All payments based upon the Gross Revenues for the preceding month must be submitted with the report.

Note 3. Audits. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenues for any reported period or periods by more than 2% or unless you fail to deliver any required report of Gross Revenues or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, Marketing Fees, and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under the Franchise Agreement or by law.

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be made
Initial Franchise Fee <sup>1</sup>	50,000	50,000	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement	Us
Travel expenses while training <sup>2</sup>	1,000	5,000	As required by suppliers of transportation, lodging & meals	Before opening	Suppliers of transportation, lodging & meals
Real Estate Improvements <sup>3</sup>	5,000	40,000	As required by suppliers, contractor and/or landlord	Before opening	Suppliers, contractor and/or landlord
Signage	5,000	10,000	As required by suppliers	Before opening	Suppliers
Equipment <sup>4</sup>	101,050	201,050	As required by suppliers	Before opening	Suppliers, Designated Suppliers
Miscellaneous Supplies <sup>5</sup>	2,000	9,500	As required by suppliers and vendors	Before Opening	Suppliers and Vendors
Initial Supply of Advertising Materials <sup>5</sup>	100	1,500	As required by suppliers	Before and after opening	Us or Suppliers
Premises Deposit <sup>6</sup>	6,000	28,500	As required by landlord	Before opening	Landlord
Rent (3 months)	1,800	2,400	As required by landlord	After opening	Landlord
Internet/Utilities (3 months)	5,000	15,000	As required by providers	After Opening	Providers
Furniture	3,000	3,000	As required by suppliers	Before opening	Suppliers
Business Licenses and Permits <sup>7</sup>	667	1,167	As incurred	Prior to Opening	Government Agencies, Local City
Insurance <sup>8</sup>	0	5,000	As incurred	Upon operation	Insurers
Professional Fees <sup>9</sup>	15,000	35,000	As required by providers	Before opening	Attorney, Accountant, Other Professional Service Providers
Security/Automation <sup>10</sup>	1,500	3,000	As required by suppliers	Before opening	Suppliers
Utility Deposits <sup>11</sup>	8,000	25,000	As required by providers	Before opening	Providers
Additional Funds – 3 months <sup>12</sup>	50,000	50,000	As incurred	After opening	Various
<b>TOTAL</b>	<b>\$208,117 to \$438,117</b>				

Note 1 – Initial Franchise Fee. Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee. The amounts stated in the table are for one outlet operated pursuant to a single Franchise Agreement.

Note 2 - Travel Expenses While Training. The initial training for up to three people is included in the initial franchise fee. However, you are responsible for all expenses you or your employees incur in attending and participating in the initial training program, including travel, lodging, meals, wages and benefits. These costs will vary depending upon your selection of lodging and dining facilities, mode and distance of transportation, and the wages payable to your employees.

Note 3 – Real Estate Improvements. This estimate includes the cost of adapting our prototypical architectural and design plans, construction costs (labor and material) for typical build-out and remodeling to prepare a site for operation of a Store, including general contractor fees, materials, and leasehold improvements. The necessary improvements may vary depending on your location, the condition of the premises and the changes necessary to meet our standards. We must approve your plans and specifications before you begin construction. Your actual construction costs will depend on numerous factors, such as the condition of the premises, duration of the building process (delays), contractors' fees, and availability of materials and equipment. Tenant improvement allowances, if any, paid to you may defray a portion of build-out costs.

Note 4 – Equipment. This estimate includes all initial equipment and fixtures for your Store, such as utility shelving, millwork, tables, simulators, TVs, speakers, computer hardware and software, door lock system, as well as optional equipment installation fees. The costs may vary somewhat depending on the size and layout of your Store and will depend on the number of simulators purchased, with the minimum of 3 simulators. The high end of the estimate is for 4 simulators. You must purchase your simulator equipment from Full Swing and the door lock system from Kisi and 3 months of the required software, Go High Level customer management system.

Note 5 – Miscellaneous Supplies/ Initial Supply of Advertising Materials. This estimate includes cleaning supplies, golf balls, tees, and other supplies required for the operation of your Franchised Business. You can purchase your initial inventory of advertising materials from us or suppliers.

Note 6 – Premises Deposit. A Store is typically located in a commercially zoned area and is approximately 1,200 to 4,000 square feet in size. If you do not own adequate space, you must lease or purchase the location for your Store. Due to the cost of land acquisition and new construction, the estimated costs outlined in the table are based on you leasing the premises. You will make rental payments to the landlord that will vary greatly from site to site and are affected by a number of factors, including location, size, visibility, accessibility, and competitive market conditions. Lease security deposits are typically due upon signing and can potentially be refundable if you do not default on your lease. Depending on the real estate market in your area, you may be able to negotiate for a certain number of months of free rent and/or to negotiate the rent security deposit. Your lease may also require you to pay the last month's rent in advance. All franchisees are required to sign an assignment of lease to us in the event of expiration or termination of the Franchise Agreement. If you purchase the location, your costs may vary substantially based on the terms of your purchase.

Note 7 – Business Licenses and Permits. These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. The amount for licenses and permits can vary significantly, and you should verify specific amounts with local authorities. You may be required to pay a security deposit or other deposits for utilities and suppliers. Deposits for utility services are typically required at the time the service is applied for and may or may not be refundable. You must confirm all of the specific deposits required.

Note 8 – Insurance. We require you to obtain and keep in force insurance coverage we designate, which may be changed by us periodically. The current insurance requirements are set forth in Item 8. Your corporate and dba must be listed on the certificate of insurance and must name us as an additional insured. If we request, you must

provide us with copies of all policies and endorsements. The table above contains the estimated cost of required insurance coverage for a three-month start-up period; however, the cost of insurance varies, depending upon the insurance company you select, lease requirements, variances in the cost of insurance by location, your claims history, and other factors. Whether insurance premiums are refundable depends on individual insurance carriers and the terms of the insurance policies.

Note 9 – Professional Fees. You should retain an attorney to review the franchise related documents, real estate lease or sublease, or to assist in forming an entity such as a corporation, partnership, limited liability company or other entity. You should also retain an accountant for advice in establishing and operating your franchise business and filing necessary tax forms and returns. You may also engage other consultants related to the operation of the Store.

Note 10 – Security/Automation. This estimate includes cameras and the pairing and wiring with the door lock system.

Note 11 – Utility Deposits. Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

Note 12 – Additional Funds – 3 Months. This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses during the first 3 months after commencing operations. This estimate includes such items as initial payroll and payroll taxes, repairs and maintenance, bank charges, initial staff recruiting expenses, and other miscellaneous items. These estimates do not include any compensation to you and does not include debt service costs.

We relied upon the experience of our affiliate-owned and franchised The Back Nine outlets to compile these estimates. Our first affiliate-owned outlet opened in 2021, and our first franchised outlet opened in 2022.

We do not offer financing for any part of the initial investment.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

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

We have identified various suppliers, distributors and manufacturers of equipment, inventory, and services that your Franchised Business must use or provide which meet our standards and requirements. You must purchase all equipment, fixtures, inventory, supplies and services from our designated suppliers, approved suppliers and contractors or in accordance with our specifications.

We approve suppliers after careful review of the quality of the products they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 60 days after we receive all required information to evaluate the product or service. If we do not approve any request within 60 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards upon written notice to you. Our criteria for approving items and suppliers are not available to you. If you request that we

approve a proposed item or supplier, we reserve the right to charge an evaluation fee equal to our actual costs of inspection and testing.

You must purchase your simulator equipment from our designated supplier Full Swing.

The designated supplier for your door lock system is Kisi.

Neither we nor any of our affiliates are the sole approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Franchised Business. None of our officers own any interest in any approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Franchised Business.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 85% - 95% of your costs to establish your Franchised Business and approximately 85% - 95% of your costs for ongoing operation.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliate, based upon your purchases of products (including proprietary products) and services from manufacturers, suppliers, and distributors. We or our affiliates will have all right, title, and interest in and to any and all of these Allowances. We or our affiliate may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor).

As of September 2024, we receive an estimated 11% commission on any orders submitted by franchisees to Full Swing for new simulator installs and replacement hitting turf and screens.

During the fiscal year ended December 31, 2023, we and our affiliate did not earn any Allowances.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. As of the date of this Disclosure Document, we have not created any purchasing arrangements with suppliers.

You must obtain and maintain, at your own expense, the insurance coverage we periodically specify and satisfy other insurance-related obligations, including naming us as an additional insured on your policies. Such insurance policies must be written by an insurance company acceptable to us and which has a rating of "A" or higher. We make no representation that such minimums will be adequate for your needs or desires. You will conduct your own investigation and, at your discretion, purchase such coverages over and above the minimums we establish as you determine to be appropriate for your own situation. Currently you must carry the following minimum coverages: (i) Statutory worker's compensation (if applicable) at a minimum amount required by law and employer's liability insurance in the minimum amount of \$1,000,000; (ii) comprehensive general liability insurance in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate and umbrella liability insurance in the amount of no less than \$1,000,000; (iii) property insurance to cover 100% of the full replacement cost; (iv) if any vehicle is used in connection with the operation of the Store, you must also purchase automobile liability insurance (including all owned, non-owned, leased or hired vehicles), with a minimum limit of liability that equals the greater of the amount required by federal, state or local law, or \$1,000,000 per occurrence and in the aggregate; (v) any insurance required by the terms of the lease for the Store; and (vi) any other insurance we may designate. Despite the above, we may change the required insurance coverage, including the terms, conditions, and coverage amounts, at any time during the term of your Franchise Agreement.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

## ITEM 9: FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	5.1, 5.2	11
b. Pre-opening purchase/lease	5.4, 5.5	7, 8, 11
c. Site development and other pre-opening requirements	5	11
d. Initial and ongoing training	6	11
e. Opening	5.7	11
f. Fees	3.2, 4.1, 9.2, 10.1(m), 11.1, 11.3, 12.3, 12.5, 16.2, 17.3, 18.3(a), 22.8	5, 6, 7
g. Compliance with standards & policies/ Operating Manual	8	8, 11
h. Trademarks and proprietary information	14	13, 14
i. Restrictions on products and services offered	10, 13.4	8
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	2.1	12
l. Ongoing product & service purchases	FA Section 10, 13.4, 13.5	8
m. Maintenance, appearance and remodeling requirements	5.3, 10.1(i)	11
n. Insurance	21	Items 7, 8
o. Advertising	12	Items 6, 11
p. Indemnification	19.5	Item 14
q. Owner's participation/ management/ staffing	10	Items 11, 15
r. Records and reports	15	Item 6
s. Inspections and audits	13.3, 15.5	Items 6, 11
t. Transfer	16	Item 17
u. Renewal	17	Item 17
v. Post-termination obligations	18.5	Item 17
w. Non-competition covenants	20	Item 17
x. Dispute resolution	22	Item 17

## ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf.

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

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

### **A. Pre-Opening Obligations**

**Before you open your franchise, we will:**

- 1) Designate your Territory in the Franchise Agreement before the Franchise Agreement is executed. (Franchise Agreement, Section 2.1)
- 2) Provide you online access to initial orientation and training materials and the initial training program checklist. (Franchise Agreement, Section 6.1)
- 3) Provide the Operations Manual. (Franchise Agreement, Section 8.1)
- 4) Assist you and your manager to complete the initial training program using the initial orientation and training materials and monitor your completion of the training checklist. (Franchise Agreement, Section 6.1)
- 5) Give you a list of any approved or designated suppliers. (Franchise Agreement, Section 13.4 and 13.5)
- 6) Subject to applicable law, recommend minimum and maximum prices for the services and products offered by your Franchised Business. You may provide your Franchised Business services and products at any price that you determine within our parameters. (Franchise Agreement, Section 13.8).

### **Time to Open**

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the Franchise and the opening of the Franchise for business is approximately 60 to 120 days. You must commence your franchise business operations within **180** days after you sign the Franchise Agreement. Factors that may affect this time are arranging for contractor buildout timing, equipping the Franchise location with Trackman simulators and security systems, obtaining insurance and initial inventory, financing, and business permit and licensing requirements, and your personal operational needs. Any failure caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages, or other events beyond your reasonable control will be excused for a time that is reasonable under the circumstances.

If you do not commence operations of your franchise business within 180 days after you sign the Franchise Agreement, we may terminate the Franchise Agreement without refunding any part of the Initial Franchise Fee. (Franchise Agreement, Section 5.7)

### **Operations Manual Table of Contents**

The Operations Manual is hosted and available online. The Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards, guidelines, policies, protocols, and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the franchise agreement. The revisions may include advancements and developments in supplies, products, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. The table of contents of our Operations Manual is attached to this Disclosure

Document as Exhibit F. Our Operations Manual consists of approximately **36** separate pages plus embedded content and videos.

**Training**

We will provide to you an initial training session and online access to initial orientation and training materials and the initial training program checklist. We will assist you and your manager to complete the initial training program using the initial orientation and training materials. We will monitor your progress to ensure that all required initial training items are covered.

The initial training program will consist of approximately **2-3** days of remote training and follow up on completion of our initial training program checklist which includes employment training, corporate and individual membership sales and marketing training, and training on website and social media use. We provide standard boilerplate contract templates for franchisees to modify in their state with the assistance of local legal counsel, if desired. This initial training session will introduce you to our system and structure and cover software, building your business, operational practices, and marketing plan and strategy. We will review, assist, and monitor your completion of the initial training program checklist and assist you to commence operation of the Franchise. After you have completed all items on the initial training program checklist, we provide periodic remote support through telephone and email communications.

Up to three individuals may participate in the initial training program at no charge. All your accommodations, travel, room, board, and wage expenses during this period are borne exclusively by you. We may offer in-person training at our headquarters or in your Territory at your request and our reasonable availability and discretion. If we provide on-site training to you, you must pay our per diem training fee for our trainer, and you are exclusively responsible for all of your and our accommodations, travel, room, board, wage, and living expenses during this period. Most training is done remotely via zoom video conferencing or by standard telephone, text and email. The training program must be completed by all franchisees, unless, at our reasonable discretion, based upon a franchisee’s experience, it is deemed unnecessary. As of the date of this disclosure document, the current agenda for the training includes:

**TRAINING PROGRAM\***

<b>Subject</b>	<b>Hours Of Class Room Training</b>	<b>Hours Of On-the-Job Training</b>	<b>Location</b>
Full Swing (2)	4.0 hours	2 hours	Virtual
Social Media	1 hour	0 hours	Virtual
Website	1 hour	0 hours	Virtual
Troubleshooting	0.5 hours	0 hours	Virtual
Stripe Payments	0.5 hours	0 hours	Virtual
Sales/Marketing	10 hours	0 to 5 hours	Virtual, Onsite (per your request)
<b>Total</b>	<b>15.5</b>	<b>0 to 5</b>	

- (1) The Training Schedule may be amended.
- (2) A Full Swing representative will supervise/conduct all or part of this training, virtually and/or in-person before the opening of your Franchised Business.

Our training supervisor is Brady Carlsen. Mr. Carlsen has served as a training supervisor since 2022 and has operated The Back Nine businesses since 2022.

The initial training program utilizes the initial training program checklist, the BACK NINE™ Operations Manual and initial orientation and training materials for instructional material.

Training is scheduled and held on an “as needed” basis depending on the number of franchisees requesting training in a particular time frame and the availability of our training personnel.

You and your manager, if any, must complete the initial mandatory training program to our satisfaction or we may terminate the Franchise Agreement without refunding any part of the initial franchise fee. You are encouraged to complete the initial training program as soon as possible after executing the Franchise Agreement and before incurring any costs or expenses related to the opening of the Franchise. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because you or the manager fails to complete the mandatory training to our satisfaction.

You are responsible for all expenses you and your employees incur to attend the initial training, including transportation, meals, accommodations and entertainment.

If you desire to have more than three individuals receive initial training, these additional individuals will be accommodated at our convenience. We reserve the right to charge a reasonable fee for the provision of the training regardless of when and where the individuals participate in initial training.

We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior, poor attendance or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

Although not required by agreement, we may, at our discretion or upon your request, provide other supervision, assistance, and services before the opening of your Franchised Business; such as literature, videos, advertising materials, and additional training assistance.

## **B. Our Obligations DURING the Operation of Your Franchise Business**

After you open your franchise, we will:

- 1) At your option and upon no less than 35 days' prior written notice to us, you may receive additional training at our headquarters or at other agreed upon locations. All expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then current rates. This additional training may include work experience and observation of our or other franchise operations. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate others to conduct some or all of such training. (Franchise Agreement, Section 6.3)
- 2) From time to time we may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, usually in conjunction with our annual convention, you or the designated managers of your Franchise will be required to attend up to 12 to 16 hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees onsite

in your Territory. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the Operations Manual in the future. We may charge a reasonable training fee for these additional training sessions. (Franchise Agreement, Section 6.3)

- 3) Administer our advertising program and formulate and conduct national and regional promotion programs. (Franchise Agreement, Sections 12.5)
- 4) Inspect the Franchise and conduct activities to ensure compliance with the terms of the Franchise Agreement and Operations Manual to assure consistent quality and service throughout our franchise system. (Franchise Agreement, Sections 13.3)
- 5) Inspect the facilities of your manufacturers, suppliers, and distributors and notify you and the manufacturers, suppliers, and distributors in writing of any failure to meet our specifications and standards.
- 6) We may provide other supervision, assistance or services although we are not bound by the Franchise Agreement or any related agreement to do so. These may include among other things: advertising materials, videos, literature, additional assistance in training, promotional materials, bulletins on new products or services, and new sales and marketing techniques or developments.
- 7) Telephone you periodically after you open your Franchised Business to discuss any operational issues and solutions.
- 8) Subject to applicable law, recommend minimum and maximum prices for the services and products offered by your Franchised Business. You may provide your Franchised Business services and products at any price that you determine within our parameters. (Franchise Agreement, Section 13.8).

## **Advertising**

You are responsible for advertising and marketing activities relating to your Franchise. You must fully participate in all of our advertising and promotional programs and events, but you do not have the opportunity to approve or disapprove of our advertising and promotions, although we do welcome your thoughts, suggestions, and recommendations. Currently we promote our franchises via the internet and social media. We may also advertise through print and direct mail media. Advertising programs may be implemented locally and regionally through advertising cooperatives. We may use in-house advertising departments and may use regional advertising agencies. We may provide advertising materials and sales aids for you to use in your local advertising and promotional efforts. We use your Marketing Fees for internet and social media advertising at times and using platforms and services we deem to be in the best interest of our franchisees and our franchise system. This includes Google, Facebook, Instagram, Tik Tok, X (Twitter), and YouTube, produced by in house content creators, and private SEO firm contractors.

## **Brand Marketing Fund** (Franchise Agreement Section 12.5)

You are required to pay to us 1% of your monthly Gross Revenues as a marketing fee to our Brand Marketing Fund (see Item 6, above). We reserve the right to temporarily lower, suspend, or rebate the Brand Marketing Fund fee at any time, upon prior written notice to you and to our other franchisees. We will administer the Brand Marketing Fund and direct all regional and national advertising programs with sole discretion over the creative ideas, materials, endorsements, placement, and allocation of overhead expenses. We may use the Brand Marketing Fund fee to maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs as we, in our sole discretion, deem proper. We are under no obligation to use the Brand Marketing Fund fee to ensure that expenditures are proportionate to contributions of franchisees for any given

market area or that any franchisee benefits directly or proportionately from the development or placement of advertising. We are not obligated to expend all or any part of the Brand Marketing fees we receive during any specific period.

Each of our company-owned and affiliate-owned Back Nine operations offering products and services similar to our franchisees will contribute to the Brand Marketing Fund at the same percentage required of our franchisees.

Any Brand Marketing Fund fees not used in the fiscal year in which they were contributed will be applied and used for advertising expenses in the following year.

We require that most advertising materials note that franchises are available. We do not intend to use marketing fees or assessments we collect from our franchisees for advertising that is principally to solicit the sale of new franchises.

In our last fiscal year ended December 31, 2023, no Brand Marketing Fund fees were required, made, or expended. We may use Brand Marketing Fund fees for reasonable administrative costs and overhead that we incur in activities related to the administration and direction of the Brand Marketing Fund. You may obtain an accounting of the Brand Marketing Fund collection and expenditure activities upon written request. The Brand Marketing Fund is not audited.

### **Local Advertising Expenditures**

In addition to your obligation to pay to the Brand Marketing Fund, we recommend that each month you expend in your local market at least **1%** of your Gross Revenues to advertise and promote your Franchise.

### **Advertising Approval** (Franchise Agreement Section 12.1)

You will submit to us all advertising copy and other advertising and promotional materials before you use them in your local advertising program. You will not use any advertising copy or other promotional material until we approve it. You specifically acknowledge and agree that any website will be deemed "advertising" under the Franchise Agreement and will be subject to, among other things, our approval, restrictions, and requirements outlined in the Operations Manual. The term "website" means an interactive electronic document contained in a network of computers linked by communications software you operate or authorize others to operate that refers to the franchised business, proprietary marks, us, or the Method of Operation. The term website includes, but is not limited to, internet and world wide web home pages. All advertising and promotional materials must include the wording "franchises available."

### **Advertising Cooperatives** (Franchise Agreement Section 12.4)

We may designate local, regional, or national advertising coverage areas for the development of cooperative local or regional advertising and promotional programs. An "advertising coverage area" is defined as the area covered by a particular advertising medium such as television, radio, or other medium, as recognized in the media industry. We will designate the geographic boundaries of cooperative advertising and promotional programs and the respective advertising coverage areas of these programs. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

We will promptly notify you and our other franchisees of the establishment, modification, and geographical boundaries of regional advertising regions. We may require all franchisees located within each advertising region to meet periodically for the purpose of creating and establishing regional advertising programs. Each franchise and each operation we or our affiliates own and operate will be entitled to one vote at these meetings. For the purpose of this subsection, each operation we own will be deemed to be a franchise.

If at any meeting of the franchisees in an advertising region, **65** percent of the franchisees vote to contribute to a regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote (the "Regional Advertising Fund"). No advertising region may require any franchisee in that region to make a contribution to a Regional Advertising Fund in excess of **2%** of that franchisee's Gross Revenues. At the time a cooperative local or regional advertising or promotional program is developed, we will provide to you a list of all open BACK NINE™ franchises within your advertising coverage area.

We will administer each Regional Advertising Fund in the same manner and upon the same terms and conditions as the Brand Marketing Fund outlined in this Item 11. There are no other written governing documents that govern any cooperative advertising program. No Regional Advertising Fund will be audited. However, we will prepare annual financial statements that you may obtain upon written request to us.

Your contributions must be paid to the cooperative administrator we designate, when and in the same manner as the Royalty Fee and Brand Marketing Fund fee payments are paid to us. Please refer to Items 6, 8, and 9 for more information about our advertising programs.

Other than the Brand Marketing Fund and the Regional Advertising Fund described above, there are no other advertising funds in which you must participate.

### **Computer Systems**

To ensure consistency throughout the franchise system, you must utilize certain technology and software in your operations. You must equip, at your expense, the Franchised Business with the integrated information system currently being used by us (including our website, tee time booking system, payment processing system, social media accounts, computer hardware, computer software, printers, and other equipment designated in the Operations Manual) according to our standards and specifications. You must utilize a laptop or tablet device and a cell phone, and these devices must connect to the internet and must be fully compatible with the designated software and meet our minimum specifications and guidelines. Required computer systems, hardware, and software generally cost between \$500 and \$1,500. You are required to obtain and maintain high-speed internet connectivity which meets our standards and specifications.

You will pay to us a monthly Internal Systems Fee of \$350 to cover software license fees, software maintenance fees, website hosting and maintenance, web portal access, and other services we provide for integrated information system required in the operation of the Franchised Business.

You are required to use the Go High Level customer management system in the operation of the Franchised Business. The current cost of the system is \$250 per month payable to a third-party supplier.

At your own expense, you must establish and maintain a bookkeeping and accounting system which conforms to our standards and specifications as described in the Operations Manual. We currently require you to utilize QuickBooks online and our primary website for all bookkeeping, accounting, and reporting.

We will have full ability to poll your data, system, and related information by means of direct access whether in person or by telephone/modem. We will have independent access to the information that will be generated and stored in your integrated information system. There is no contractual limitation on our right to access your information or data.

Neither we nor any of our affiliates will provide you with any maintenance, updates and/or upgrades for your integrated information system. You must pay for upgrades to any required software and hardware. We estimate the cost of those upgrades will not exceed \$500 during any calendar year.

## Site Selection (Franchise Agreement Section 5.1)

At your own expense, you must obtain and develop a site for the Franchised Business within your Territory (see Item 12). We will provide our site selection guidelines to you, and you must submit a written description of the proposed site and other information about the site that we reasonably request. We will have 15 business days to review the materials provided and we will respond to you with our acceptance or rejection of the proposed site. We consider the following factors in approving a site: demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, median income, competition from other businesses providing similar services or products in the area, proximity to other businesses, any exclusivity granted to other franchises, the nature of other businesses in proximity to the premises, and other commercial characteristics, such as size and appearance of the premises. You may not sign a lease or purchase a site unless we have provided our acceptance of the site.

A site must be approved within 120 days after execution of the Franchise Agreement or the agreement may be terminated by us. This period may be extended upon timely request up to an additional 60 days provided you have been earnestly searching for suitable premises. Final approval of the site is not a guarantee that your Franchised Business can be successfully operated at an approved location. We do not locate the site or negotiate the purchase or lease of the site, although we must approve your lease. We will not own and/or lease a site to you. (Franchise Agreement, Section 5)

## ITEM 12: TERRITORY

Under the Franchise Agreement, you have the right to establish and operate one The Back Nine outlet within a specific territory (the "Territory"). You are required to find and obtain possession of a location for your Franchised Business that meets our site selection standards and our approval. Your Territory will be located in all or a portion of a listed town, city, or county, and is identified by a group of contiguous Zip Codes. The Territory is determined on an individual basis taking into account the population or geographic radius and will be further defined by political boundaries, natural boundaries, demographics, and healthcare expenditures in the area, and other factors we deem pertinent. Franchise Territories will have a total cumulative population of approximately, but not greater than, 50,000 people. The Territory is identified specifically in Exhibit I of the Franchise Agreement.

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

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another The Back Nine outlet or grant the right to anyone else to open a The Back Nine outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Marks in the Franchised Territory through alternative distribution channels, as discussed below.

You are required to meet the minimum performance benchmarks outlined in Exhibit VII to the Franchise Agreement:

Time Period After Franchise Agreement Signing	Gross Revenues Per Month
Months 1-6	\$0
Months 7-12	\$2,500
Months 13 and beyond	\$5,000

If you fail to achieve these minimum performance benchmarks, we reserve the right to reduce the size or scope of protection of the Territory, increase the Local Marketing requirement, or terminate the Franchise Agreement. There is no other market penetration or other contingency that will affect your right to operate in your Franchised Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

You must be in good standing and receive our written permission before you relocate your franchise, which permission will be granted in our sole and complete discretion. The relocated territory must be available according to our contractual commitments to other franchisees. We must deem the move to be in the best interest of the BACK NINE™ system, you, and other nearby franchisees. Any relocation will be at your sole expense. You must satisfy our then current franchise placement and demographics criteria, as expressed in the Operations Manual. While you are closed for relocation, you must continue to pay us a minimum Royalty and Brand Marketing Fund contribution equal to the average paid during the 4 calendar quarters immediately preceding your relocation. Should we consent to your relocation, you will be required to pay us a relocation fee equal to \$2,000.

We may, but have no obligation to, consider granting to you the right to establish additional The Back Nine outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another The Back Nine outlet in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We retain all rights not specifically granted to you in the Franchise Agreement. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We and our affiliates have the right to use or license the use of our service marks and trademarks to others. Neither we, nor our parent company, nor affiliates are restricted from participating in other distribution methods, including within the Territory including the Internet, other forms of media now or in the future developed, wholesale and mail order channels, whether under our principal marks or under marks and product configurations different than those offered through your franchise. We are not required to compensate you for soliciting or conducting such business within your territory.

You may not use Alternative Distribution Channels, such as the Internet, catalog sales, telemarketing or other direct marketing to make sales outside your Territory. We retain the sole right to market on the Internet, including all use of web sites, either directly or indirectly through virtual means, local advertising, or otherwise, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Service Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent. We intend that any franchisee web site be accessed only through our home page. Subject to the terms of use on our web site, we may gather, develop and use in any lawful manner information about any visitor to the web site, including but not limited to your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.

You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory. Except as otherwise provided in the Franchise Agreement or the Operations Manual, you may not directly market to, solicit

or service customers whose principal home address or place of business is outside the Territory. You may not advertise in any media whose primary circulation is outside the Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media. All Internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement and must be coordinated through us and approved by us. You may not market independently on the Internet or acquire an independent Internet domain name or web site. You may not solicit or accept orders outside your Territory under other channels of distribution (such as the Internet, other forms of media now or in the future developed, wholesale and mail order channels) without our prior written approval. The distribution company may offer distribution goods to other entities outside of the franchise.

The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of The Back Nine products or services through Alternate Distribution Channels.

**ITEM 13: TRADEMARKS**

The Franchise Agreement will license to you the right to operate your Franchised Business using the following Marks we have registered on the U.S. Patent and Trademark Office:

Mark	Registration Number	Registration Date	Register
THE BACK NINE	7,157,155	September 5, 2023	Principal
	7,040,922	May 2, 2023	Principal

On April 14, 2023, Paramount Apparel International, LLC filed an Extension of Time to Oppose the application to register “THE BACK NINE” Mark (Registration No. 7,157,155). To prevent confusion in the marketplace, our predecessor, The Golf Studio, LLC subsequently entered into a Coexistence Agreement with Paramount Apparel International, LLC whereby the owner has consented to our use and registration of the “THE BACK NINE” Mark provided that neither we nor any predecessor or affiliate manufacture or sell clothing under “THE BACK NINE” Marks. On the basis of the Coexistence Agreement, the United States Patent and Trademark Office has granted registration of the Mark.

On June 28, 2024, Back Nine, LLC filed a Petition for Cancellation of “THE BACK NINE” Marks (Registration Nos. 7,157,155 & 7,040,922) on the grounds of priority and likelihood of confusion. We filed an Answer to each Petition of Cancellation on July 25, 2024. Motions to Extend were granted on October 9, 2024, as we are in settlement discussions regarding a coexistence agreement. Settlement negotiations are ongoing.

We intend to file all required affidavits and to file all renewal filings as they become due.

We also claim common law rights to the following word Marks:

- BACK NINE
- BACK NINE GOLF

We will allow you to use these and all other trade names, trademarks, service marks, and logos we now own or may in the future develop for our franchise system.

The Marks are our exclusive property. You will immediately notify us of any infringement of, or challenge to, your use of the trademarks. We will have sole discretion to take or not to take action, as we deem appropriate. We are not required to protect your rights to use the Marks or to protect you against claims for infringement or unfair competition arising out of your use of the trademarks. We have sole discretion as to whether to defend you against or indemnify you for expenses or damages incurred due to claims of infringement or unfair competition arising out of your use of the Marks. The franchise agreement does not require us to take affirmative action when notified of such uses or claims or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the trademarks, or if the proceeding is resolved unfavorably to you. We have the sole right to control any administrative proceedings or litigation involving the Marks.

You must follow our rules when you use the Marks. You may not use the Marks in any manner we have not authorized in writing.

All goodwill associated with the trademarks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law.

You may not use or give others permission to use the trademarks, or any colorable imitation of them, combined with any other words or phrases.

We may change or modify any part of the trademarks at our sole discretion. You will accept, use, and protect, for the purposes of the franchise, all changes and modifications as if they were a part of the trademarks at the time the franchise agreement is executed. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to these changes or modifications.

There are no presently effective determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, any state trademark administrator or court, and any pending infringement, opposition, or cancellation proceeding. There is no pending material federal or state court litigation regarding our use or ownership rights in the trademarks.

There are no currently effective agreements that significantly limit our rights to use or license the use of the trademarks in a manner material to the franchise. As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the principal trademarks in the state where the franchise will be located.

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

We intend to affix a statutory notice of copyright to our Operations Manual, to most of our advertising products, and to all modifications and additions to them. There are no determinations, agreements, infringements, or obligations currently affecting these notices or copyrights. You have no rights to the copyrighted material. You are granted the right and are required to use the copyrighted items only with your operation of the franchise during the term of your franchise agreement. You can use our website and booking software, social media content, and branded marketing materials generally. No copyrights or patents applied for, just authored and placed into the stream of commerce.

The Operations Manual is described in Item 11. It is confidential, proprietary, and contains trade secret materials. Although we have not filed applications for copyright registration, all copyrighted materials are our property. Item 11 describes limits on use of the copyrighted materials by you and your employees. We claim proprietary rights in our reporting systems. You are only permitted to use these proprietary systems in accordance with the Franchise Agreement and only as long as you are a franchisee. You must contact us immediately if you learn of

any unauthorized use of our or our affiliate's proprietary information. You must also agree to not contest our rights to and interest in our copyrights and other proprietary information.

Proprietary information includes industry knowledge, ordering quantity, trade secrets, schedule management software, and proprietary tee-time booking and access software, which is all considered confidential information and franchisees are obligated to refrain from disclosing and sharing.

We have no patents and no pending patent applications material to your franchise.

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

You or one of your owners, if you are a corporation or partnership, must participate fully in the actual day-to-day operation of the franchise business. You may designate a manager to assume responsibility for day-to-day operations. We do not impose any restrictions on who may serve as a manager of your franchise; however you should exercise reasonable care in selecting your employees. Any managers you employ to help you to operate the franchise must successfully complete the initial training program described in Item 11. Your manager is not required to have an equity interest in your franchise. The manager and all of your owners must agree to be bound by the confidentiality and non-competition provisions of the Franchise Agreement in writing. If you own multiple The Back Nine franchises, the managing owner or manager of each franchise must successfully pass our training.

Each of your owners must assume and agree to discharge all of your obligations under the franchise agreement. You are expected to participate actively in franchisee meetings, seminars, conferences, and supplemental training we sponsor. We generally require that you manage your franchise operations directly with your full-time best efforts to grow the franchise. If your spouse is not a party to the Agreements, your spouse does not have to personally guarantee your performance under the Agreements.

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

We require that you use, offer, and sell only those products, services, and programs that we approve in writing. You must offer all products and services that we designate as required by our franchisees. You may not offer any products or services through alternative channels of distribution without our prior written approval. We reserve the right, without limitation, to modify, delete, and add to the authorized products and services.

Our minimum standards and guidelines do not involve influencing decisions related to every specific business decision regarding growth strategies. Notwithstanding that you must purchase products, equipment, and supplies from us and from suppliers approved by us. You must offer and sell services, products, and programs that we approve; we will never interfere or control in any way in the exercise of business judgment by you and professional entities.

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

**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.**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 17.1	10 years

Provision	Section in Franchise Agreement	Summary
b. Renewal or extension of term	Section 17.3	If you are in good standing, you may renew for up to 3 additional terms of <b>5</b> years each under the terms of our then-current franchise agreement that may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Section 17.3	“Renewal” means that you, upon the expiration of the prior term of the franchise agreement, have the right to enter into a new agreement according to our then-current franchise agreement forms that may have materially different terms and conditions than your original contract. You must give notice at least 3 months, and not more than 6 months, before expiration of the initial term; faithfully perform under the initial agreement; sign general release; sign a new agreement; pay a renewal fee in the amount of \$5,000; and go through retraining.
d. Termination by franchisee	None	
e. Termination by franchisor without cause	Not applicable	We cannot terminate unless you are in default
f. Termination by franchisor with cause	Sections 18.1 and 18.2	We can terminate only if you default.
g. “Cause” defined – curable defaults	Sections 18.1 and 18.2	You have 30 days to cure any default not listed in Section 6.3.
h. “Cause” defined – non-curable defaults	Section 18.1	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Franchise Agreement upon notice to you if you: do not acquire a site; do not complete construction and/or open the Franchised Business within required time frames; falsify any report to us; cease</p>

Provision	Section in Franchise Agreement	Summary
		<p>operations for 5 days or more, unless the premises are damaged and you apply to relocate; lose possession of the premises, unless you are not at fault for loss and you timely apply to relocate; fail to restore and re-open the Franchised Business within 120 days after a casualty; fail to comply with applicable laws; default under any lease for the premises; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations 3 or more times during the term or receive 2 or more default notices in any 12-month period; or terminate the Franchise Agreement without cause.</p>
i. Franchisee’s obligations on termination/non-renewal	Section 18.5	De-identification, return of manuals, release of phone numbers and listings, de-identification of your franchise equipment, payment of sums owed and liquidated damages, compliance with

Provision	Section in Franchise Agreement	Summary
		confidentiality and non-competition covenants..
j. Assignment of contract by franchisor	Sections 16.6	There are no restrictions on our right to transfer.
k. "Transfer" by franchisee - defined	Section 16.1	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called "transfer") the whole or any part of: the franchise agreement, substantial assets of the franchise, or ownership or control of you.
l. Franchisor approval of transfer by franchisee	Section 16.3	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 16.2	The transferee must qualify as a franchisee and must assume your obligations, you may not be in default, the transferee must successfully complete the mandatory training, you must pay the transfer fee in the amount of \$20,000, the transferee must sign a new franchise agreement on our then current terms, and you must release us.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.4	If you receive an offer, we will have the right to purchase on the same terms and conditions as offered to you, <b>30-day</b> notice and right to decide.
o. Franchisor's option to purchase franchisee's business	Section 18.4	You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchised business. We will elect to exercise our option to purchase within <b>30</b> days after our receipt of your written notification. If we offer you an amount that you do not agree to, you may try to sell to a third party. You are obligated before any transfer to a third party to comply with all criteria outlined in the paragraphs related to First Right of Refusal.
p. Death or disability of franchisee	Section 16.7	Within 120 days, your heirs, beneficiaries, devisees or legal

Provision	Section in Franchise Agreement	Summary
		representatives may apply to continue to operate the franchise, or transfer Franchise interest.
q. Non-competition covenants during the term of the franchise	Section 20.1	You may not disclose confidential information or compete.
r. Non-competition covenants after the franchise is terminated or expires	Section 20.2	No competition is allowed for 2 years within the Territory, within 25 miles of the Territory, within 25 miles of any territory or market where we operate or have granted the franchise to operate a business, and within the United States of America.
s. Modification of the agreement	Section 22.3	We may modify the Operations Manual. Modifications to the language of the Franchise Agreement require the signed written agreement of the parties.
t. Integration/Merger clause	Section 22.4	Subject to relevant state law, only the terms of the Franchise Agreement and Operations Manual are binding. Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 22.1	The Parties shall first submit disputes to Mediation in good faith, then may pursue available remedies.
v. Choice of forum	Section 22.1	Mediation and Litigation must be in Washington County, Utah, except as stated in State Addenda to this disclosure document. Subject to state law.
w. Choice of law	Section 22.1	Utah law applies except as otherwise provided in the Franchise Agreement and subject to state laws in those states whose laws require exclusive application and except to the extent governed by the United States Trademark Act.

## **ITEM 18: PUBLIC FIGURES**

We do not use any public figures 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.

We have 9 franchise owned The Back Nine outlets. We have included the historical financial representations for the 5 franchised outlets that have 3 or more simulator bays. We have excluded the 4 franchised outlets that have less than 3 simulator bays as we are longer offering this model for franchising.

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

**Some outlets have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.**

[Balance of page intentionally left blank]

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
<b>American Fork, UT - 3 Bays</b>						
Total Revenue	\$ 5,754.48	\$ 7,482.44	\$ 10,370.33	\$ 16,320.84	\$ 20,141.35	\$ 24,635.88
Total Expenses (including Rent \$7,200)	\$ 9,436.52	\$ 9,275.90	\$ 9,220.25	\$ 9,221.84	\$ 12,371.40	\$ 12,513.26
Actual Financing Costs	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Net Income	\$ (4,682.04)	\$ (2,793.46)	\$ 150.08	\$ 6,099.00	\$ 6,769.95	\$ 11,122.62
Net Income (assuming no financing)	\$ (3,682.04)	\$ (1,793.46)	\$ 1,150.08	\$ 7,099.00	\$ 7,769.95	\$ 12,122.62

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
<b>Cedar City, UT - 3 Bays</b>						
Total Revenue	\$ 2,834.60	\$ 5,433.87	\$ 5,261.35	\$ 3,393.01	\$ 10,497.96	\$ 23,422.05
Total Expenses (Including Rent \$3,500)	\$ 5,896.80	\$ 4,203.37	\$ 7,266.24	\$ 4,995.54	\$ 7,343.14	\$ 9,813.14
Actual Financing Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ (3,062.20)	\$ 1,230.50	\$ (2,004.89)	\$ (1,602.53)	\$ 3,154.82	\$ 13,608.91
Net Income (assuming no financing)	\$ (3,062.20)	\$ 1,230.50	\$ (2,004.89)	\$ (1,602.53)	\$ 3,154.82	\$ 13,608.91

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
<b>Franklin, TN - 3 Bays</b>						
Total Revenue	\$ 11,385.42	\$ 15,375.21	\$ 14,700.22	\$ 14,460.63	\$ 19,534.84	\$ 26,694.51
Total Expenses (Including Rent \$6,750)	\$ 9,588.09	\$ 9,703.18	\$ 9,881.85	\$ 10,095.83	\$ 9,915.43	\$ 13,753.10
Actual Financing Costs (accelerated leasing fully paid by June 2026)	\$ 5,563.75	\$ 3,943.50	\$ 3,943.50	\$ 3,943.50	\$ 3,943.50	\$ 3,943.50
Net Income	\$ (3,766.42)	\$ 1,728.53	\$ 874.87	\$ 421.30	\$ 5,675.91	\$ 8,997.91
Net Income (assuming no financing)	\$ 1,797.33	\$ 5,672.03	\$ 4,818.37	\$ 4,364.80	\$ 9,619.41	\$ 12,941.41

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
<b>Gilbert, AZ - 3 Bays</b>						
Total Revenue	Not open	Not open	\$ 9,672.16	\$ 19,084.97	\$ 20,532.22	\$ 13,005.36
Total Expenses (Including Rent \$6,400)			\$ 9,659.85	\$ 9,827.35	\$ 9,492.34	\$ 7,725.42
Actual Financing Costs			N/A	N/A	N/A	N/A
Net Income			\$ 12.31	\$ 9,257.62	\$ 11,039.88	\$ 5,279.94

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
<b>Spanish Fork/Millcreek, UT - 3 Bays</b>						
Total Revenue	\$ 6,049.52	\$ 8,653.98	\$ 12,151.20	\$ 15,227.04	\$ 17,210.96	\$ 18,309.64
Total Expenses (Including Rent \$3,500)	\$ 9,096.58	\$ 8,275.02	\$ 8,853.87	\$ 10,708.31	\$ 10,855.90	\$ 9,894.81
Actual Financing Costs	\$ -	\$ 2,696.44	\$ 2,701.24	\$ 2,929.23	\$ 3,019.46	\$ 3,125.71
Net Income	\$ (3,047.06)	\$ (2,317.48)	\$ 596.09	\$ 1,589.50	\$ 3,335.60	\$ 5,289.12
Net Income (assuming no financing)	\$ (3,047.06)	\$ 378.96	\$ 3,297.33	\$ 4,518.73	\$ 6,355.06	\$ 8,414.83

Notes:

- “Total Revenue” is calculated as the total gross revenue for The Back Nine location, including revenue from various different sources, which may include membership subscription revenue, hourly use revenue, advertising revenue, golf lesson revenue, events revenue, etc.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Wil Bangerter, 898 E 4010 S, Washington, Utah, 84780, 435-414-3446, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2021 to 2023**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	9	+9
Company – Owned*	2021	0	1	+1
	2022	1	1	0
	2023	1	1	0
<b>Total Outlets</b>	<b>2021</b>	<b>0</b>	<b>1</b>	<b>+1</b>
	<b>2022</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2023</b>	<b>1</b>	<b>10</b>	<b>+9</b>

\*Company-Owned outlets are owned and operated by our affiliates.

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For Years 2021 to 2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
None	2021	0
	2022	0
	2023	0
<b>Total</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>

**Table No. 3  
Status of Franchised Outlets  
For Years 2021 to 2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at Start of Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Terminatio ns</b>	<b>Column 6 Non- renewals</b>	<b>Column 7 Reacquired by Franchisor</b>	<b>Column 8 Ceased Operations - Other Reasons</b>	<b>Column 9 Outlets at End of the Year</b>
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Nevada	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Utah	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	6	0	0	0	0	6
<b>Total</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>

**Table No. 4  
Status of Company-Owned Outlets  
For Years 2021 to 2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at Start of Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Outlets Reacquired from Franchisees</b>	<b>Column 6 Outlets Closed</b>	<b>Column 7 Outlets Sold to Franchisees</b>	<b>Column 8 Outlets at End of the Year</b>
Utah	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
<b>Total</b>	<b>2021</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**Table No. 5**  
**Projected Openings as of December 31, 2023**

<b>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed But Outlet Not Opened</b>	<b>Column 3 Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Column 4 Projected New Company Owned Outlets in the Next Fiscal Year</b>
Arizona	2	2	1
Florida	0	3	0
Georgia	1	0	0
Idaho	0	1	0
Michigan	0	1	0
Nebraska	1	0	0
Nevada	0	2	0
South Carolina	1	1	0
Tennessee	1	1	0
Texas	0	2	0
Utah	2	2	1
<b>Total</b>	<b>8</b>	<b>15</b>	<b>2</b>

Exhibit G lists the names of all franchisees including the addresses and telephone numbers of the franchises currently in the System.

The name, city, state, and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the applicable agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks if the issuance date of this Disclosure Document is listed on Exhibit E to this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with The Back Nine System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark specific organizations formed by our franchisees that are associated with The Back Nine System.

#### **ITEM 21: FINANCIAL STATEMENTS**

Back Nine Golf Group, LLC was formed on November 20, 2023. Because we have not been in business for three years, we are not able to include the three prior years of audited financial statements normally required by this Item 21.

Attached in Exhibit A to this Disclosure Document are our audited financial statements as of December 31, 2023. Also attached are our unaudited financial statements as of October 14, 2024.

Our fiscal year end is December 31<sup>st</sup>.

#### **ITEM 22: CONTRACTS**

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

Exhibit B      Franchise Agreement  
Exhibit G      Franchisee Acknowledgment Statement

**ITEM 23: RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**



**THE BACK NINE<sup>®</sup>**

# BACK NINE GOLF GROUP, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

AS OF DECEMBER 31, 2023 AND FOR THE PERIOD

FROM INCEPTION (NOVEMBER 20, 2023) TO DECEMBER 31, 2023



# BACK NINE GOLF GROUP, LLC

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## *Independent Auditor's Report*

To the Members  
Back Nine Golf Group, LLC  
St. George, UT 84790

### ***Opinion***

We have audited the accompanying financial statements of Back Nine Golf Group, LLC, which comprise the balance sheet as of December 31, 2023 and the related statements of operations, member's equity (deficit), and cash flows for the period from inception (November 20, 2023) to December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Back Nine Golf Group, LLC as of December 31, 2023 and the related statements of operations, member's equity and cash flows for the period from inception (November 20, 2023) to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

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

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

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

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

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

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

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

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

***Restrictions on Use***

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezar & Dunlay

St. George, Utah  
February 29, 2024

**BACK NINE GOLF GROUP, LLC**  
**BALANCE SHEET**  
As of December 31, 2023

	<b>2023</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 968,310
Accounts receivable	90,558
Total current assets	1,058,868
Intangible assets	70,225
Total assets	\$ 1,129,093
<b>Liabilities and Member's Equity</b>	
Current liabilities	
Accounts payable	\$ 386
Deferred franchise revenue	80,000
Total liabilities	80,386
Members' equity	
Members interests	1,048,707
Total liabilities and members' equity	\$ 1,129,093

The accompanying notes are an integral part of these financial statements

# BACK NINE GOLF GROUP, LLC

## STATEMENT OF OPERATIONS

For the Period from Inception (November 20, 2023) to December 31, 2023

	<u>2023</u>
Operating revenues	
Franchise fees	\$ 10,000
Royalty fees	2,403
Other fees	<u>1,941</u>
Total operating revenues	14,344
Operating expenses	
General and administrative expenses	2,629
Professional fees	<u>30,833</u>
Total operating expenses	<u>33,462</u>
Net loss	<u>\$ (19,118)</u>

The accompanying notes are an integral part of these financial statements

# BACK NINE GOLF GROUP, LLC

## STATEMENT OF MEMBERS' EQUITY

For the Period from Inception (November 20, 2023) to December 31, 2023

	<u>Member's Equity</u>
Balance at November 20, 2023	-
Net loss	(19,118)
Contributions	1,277,825
Distributions	<u>(210,000)</u>
Balance at December 31, 2023	<u>\$ 1,048,707</u>

The accompanying notes are an integral part of these financial statements

**BACK NINE GOLF GROUP, LLC**  
**STATEMENT OF CASH FLOWS**  
For the Period from Inception (November 20, 2023) to December 31, 2023

	<b>2023</b>
Cash flows used in operating activities:	
Net loss	\$ (19,118)
Adjustments to reconcile net income to net cash provided (used) by operating activities:	-
Change in operating assets and liabilities:	
Accounts receivable	(558)
Accounts payable	386
Deferred franchise revenue	(20,000)
Net cash provided by operating activities	(39,290)
Cash flows from investing activities:	
Purchases of property and equipment, net	(2,500)
Net cash used in investing activities	(2,500)
Cash flows from financing activities:	
Member contributions	1,210,100
Member distributions	(210,000)
Net cash provided by financing activities	1,000,100
Net change in cash and cash equivalents	958,310
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	\$ 958,310
Supplemental disclosures of cash flow	
Cash paid for interest and taxes	\$ -
Non cash contributions of intangible assets	67,725
Contribution of accounts receivable	90,000
Contribution of contract liabilities	\$ 80,000

The accompanying notes are an integral part of these financial statements

**BACK NINE GOLF GROUP, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023**

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

Back Nine Golf Group, LLC (the “Company”) was organized in the State of Utah on November 20, 2023 as a limited liability company. The Company markets a unique indoor golf concept. The Company began franchising December 27, 2023 when an affiliate entity related through common ownership, contributed intangible assets consisting of previously executed franchise agreements and website development costs. The related party, The Golf Studio, LLC operates a location in St. George, Utah and contributed fifteen franchise agreements into the Company, of which eight locations were open.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The members’ liability is limited to their equity.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2023, the Company had cash and cash equivalents of \$968,310.

*(e) Accounts Receivable*

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and upon provision/shipment and invoicing of containers, products or services from the Company’s offices or suppliers. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2023, the Company had net receivables of \$90,558. \$80,000 of the accounts receivable balance relates to franchise agreements executed but for which payment was not collected as of year-end. As of December 31, 2023, management has not deemed an allowance for uncollectible accounts necessary.

BACK NINE GOLF GROUP, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

*(f) Long Lived Assets*

Long lived assets, such as property and equipment and intangible assets, are recorded at cost and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset. No impairment has been recognized to date.

*(g) Revenue Recognition*

The Company's primary revenues consist of initial franchise fees and royalty fees (which are based on a percentage of franchisee gross revenues) from franchisees.

Upon commencement of operations, the Company adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluates all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial franchise fee, ongoing royalties, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties and tech fees and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise. In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. ASC 952-606 identifies the following general pre-opening services (which the Company may or may not provide) as eligible for inclusion in the single distinct performance obligation:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services.
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon the provision of these pre-opening services, which is generally the commencement of operations.

BACK NINE GOLF GROUP, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

*(h) Income Taxes*

The Company is structured as a limited liability company under the laws of the state of Utah. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification (“ASC”) Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, no tax year is subject to examination.

*(i) Advertising Cost*

The Company expenses advertising costs as incurred. Advertising expenses for the three-month period ended December 31, 2023, were \$0.

*(j) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities.

*(k) Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Intangible assets

As of December 31, 2023, the Company’s intangible asset balance consisted of the following:

	2023
Website – 5 year estimated useful life	\$ 70,225
Less: accumulated amortization	-
	<u>\$ 70,225</u>

Amortization expense for the year ended December 31, 2023 was \$0. The intangible assets were contributed into the Company by affiliate entity under common control on December 27, 2023.

**BACK NINE GOLF GROUP, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023**

Accordingly, the Company placed the internally developed intangible assets into service at the beginning of 2024. As of December 31, 2023, future amortization is expected to be as follows:

2024	\$	14,045
2025		14,045
2026		14,045
2027		14,045
2028		14,045
	\$	70,225

(3) Equity

During the year end December 31, 2023, the Company granted membership interests to an existing member as part of its long-term incentive compensation program. These membership interests are subject to a vesting schedule over a period of three years. The grant date fair value of the membership interests is recognized as an expense over the vesting period.

The fair value of the membership interests is determined on the grant date using a valuation model that considers various factors, including the current market value of the Company's membership interests, the expected term of the award, the risk-free interest rate, and expected volatility of the Company's membership interests.

The vesting of membership interests is contingent upon the recipient's continued service with the Company over the three-year vesting period. The membership interests will vest over the three-year period, at a rate of 1.5%, 1.5% and 1%, respectively, provided the individual remains in continuous employment or service with the Company.

The unrecognized compensation cost related to the unvested membership interests is expected to be recognized over the vesting period. Any changes in the estimated number of membership interests that are expected to vest are recognized as a cumulative adjustment to compensation expense. As of December 31, 2023, no membership interests had vested, and no expense has been recognized.

The Company will continue to assess the fair value of the membership interests and make necessary adjustments to the compensation expense based on any changes in the expected vesting outcome. Any modifications to the terms of the membership interests will be accounted for in accordance with applicable accounting standards.

The information provided in this footnote is based on the Company's current estimates and assumptions, and actual results may differ. The Company will provide updates in subsequent financial statements as more information becomes available.

(4) Franchise Agreements and Deferred Revenue

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties. Under the franchise agreement, franchisees are granted the right to operate a location using the Back Nine system for a period of ten years. Under the Company's revenue recognition policy, the Company allocates the initial franchise fee to its pre-opening obligations, which is generally recognized when the franchisee begins operations. Fees for franchise locations that have not yet opened are deferred until such time the Company has performed its pre-opening obligations. As of December 31, 2023 the Company had deferred franchise fees of \$80,000.

BACK NINE GOLF GROUP, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Subsequent Events

Subsequent to the year ended December 31, 2023, the Company entered into a lease agreement for office space. The terms of the lease require monthly payments of \$2,500, for a term of one year, commencing January 1, 2024.

Management has reviewed and evaluated subsequent events through February 29, 2024, the date on which the financial statements were issued.

**THESE FINANCIAL STATEMENTS ARE PREPARED  
WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES  
OR SELLERS OF FRANCHISES SHOULD BE ADVISED  
THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS  
AUDITED THESE FIGURES OR EXPRESSED AN  
OPINION WITH REGARD TO THE CONTENT OR FORM.**

# Back Nine Golf Group

## Balance Sheet

As of October 14, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Golf Group Checking (6290) - 1	157,749.13
Sweeps Checking (4751) - 1	1,594,190.98
<b>Total Bank Accounts</b>	<b>\$1,751,940.11</b>
Accounts Receivable	
Accounts Receivable (A/R)	444,800.00
<b>Total Accounts Receivable</b>	<b>\$444,800.00</b>
Other Current Assets	
Loan to Golf Studio	20,762.05
Payments to deposit	0.00
<b>Total Other Current Assets</b>	<b>\$20,762.05</b>
<b>Total Current Assets</b>	<b>\$2,217,502.16</b>
Fixed Assets	
Leasehold Improvements	18,630.86
Web Development	97,100.00
<b>Total Fixed Assets</b>	<b>\$115,730.86</b>
<b>TOTAL ASSETS</b>	<b>\$2,333,233.02</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	
Bill Credit Card	3,654.00
<b>Total Credit Cards</b>	<b>\$3,654.00</b>
Other Current Liabilities	
Out Of Scope Agency Payable	0.00
Suspense	0.00
Utah State Tax Commission Payable	0.00
<b>Total Other Current Liabilities</b>	<b>\$0.00</b>
<b>Total Current Liabilities</b>	<b>\$3,654.00</b>
<b>Total Liabilities</b>	<b>\$3,654.00</b>

# Back Nine Golf Group

## Profit and Loss

January 1 - October 14, 2024

	TOTAL
Income	
Development Plan Fee	310,000.00
Franchising Income	1,950,000.00
Interest Income	47,447.10
Refunds & Chargebacks	-1,415.94
Royalty Income	52,680.81
Sales	11,998.60
Sales of Product Income	6,708.49
Shipping Income	370.00
Tech Fees	34,963.04
Vending Machine Sales	54.94
<b>Total Income</b>	<b>\$2,412,807.04</b>
Cost of Goods Sold	
Cost of goods sold	28,205.32
Supplies & materials - COGS	1,950.80
<b>Total Cost of goods sold</b>	<b>30,156.12</b>
<b>Total Cost of Goods Sold</b>	<b>\$30,156.12</b>
<b>GROSS PROFIT</b>	<b>\$2,382,650.92</b>
Expenses	
Advertising & marketing	64,804.85
Listing fees	35.00
Marketing/SQRD	53,000.00
Social media	4,209.39
Website ads	17.99
Youtube/Content Creation	45,000.00
<b>Total Advertising &amp; marketing</b>	<b>167,067.23</b>
Building Security	335.54
Business licenses	5,440.65
Contract labor	27,027.34
Contractor Base Pay	522,373.48
Leadership Bonuses	75,000.00
<b>Total Contractor Base Pay</b>	<b>597,373.48</b>
Contractor Reimbursement	5,910.35
Contributions to charities	250.00
Dues & Subscriptions	636.87
Entertainment	3,091.64
Franchise Broker Commissions	198,500.00

# Back Nine Golf Group

## Profit and Loss

January 1 - October 14, 2024

	TOTAL
General business expenses	
Bank fees & service charges	2,957.52
Continuing education	2,610.00
Memberships & subscriptions	106.00
<b>Total General business expenses</b>	<b>5,673.52</b>
Gifts	50.00
Janitorial Expenses	1,225.00
Legal & accounting services	846.50
Accounting fees	11,240.71
Legal Fees	3,074.75
<b>Total Legal &amp; accounting services</b>	<b>15,161.96</b>
Meals	7,391.64
Meals with clients	1,658.89
Travel meals	353.44
<b>Total Meals</b>	<b>9,403.97</b>
Office expenses	2,918.09
Merchant account fees	263.74
Office supplies	11,105.69
Printing & photocopying	110.42
Shipping & postage	1,260.55
Small tools & equipment	1,066.92
Software & apps	11,773.72
<b>Total Office expenses</b>	<b>28,499.13</b>
Payroll Processing Fees	463.32
QuickBooks Payments Fees	49.21
Rent	25,500.00
Supplies	213.49
Supplies & materials	7,556.86
<b>Total Supplies</b>	<b>7,770.35</b>
Travel	4,878.48
Airfare	11,347.19
Hotels	3,721.13
Taxis or shared rides	299.12
Vehicle rental	1,824.90
<b>Total Travel</b>	<b>22,070.82</b>
Utilities	2,325.67
Internet & TV services	835.74
<b>Total Utilities</b>	<b>3,161.41</b>

# Back Nine Golf Group

## Profit and Loss

January 1 - October 14, 2024

	TOTAL
Vehicle Expenses	
Parking & Tolls	376.19
Vehicle gas & fuel	1,427.02
<b>Total Vehicle Expenses</b>	<b>1,803.21</b>
<b>Total Expenses</b>	<b>\$1,126,465.00</b>
NET OPERATING INCOME	<b>\$1,256,185.92</b>
Other Income	
Credit card rewards	4,238.26
<b>Total Other Income</b>	<b>\$4,238.26</b>
NET OTHER INCOME	<b>\$4,238.26</b>
NET INCOME	<b>\$1,260,424.18</b>

# Back Nine Golf Group

## Balance Sheet

As of October 14, 2024

	TOTAL
Equity	
Capital	
Carlsen Enterprises, LLC	22,009.50
Darren T. and Janessa Wilstead Rev. Tr.	25,000.00
Harmon Management Company, LLC	2,946.50
Jared R. Wilstead Revocable Trust	25,000.00
JSD Investments, LLC	25,000.00
Kaden Craeger	21,909.50
Matt Harrison	25,000.00
Momentum LLC	75,000.00
Monte Holm & Associates, LLC	225,000.00
Rainmaker JME LLC	100,000.00
Steijum Consulting Group, LLC	50,000.00
Team Lindsey, LLC	225,000.00
WB Franchising	21,909.50
Wilstead Revocable Trust	225,000.00
<b>Total Capital</b>	<b>1,068,775.00</b>
Opening balance equity	0.00
Retained Earnings	379.84
Net Income	1,260,424.18
<b>Total Equity</b>	<b>\$2,329,579.02</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$2,333,233.02</b>

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**EXHIBIT C**  
**STATE ADDENDA**



**BACK NINE GOLF GROUP, LLC –  
FRANCHISE AGREEMENT**

Franchisee: \_\_\_\_\_

Date: \_\_\_\_\_

Location: \_\_\_\_\_

**BACK NINE GOLF GROUP, LLC  
FRANCHISE AGREEMENT**

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**LIST OF ATTACHMENTS**

- Attachment 1 – Territory & Location
- Attachment 2 – Guaranty and Assumption of Franchisee Obligations
- Attachment 3 – Statement of Ownership in Franchisee Entity
- Attachment 4 – Authorization Agreement for Pre-Arranged Payments
- Attachment 5 – Permit, License, and Construction Certificate
- Attachment 6 – Confidentiality and Noncompetition Agreement
- Attachment 7 – Performance Benchmarks
- Attachment 8 –Lease Rider
- Attachment 9 – Phone Number Acknowledgment and Conditional Assignment
- Attachment 10 – Authorization for Electronic Funds Transfer

THIS FRANCHISE AGREEMENT (the “AGREEMENT”) is made this day of \_\_\_\_\_, by and between BACK NINE GOLF GROUP, LLC, a Utah limited liability company, with a principal address of 898 E. 4010 S., Washington, Utah 84780 (the “FRANCHISOR”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principal(s) \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be individually and collectively referred to, and each is, the “Franchisee”.

## **1. PURPOSE**

1.1 The Franchisor has developed methods for establishing, operating and promoting indoor golf simulator facilities (“STORE” or “FRANCHISED BUSINESS”) using the service mark “THE BACK NINE” and related trade names and trademarks (“MARKS”) and the Franchisor's proprietary methods of doing business (the “LICENSED METHODS”, “SYSTEM”).

1.2. The Franchisor grants the right to others to develop and operate THE BACK NINE Stores, under the Marks and pursuant to the Licensed Methods.

1.3. The Franchisee desires to establish a THE BACK NINE Store at a location identified herein or to be later identified, and the Franchisor desires to grant the Franchisee the right to operate a THE BACK NINE franchise at such location under the terms and conditions which are contained in this Agreement.

## **2. GRANT OF FRANCHISE**

### **2.1. GRANT OF FRANCHISE.**

The Franchisor grants to the Franchisee, and the Franchisee accepts from the Franchisor, the right to use the Marks and Licensed Methods in connection with the establishment and operation of a THE BACK NINE Store, at the location described in Article 3 of this Agreement. The Franchisee agrees to use the Marks and Licensed Methods, as they may be changed, improved, and further developed by the Franchisor from time to time (within reason), in accordance with the terms and conditions of this Agreement. This grant applies only to a single location within a territory that is designated in Attachment 1 attached hereto and incorporated herein (the “Territory”).

### **2.2. SCOPE OF FRANCHISE OPERATIONS.**

The Franchisee agrees at all times to faithfully, honestly and diligently perform the Franchisee's obligations hereunder, and to continuously exert best efforts to promote THE BACK NINE Store. The Franchisee agrees to utilize the Marks and Licensed Methods to operate all aspects of the business franchised hereunder in accordance with the methods and systems developed and prescribed from time to time by the Franchisor, all of which are a part of the Licensed Methods. The Franchisee's THE BACK NINE Store shall offer such products and services as the Franchisor shall designate and shall be restricted from manufacturing, offering or selling any products and services not previously approved by the Franchisor in writing.

## **3. FRANCHISED LOCATION, DESIGNATED AREA, TERRITORY PROTECTION**

### **3.1. FRANCHISED LOCATION.**

This Agreement grants Franchisee the right to operate the Franchised Business at a single location (“FRANCHISED LOCATION”) and from within the Territory. Subject to Sections 3.2, 3.3, and 3.4 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not, and Franchisor will not permit any other THE BACK NINE franchisees, to operate a THE BACK NINE Store in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee (i) meets the performance benchmarks (“PERFORMANCE BENCHMARKS”) set forth in Attachment 7 and (ii) is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this

Agreement, Franchisor reserves the right to open, operate or franchise THE BACK NINE franchises bordering and adjacent to the Territory.

### **3.2. LIMITATION ON FRANCHISE RIGHTS; RELOCATION.**

Franchisee's rights to operate the Franchised Business shall be limited to the location set forth in Attachment 1, and no other. Franchisee shall not relocate the Franchised Business at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense, and subject to the following:

- a) Franchisee shall select a site and construct the new premises in accordance with the provisions of Section 5 hereof and to conform to Franchisor's then-current specifications for design, appearance and leasehold improvements for new Franchised Businesses;
- b) Franchisee shall remove any signs or other property from the original Franchised Business location which identified the original Franchised Business location as part of the System;
- c) Franchisee agrees that, during the build-out, decorating and furnishing of the new location, and at Franchisor's sole and absolute discretion: (a) the term of this Agreement shall not be abated, and (b) Franchisee shall remain liable to pay a minimum Royalty and Brand Marketing Fund contribution that is equal to the average amount paid by Franchisee during: (i) the four (4) calendar quarters immediately preceding the date that operations cease or (ii) the period that Franchisee was operating at the original Franchised Business location, whichever is less;
- d) Franchisor shall issue a revised Attachment 1 to reflect the address of the new Franchised Business location; and
- e) Franchisee shall pay Franchisor, upon Franchisor's consent to Franchisee's request to relocate, a relocation fee equal to Two Thousand Dollars (\$2,000).

### **3.3 PERFORMANCE BENCHMARKS.**

Franchisee acknowledges the importance of actively developing the Territory to achieve maximum revenues, and, to that end, Franchisee agrees to use best efforts to market Franchisee's Franchised Business to meet the Performance Benchmarks. Franchisee's failure to meet the Performance Benchmarks is a material default of this Agreement, and upon such default, Franchisor is entitled to (i) reduce the size of the Territory; (ii) require additional or remedial training; (iii) increase Franchisee's Local Marketing requirement; or (iv) terminate this Agreement.

### **3.4. FRANCHISOR'S RESERVATION OF RIGHTS.**

The Franchisee acknowledges that the franchise granted hereunder is non-exclusive and that the Franchisor retains the rights, among others: (1) to use, and to license others to use, the Marks and Licensed Methods for the operation of THE BACK NINE Stores at any location outside of the Territory; (2) to offer other products or services not offered under the Marks within or outside of the Territory; (3) to offer other golf instruction or simulator concepts under the Marks or other trademarks within or outside of the Territory; and (4) to offer services and products through any channel in the Territory other than a dedicated THE BACK NINE outlet, such as mail order, (including electronic mail order), the internet, catalog, television, retail store kiosk or display or through the wholesale sale of its products to unrelated retail outlets or to distributors or outlets located in stadiums, arenas, airports, turnpike rest stops or supermarkets or other captive market locations ("Alternate Distribution Channels"). Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.4 is deemed not to impair or injure Franchisee's rights pursuant to Section 2.1 hereof.

## **4. INITIAL FRANCHISE FEE**

### **4.1. INITIAL FRANCHISE FEE.**

In consideration for the right to develop and operate one THE BACK NINE Franchised Location, the Franchisee agrees to pay to the Franchisor an initial franchise fee in the amount of Fifty Thousand Dollars (\$50,000.00) (the "FRANCHISE FEE"). The entire Franchise Fee is due and payable upon the date of execution of this Agreement. The Franchisee acknowledges and agrees that the initial franchise fee represents payment for the initial grant of the rights to use the Marks and Licensed Methods, that the Franchisor has fully earned the initial franchise fee upon receipt thereof and that the fee is under no circumstances refundable to the Franchisee after it is paid. If a transfer occurs, no initial franchise fee shall be due at the time that the Franchisee transfers the Store to another party, but a transfer fee will apply as set forth in Section 16.2 of this Agreement.

## **5. DEVELOPMENT OF FRANCHISED LOCATION**

### **5.1. SITE SELECTION**

- a) Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a site for the Franchised Business within the Territory and for constructing and equipping the Franchised Business at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site location is accepted by Franchisor. While Franchisor may render assistance to Franchisee in the selection of a site, Franchisee has sole responsibility for procuring and developing a site for the Franchised Business and Franchisee may and is encouraged to consult with professionals of Franchisee's choosing in discharging such responsibility.
- b) Franchisee shall locate a site that satisfies the site selection guidelines provided to Franchisee by Franchisor and shall submit to Franchisor, in writing, a description of the site, together with written certification the site complies with Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisor shall have fifteen (15) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site as the location for the Franchised Business. Failure to locate a site within one hundred twenty (120) days of the execution hereof shall constitute grounds for termination under Article 18 of this Agreement. No site may be used for the location of the Franchised Business unless it is consented to in writing by Franchisor.

### **5.2. LEASE.**

Franchisor shall be entitled to review or request a copy of the lease or purchase agreement at any time. The Franchised Location must provide 24/7 accessibility. Any lease must include Franchisor's Lease Rider, a copy of which is attached hereto as Attachment 8. The Franchisee shall deliver a copy of the signed lease for the Franchised Location to the Franchisor within fifteen (15) days of its execution. The Franchisee acknowledges that approval of a lease for the Franchised Location by the Franchisor does not constitute a recommendation, endorsement or guarantee by the Franchisor of the suitability of the location or the lease and the Franchisee should take all steps necessary to ascertain whether such location and lease are acceptable to the Franchisee.

### **5.3. CONVERSION AND DESIGN.**

The Franchisee acknowledges that the layout, design, decoration and color scheme of THE BACK NINE Stores are an integral part of the Franchisor's proprietary Licensed Methods and accordingly, the Franchisee shall convert, design and decorate the Franchised Location in accordance with the Franchisor's plans and specifications which are set forth in the Operations Manual and/or communicated to Franchisee by Franchisor during the design phase. The Franchised Location MUST include 24/7 accessibility. The Franchisee shall hire an architect/designer to prepare written plans for the Store's layout and construction, which plans shall be submitted to the Franchisor for its prior written approval. Franchisee acknowledges that Franchisor's or its representative's review of such plans relates only to compliance with the Licensed Methods and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor or its representative, including, but not limited to, any representation, warranty or guarantee that such plans are accurate or free of error, concerning their design or structural application. Throughout the term of this Agreement, the Franchisee shall also obtain the Franchisor's written consent to any remodeling or decoration of the premises before remodeling or decorating begins, recognizing that such remodeling, decoration and any related costs are the Franchisee's sole responsibility.

#### **5.4. SIGNS.**

The Franchisee shall purchase or otherwise obtain for use at the Franchised Location and in connection with THE BACK NINE Store signs which comply with the standards and specifications of the Franchisor as set forth in the Operations Manual, as that term is defined in Section 8.1. It is the Franchisee's sole responsibility to ensure that any signs comply with applicable local ordinances, building codes and zoning regulations. Any modifications to the Franchisor's standards and specifications for signs which must be made due to local ordinances, codes or regulations shall be submitted to the Franchisor for prior written approval. The Franchisee acknowledges the Marks, or any other name, symbol or identifying marks on any signs shall only be used in accordance with the Franchisor's standards and specifications and only with the prior written approval of the Franchisor.

#### **5.5. EQUIPMENT.**

The Franchisee shall purchase or otherwise obtain for use at the Franchised Location and in connection with THE BACK NINE Store equipment of a type and in an amount which complies with the standards and specifications of the Franchisor. The Franchisee acknowledges that the type, quality, configuration, capability and/or performance of the equipment are all standards and specifications which are a part of the Licensed Methods and therefore such equipment must be purchased, leased, or otherwise obtained in accordance with the Franchisor's standards and specifications and only from suppliers or other sources approved by the Franchisor. The Franchisee shall equip the Store with an integrated store information system currently being used by Franchisor, including Franchisor's current website, tee time booking system, payment processor and social media pages, computer systems (including hardware, software and POS system), printers and other designated equipment consistent with the standards and specifications of the Franchisor. The Franchisor also requires the Franchisee to obtain and maintain an account with an internet service provider which meets the Franchisor's standards and specifications to facilitate electronic communication.

#### **5.6. PERMITS AND LICENSES.**

The Franchisee agrees to obtain all such permits and certifications as may be required for the lawful construction and operation of THE BACK NINE Store together with all certifications from government authorities having jurisdiction over the site that all requirements for construction and operation have been met, including without limitation, zoning, access, sign, health, safety requirements, building and other required construction permits, licenses to do business and fictitious name registrations, sales tax permits, health and sanitation permits and ratings and fire clearances. Franchisee agrees to obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating and installation of equipment at the Franchised Location. Franchisee shall sign and deliver to the Franchisor the Permit, License and Construction Certificate set forth as Attachment 5 to this Agreement, to confirm Franchisee's compliance with the Americans with Disabilities Act and other provisions of this Section 5.6

not later than thirty (30) days prior to the date the Store begins operating. Copies of all inspection reports, warnings, certificates and ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of THE BACK NINE Store which indicates the Franchisee's failure to meet or maintain the highest governmental standards, or less than full compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to the Franchisor within five (5) days of the Franchisee's receipt thereof.

## **5.7. COMMENCEMENT OF OPERATIONS.**

Unless otherwise agreed in writing by the Franchisor and the Franchisee, the Franchisee has one hundred eighty (180) days from the date of this Agreement within which to complete the initial training program, described in Section 6.1 of this Agreement, develop the Franchised Location and commence operation of THE BACK NINE Store. Failure to commence operations within this time frame shall constitute grounds for termination under Article 18 of this Agreement. The Franchisor will extend the time in which the Franchisee has to commence operations for a reasonable period of time in the event factors beyond the Franchisee's reasonable control prevent the Franchisee from meeting this development schedule, so long as the Franchisee has made reasonable and continuing efforts to comply with such development obligations and the Franchisee requests, in writing, an extension of time in which to have its THE BACK NINE Store established before such development period lapses.

## **6. TRAINING**

### **6.1. INITIAL TRAINING PROGRAM.**

After the Franchisee executes a lease for the Franchised Location, the Franchisee or, if the Franchisee is not an individual, the person designated by the Franchisee to assume primary responsibility for the management of THE BACK NINE Store, ("GENERAL MANAGER") is required to successfully complete the initial training program offered remotely by the Franchisor. Up to three (3) individuals are eligible to participate in the Franchisor's initial training program without charge of a tuition or fee. The Franchisee shall be responsible for any and all traveling and living expenses incurred in connection with attendance at the training program. The General Manager must successfully complete the initial training program prior to the Franchisee's commencement of operation of its THE BACK NINE Store.

### **6.2. LENGTH OF TRAINING.**

The initial training program shall consist of two (2) to three (3) days of remote instruction via video conference, telephone, and text or email, provided, however, that the Franchisor reserves the right to waive a portion of the training program or alter the training schedule, if in the Franchisor's sole discretion, Franchisor believes that the Franchisee or General Manager has sufficient prior experience or training. Upon Franchisee's request and subject to the availability of personnel, Franchisor may provide in-person training at Franchisor's headquarters or on-site at the Franchised Location to accommodate Franchisee's needs and to extend initial training. If Franchisor provides such on-site training, Franchisee shall pay the per diem fee then being charged to franchisees for the extension of the initial training program, in addition to the expenses incurred by Franchisee's trainees and Franchisor's trainer including travel, room, board, wages, and living expenses.

### **6.3. ADDITIONAL TRAINING.**

From time to time, the Franchisor may present seminars, conventions or continuing development programs or conduct meetings for the benefit of the Franchisee. The Franchisee or its General Manager shall be required to attend any ongoing mandatory seminars, conventions, programs or meetings as may be offered by the Franchisor. The Franchisor shall give the Franchisee at least thirty (30) days' prior written notice of any ongoing seminar, convention or program which is deemed mandatory. The Franchisor shall not require that the Franchisee attend any ongoing training more often than once a year for a maximum of five (5) days. All

mandatory training will be offered without charge of a tuition or fee; provided, however, the Franchisee will be responsible for all traveling and living expenses which are associated with attendance at the same.

#### **6.4. REMEDIAL TRAINING.**

Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

### **7. DEVELOPMENT ASSISTANCE**

#### **7.1. FRANCHISOR'S DEVELOPMENT ASSISTANCE.**

The Franchisor shall provide the Franchisee with assistance in the initial establishment of THE BACK NINE Store as follows:

- a) Provision of the initial training program to be conducted remotely or, if requested by Franchisee, at the Franchisor's designated training facilities or at another location designated by the Franchisor, as described in Article 6 above.
- b) Provision of written guidelines for a Franchised Location which shall include, without limitation, specifications for space requirements and build out. The Franchisee acknowledges that the Franchisor shall have no other obligation to provide assistance in the selection and approval of a Franchised Location other than the provision of such written specifications and approval or disapproval of a proposed Franchised Location, which approval or disapproval shall be based on information submitted to the Franchisor in a form sufficient to assess the proposed location as may be required by the Franchisor, in the Franchisor's sole discretion, and on information gathered by the Franchisor. Franchisee acknowledges that Franchisor's approval of a prospective site location is permission only, does not constitute a representation, promise, warranty, or guarantee, express or implied, by Franchisor that the Franchised Business operated at that site will be profitable or otherwise successful, and cannot, and does not, create a liability for Franchisor. Franchisee releases Franchisor from any claims over the site location selection and evaluation by Franchisor, and Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business.
- c) Direction regarding the required design and decoration of THE BACK NINE Store premises, plus specifications concerning signs, decor and equipment.
- d) Direction regarding the selection of suppliers of equipment, items and materials used and inventory offered for sale in connection with THE BACK NINE Store. After execution of this Agreement, the Franchisor will provide the Franchisee with a list of approved suppliers, if any, of such equipment, items, materials and inventory and, if available, a description of any national or central purchase and supply agreements offered by such approved suppliers for the benefit of THE BACK NINE franchisees.
- e) Provision of an Operations Manual in accordance with Section 8.1 below.
- f) As the Franchisor may reasonably schedule, and depending on availability of personnel, the Franchisor may be willing to make available to the Franchisee at or close to the opening of the Franchisee's THE BACK NINE Store, a representative ("SITE REPRESENTATIVE") for a maximum of three (3) days who may be present for the opening of the Franchisee's THE BACK NINE Store. In the event

Franchisor elects to be present to assist with the opening of the Franchise, there will be no charge to the Franchisee for this service.

## **8. OPERATIONS MANUAL**

### **8.1. OPERATIONS MANUAL.**

The Franchisor agrees to provide to the Franchisee one or more manuals, technical bulletins, or other written materials (collectively referred to as “OPERATIONS MANUAL”) covering ordering of equipment, supplies, processing and stocking, using Franchisor’s current tee time booking system and other operating and in-store marketing techniques for THE BACK NINE Store. The Franchisee agrees that it shall comply with the Operations Manual as an essential aspect of its obligations under this Agreement, that the Operations Manual shall be deemed to be incorporated herein by reference and failure by the Franchisee to substantially comply with the Operations Manual in good faith may be considered by the Franchisor to be a breach of this Agreement. Upon Franchisee’s request, Franchisor agrees to deliver at least one hard copy and one digital copy of the Operations Manual.

### **8.2. CONFIDENTIALITY OF OPERATIONS MANUAL CONTENTS.**

The Franchisee agrees to substantially use the Marks and Licensed Methods as specified in the Operations Manual. The Operations Manual is the sole property of the Franchisor and shall be used by the Franchisee during the term of this Agreement and in accordance with the terms and conditions hereof. The Franchisee shall not duplicate the Operations Manual nor disclose its contents to persons other than its employees or officers who have signed a confidentiality and noncompetition agreement in a form approved by the Franchisor. The Franchisee shall return the Operations Manual to the Franchisor upon the expiration, termination or transfer of this Agreement.

### **8.3. CHANGES TO OPERATIONS MANUAL.**

The Franchisor reserves the right to make revisions to the Operations Manual from time to time as it deems necessary to update or change operating and marketing techniques, standards and specifications for all components of the Licensed Methods and approved equipment, memberships, merchandise, Items and Store-Made Merchandise offered by Stores. The Franchisee shall in turn update its copy of the Operations Manual as instructed by the Franchisor and shall work in good faith to conform its operations with the updated provisions within 30 days of receiving any updated information. The Franchisee acknowledges that a master copy of the Operations Manual maintained by the Franchisor at its principal office shall be controlling in the event of a dispute relative to the content of any Operations Manual.

## **9. OPERATING ASSISTANCE**

### **9.1. FRANCHISOR'S SERVICES.**

The Franchisor agrees that, during the Franchisee's operation of THE BACK NINE Store, the Franchisor shall make available to the Franchisee the following services:

- a) Upon the reasonable request of the Franchisee, consultation by telephone regarding the continued operation and management of a THE BACK NINE Store and advice regarding the retail services, product quality control, inventory issues, customer relations issues and similar advice.
- b) Access to advertising and promotional materials as may be developed by the Franchisor, the cost of which may be passed on to the Franchisee at the Franchisor's option.
- c) On-going updates of information and programs regarding the golf industry, including but not limited to indoor golf simulators, and THE BACK NINE concept and related Licensed Methods,

including, without limitation, information about special or new products which may be developed and made available to THE BACK NINE franchisees.

- d) Depending on availability, allow replacement or additional General Managers to attend the initial training program. The Franchisor reserves the right to charge a tuition or fee in an amount payable in advance, commensurate with the Franchisor's then current published prices for such training. The Franchisee shall be responsible for all travel and living expenses incurred by its personnel during the training program. Further, the availability of the training program shall be subject to space considerations and prior commitments to new THE BACK NINE franchisees.

## **9.2. ADDITIONAL FRANCHISOR SERVICES.**

Although not obligated to do so, upon the reasonable request of the Franchisee, the Franchisor may make its employees or designated agents available to the Franchisee for on-site advice and assistance in connection with the on-going operation of THE BACK NINE Store governed by this Agreement. In the event that the Franchisee requests such additional assistance and the Franchisor agrees to provide the same, the Franchisor reserves the right to charge the Franchisee for all travel, lodging, living expenses, telephone charges and other identifiable expenses associated with such assistance, plus a fee based on the time spent by each employee on behalf of the Franchisee, which fee will be charged in accordance with the then current daily or hourly rates being charged by Franchisor for assistance.

## **10. FRANCHISEE'S OPERATIONAL COVENANTS**

### **10.1. STORE OPERATIONS.**

The Franchisee acknowledges that it is solely responsible for the successful operation of its THE BACK NINE Store and that the continued successful operation thereof is, in part, dependent upon the Franchisee's compliance with this Agreement and with the recommendations set forth in the Operations Manual. In addition to all other obligations contained in this Agreement and the recommendations set forth in the Operations Manual, the Franchisee covenants that:

- a) The Franchisee shall maintain clean, efficient and high quality THE BACK NINE Store operations and shall operate the business in substantial accordance with the recommendations and standards of the Operations Manual and in such a manner as not to detract from or adversely reflect upon the name and reputation of the Franchisor and the goodwill associated with THE BACK NINE name and Marks.
- b) The Franchisee will operate its THE BACK NINE Store in compliance with all applicable laws, health department regulations and other ordinances. In connection therewith, the Franchisee will be solely and fully responsible for obtaining any and all licenses to operate THE BACK NINE Store. The Franchisee shall promptly forward to the Franchisor copies of all health department, fire department, building department and other similar reports of inspections as and when they become available.
- c) The Franchisee and all persons who work at the Store in any capacity, whether or not they are employees of the Franchisee ("PERSONNEL"), shall conduct themselves in such a manner so as to promote a good image to the public and to the business community. At no time shall any of the Personnel engage in unreasonable or disrespectful behavior toward anyone, including using offensive or rude language or gestures.
- d) The Franchisee acknowledges that proper management of THE BACK NINE Store is important and shall ensure that the Franchisee or a designated General Manager who has completed the Franchisor's initial training program be responsible for the management of THE BACK NINE Store after commencement of Store operations and be generally available to provide services at the Franchised Location to sell memberships and/or assist customers, however, Franchisor acknowledges the automated nature of the Business.

- e) The Franchisee shall offer authorized products and services as are more fully described in the product lists which are a part of the Operations Manual, which may include, without limitation, private memberships, public tee times, tournaments, golf leagues, golf instruction, club sales, club maintenance and other authorized products, upon approval by Franchisor.
- f) The Franchisee shall promptly pay when due all taxes and other obligations owed to third parties in the operation of THE BACK NINE Store, including without limitation, unemployment and sales taxes, and any and all accounts or other indebtedness of every kind incurred by the Franchisee in the conduct of THE BACK NINE Store. In the event of a bona fide dispute as to the liability for taxes assessed or other indebtedness, the Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall the Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Location, or any improvement thereon.
- g) The Franchisee shall subscribe for and maintain at least one telephone number for its THE BACK NINE Store at the Franchised Location. The telephone number shall be listed and identified exclusively with THE BACK NINE Store in all official telephone directories and in all advertising in which such number appear and shall be separate and distinct from all other telephone numbers subscribed for by the Franchisee. Franchisee shall refrain from creating a separate website and/or social media accounts for the Franchise. Franchisor agrees to work in good faith to promote each of its locations on its website and social media accounts.
- h) The Franchisee shall comply with all agreements with third parties related to THE BACK NINE Store including, in particular, all provisions of any lease for the Franchised Location.
- i) The Franchisee agrees to renovate, refurbish, remodel or replace, at its own expense, the personal property and equipment used in the operation of THE BACK NINE Store, when reasonably required in order to comply with the image, standards of operation and performance capability established by the Franchisor from time to time. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any trade dress modifications. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this section, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.
- j) The Franchisee shall be responsible for training all of its Personnel who work in any capacity in THE BACK NINE Store. The Franchisee must conduct its Personnel training in the manner and according to the standards as prescribed in the Operations Manual. All Personnel who do not satisfactorily complete the training shall not work in any capacity in the Franchisee's BACK NINE Store.
- k) The Franchisee shall at all times during the term of this Agreement own and control THE BACK NINE Store authorized hereunder. The Franchisee shall not operate any other business or profession from or through the Store, unless otherwise authorized in writing by Franchisor. If the Franchisee is an entity, the entity shall only operate THE BACK NINE Store governed by this Agreement and no other business, unless the Franchisee receives the Franchisor's prior written approval. Upon request of the Franchisor, the Franchisee shall promptly provide satisfactory proof of such ownership to the Franchisor. The Franchisee represents that the Statement of Ownership, attached hereto as Attachment 5, and by this reference incorporated herein, accurately reflects all individuals with an ownership interest ("Principals"), whether direct or beneficial, in the Franchisee entity, is true, complete, accurate and not misleading, and, in accordance with the information contained in the

Statement of Ownership, the controlling ownership of THE BACK NINE Store is held by the Franchisee. The Franchisee shall promptly provide the Franchisor with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and shall comply with the applicable transfer provisions contained in Article 16 herein. In addition, if the Franchisee is an entity, all Principals shall personally guarantee the obligations and covenants under this Agreement.

- l) The Franchisee shall at all times during the term of this Agreement keep its BACK NINE Store open during the business hours designated by the Franchisor from time to time in the Operations Manual.
- m) The parties want to prevent any operation or interruption of the Franchise that would cause harm to the Franchise and to our franchise system and lessen their value. Therefore, you authorize us to step in to operate the Franchise for as long as we believe necessary and practical in our exclusive judgment (“Step-In Rights”). We may do so without waiving any other rights or remedies that we may have. Cause for stepping-in may include your death or Permanent Disability or your default hereunder. Thirty (30) days after exercising our step-in rights, we will re-evaluate your then-current status. At our discretion, we will either operate the Franchise for an additional thirty (30)-day period or turn the Franchise back over to you. In turning the Franchise back over to you, we do not waive our rights to step back in the future. All gross sales from our operation of the Franchise will be for your exclusive account. We will pay from that gross sales all expenses, debts and liabilities we incur during our operation of the Franchise. This will include our personnel and administrative and travel costs, plus a fifteen percent (15%) interim management support fee. Upon our exercise of these Step-In Rights, you agree to hold us harmless for all acts, omissions, damages, or liabilities arising during our operation of the Franchise. Our operation of the Franchise will not operate as an assignment to us of any lease or sublease of franchise property. We will have no responsibility for payment of any rent or other charges owing on any lease for franchise property, except as the charges relate to the period of our operation of the Franchise. You agree to pay our reasonable legal and accounting fees and costs we incur because of our exercise of these Step-In Rights.

## **11. ROYALTIES**

### **11.1. MONTHLY ROYALTY.**

The Franchisee agrees to pay to the Franchisor a monthly royalty (“ROYALTY”) equal to seven percent (7%) of the total amount of its Gross Revenue, defined in Section 11.2 below, generated from or through its THE BACK NINE Store.

### **11.2. GROSS REVENUE.**

“GROSS REVENUE” shall be defined as receipts and income of any kind from all products or services sold from or through THE BACK NINE Store, including any such sale of products or services made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, less returns for which refunds are made, provided that the refund shall not exceed the sales price and exclusive of discounts, sales taxes and other taxes, amounts received in settlement of a loss of merchandise, shipping expenses paid by the customer. “Gross Revenue” shall also include the fair market value of any services or products received by the Franchisee in barter or in exchange for its services and products.

### **11.3. ROYALTY PAYMENTS.**

The Franchisee agrees that Royalty payments shall be paid monthly, no later than the 15<sup>th</sup> day of each month based on the Gross Revenue for the immediately preceding month. Royalty payments shall be accompanied by monthly reports, as more fully described in Article 15 hereof, and standard transmittal forms containing information regarding the Franchisee's Gross Revenue and such additional information as may be requested

by the Franchisor. The Franchisor reserves the right to require Royalty payments be made on a weekly or bi-weekly basis. The Franchisor also reserves the right to require that Royalty payments and Brand Marketing Fund contributions be made by means of electronic funds transfer and the Franchisee agrees to provide the information and sign the documents necessary to implement such transfer payments within 30 days of receiving notice that such a program is being implemented. The Franchisee must sign the Franchisor's form of Authorization Agreement for Prearranged Payments attached to this Agreement as Attachment 1V. Franchisee's failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement. In the event that the Franchisee fails to pay any Royalties, Brand Marketing Fund contributions, and/or submit Gross Revenue reports within fourteen (14) days after they are due, the Franchisee shall, in addition to such overdue amounts, pay a late fee equivalent to One Hundred Dollars (\$100.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty, the Brand Marketing Fund contribution, and/or submit Gross Revenue reports in accordance with the terms of this Agreement. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars (\$50.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum or at the highest rate permitted by law, whichever is lower. If the Franchisee pays Royalties with a check returned for non-sufficient funds more than one time in any calendar year, in addition to all other remedies which may be available, the Franchisor shall have the right to require that Royalty payments be made by certified or cashier's checks.

## **12. ADVERTISING**

### **12.1. APPROVAL OF ADVERTISING.**

The Franchisee shall obtain the Franchisor's prior written approval of all advertising or other marketing or promotional programs published by any method, including print, broadcast and electronic media, regarding THE BACK NINE Store, including, without limitation, "Yellow Pages" advertising, newspaper ads, flyers, brochures, coupons, direct mail pieces, specialty and novelty items, radio, television, Internet and World Wide Web, and social media advertising. Franchisee shall refrain from creating a separate website and/or social media accounts and shall work with Franchisor to assure that Franchisee's location may be advertised through the main BACK NINE website and social media accounts. The Franchisee acknowledges and agrees that the Franchisor may disapprove of any advertising, marketing or promotional programs submitted to the Franchisor, for any reason, in the Franchisor's sole discretion. The Franchisee shall also obtain the Franchisor's prior written approval of all promotional materials provided by vendors. The proposed written advertising or a description of the marketing or promotional program shall be submitted to the Franchisor at least ten (10) business days prior to publication, broadcast or use. Franchisor shall approve or disapprove such advertising or program within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". The Franchisee acknowledges that advertising and promoting THE BACK NINE Store in accordance with the Franchisor's standards and specifications is an essential aspect of the Licensed Methods, and the Franchisee agrees to comply with all advertising standards and specifications. The Franchisor may, in its sole discretion, offer marketing and merchandising services to the Franchisee at rates that are competitive with those charged by third parties offering similar services. The Franchisee may utilize such services, if they are offered, at the Franchisee's option. Services offered by the Franchisor may include marketing consulting, graphic design, copywriting, advertising, public relations and merchandising consultations. The Franchisee shall display all required promotional materials, signs, point of purchase displays and other marketing materials in its BACK NINE Store in the manner prescribed by the Franchisor. The Franchisee shall not, under any circumstances, use handwritten signs in the operation of its Store.

## **12.2. LOCAL ADVERTISING.**

Franchisor reserves the right to implement a minimum local advertising (“LOCAL ADVERTISING”) expenditure not to exceed one percent (1%) of monthly Gross Revenue. Franchisor may implement the Local Advertising requirement by providing thirty (30) days’ written notice to Franchisee. Franchisor reserves the right to collect some or all of Franchisee’s Local Advertising expenditure and implement Local Advertising on Franchisee’s behalf. Within ten (10) business days of Franchisor’s request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee’s Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall *not* be included in Franchisee’s expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee’s personnel to attend advertising meetings, workshops, or other marketing activities; or (iv) charitable, political or other contributions or donations.

## **12.3. INTERNAL SYSTEMS FEE.**

The Franchisee agrees to pay Franchisor a monthly “Internal Systems Fee” of Three Hundred Fifty Dollars (\$350.00) per month for software license and/or maintenance fees, website hosting and/or maintenance, web portal access, and/or other services for the benefit of the System and Franchised Business (the “Technology Fee”). Franchisor may increase the Internal Systems Fee periodically by giving thirty (30) days’ written notice to Franchisee of such change. However, Franchisor may not increase the Internal Systems Fee by more than five percent (5%) per year. The Internal Systems Fee is due on the 15th day of each month concurrently with the Gross Royalty Payment.

## **12.4 REGIONAL ADVERTISING.**

Franchisor reserves the right to establish, in Franchisor’s sole discretion, a regional advertising cooperative. If a regional cooperative is established during the Term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee’s share of the total cost of cooperative advertising, in addition to required Brand Marketing Fund contributions. Any funds contributed to a regional advertising cooperative will be credited against Franchisee’s obligation to pay for Local Advertising as set forth in Section 12.2 above; provided, however, that if Franchisee’s contributions to a regional advertising cooperative are less than the Local Advertising requirement, Franchisee shall nevertheless spend the difference locally.

## **12.5. BRAND MARKETING FUND.**

Franchisor has established a national fund on behalf of the System for national advertising, marketing, and brand development (the “Brand Marketing Fund”). Franchisee is required to contribute to the Brand Marketing Fund one percent (1%) of the monthly Gross Revenue generated by the Franchised Business (“Brand Marketing Fund Contribution”). Payments will be made in the same manner and time as the Royalties. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Section 11.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Marketing Fund contribution payable. Franchisor shall reconcile amounts when Gross Revenue are reported.

- a) Franchisor shall direct the Brand Marketing Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Marketing Fund is intended

to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

- b) Franchisor may, but has no obligation to, contribute to the Brand Marketing Fund on the same basis as Franchisee with respect to BACK NINE outlets operated by Franchisor or Franchisor's affiliates.
- c) Franchisor may use the Brand Marketing Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).
- d) The Brand Marketing Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Marketing Fund and such costs and expenses pursuant to subsection (c) above. The Brand Marketing Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.
- e) Franchisor will prepare an unaudited annual statement of the Brand Marketing Fund's operations and will make it available to Franchisee upon request. In administering the Brand Marketing Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.
- f) Although the Brand Marketing Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Marketing Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

### **13. QUALITY CONTROL**

#### **13.1. COMPLIANCE WITH OPERATIONS MANUAL.**

The Franchisee agrees to maintain and operate THE BACK NINE Store in compliance with this Agreement and the standards and specifications recommended in the Operations Manual, as the same may be modified from time to time (within reason) by the Franchisor.

#### **13.2. STANDARDS AND SPECIFICATIONS.**

The Franchisor will make available to the Franchisee standards and specifications for products and services offered at or through THE BACK NINE Store and specifically, for the equipment used, food and/or beverage sold in the space, electronics, display cases, uniforms, materials, forms, menu boards, items and supplies used in connection with the Store. The Franchisor reserves the right to change standards and specifications for services and products offered at or through THE BACK NINE Store and for the equipment used, electronics employed, food/beverage sold at the space, including where to purchase or lease a vending machine, display cases, uniforms, materials, forms, items and supplies used in connection with the Store upon thirty (30) days' prior written notice to the Franchisee. The Franchisee shall strictly adhere to all of the Franchisor's current standards and specifications for THE BACK NINE Store as prescribed from time to time.

### **13.3. INSPECTIONS.**

The Franchisor shall have the right to examine the Franchised Location, including the inventory, products, equipment, materials and supplies, to ensure compliance with all standards and specifications set by the Franchisor. The Franchisor shall conduct such inspections during regular business hours and the Franchisee may be present at such inspections.

### **13.4. RESTRICTIONS ON SERVICES AND PRODUCTS.**

In order to maintain the uniformity, quality and uniqueness of the services offered by BACK NINE franchises, the Franchisee will be required to purchase all of its supplies for its BACK NINE Store from the Franchisor's designated suppliers. The parties hereby acknowledge the uniqueness and importance of supplies, merchandise and packages being sold. The Franchisee is prohibited from offering or selling any products or services not authorized by Franchisor, including, without limitation, operating a mobile business or offering products, Items, Store Made Merchandise or other authorized products for sale on the internet, as part of THE BACK NINE Store.

### **13.5. APPROVED SUPPLIERS.**

The Franchisee shall purchase all products, services, supplies and materials required for the operation of THE BACK NINE Store licensed herein, from manufacturers, suppliers or distributors designated by the Franchisor. Franchisee must also use Franchisor's current website, tee time booking system, payment processor and social media pages to operate the Franchise. Additionally, Franchisee must use Franchisor's preferred vending machine supplier at the Franchised Location. If there is no designated supplier for a particular product, service, supply or material, from such other suppliers who meet all of the Franchisor's specifications and standards as to quality, composition, finish, appearance and service, and who shall adequately demonstrate their capacity and facilities to supply the Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation. Franchisee acknowledges that (i) Franchisor or Franchisor's affiliate(s) may be the sole approved supplier(s) of certain products and services that Franchisee is required to purchase to operate the Franchised Business, (ii) Franchisor and/or Franchisor's affiliate may receive payment from supplier(s) related to Franchisee's required purchases or leases, and (iii) any payments so received are for Franchisor's benefit only and may be used or applied in any manner determined by Franchisor in Franchisor's sole and absolute discretion.

### **13.6. REQUEST TO CHANGE SUPPLIER.**

In the event the Franchisee desires to purchase products, services, supplies or materials from manufacturers, suppliers or distributors other than those previously approved by the Franchisor, the Franchisee shall, prior to purchasing any such products, services, supplies or materials, give the Franchisor a written request by certified mail, return receipt requested, or by e-mail to change supplier. In the event the Franchisor rejects the Franchisee's requested new manufacturer, supplier or distributor, the Franchisor must, within 60 days of the receipt of the Franchisee's request to change supplier, notify the Franchisee of its rejection. Failure to notify the Franchisee within such time period shall not constitute approval or a waiver of objections. The Franchisor may continue from time to time to inspect any manufacturer's, supplier's, or distributor's facilities and products to assure proper production, processing, storing and transportation of products, services, supplies or materials to be purchased from the manufacturer, supplier or distributor by the Franchisee. Permission for such inspection shall be a condition of the continued approval of such manufacturer, supplier or distributor.

### **13.7. APPROVAL OF INTENDED SUPPLIER.**

The Franchisor may at its sole discretion, for any reason whatsoever, elect to withhold approval of the manufacturer, supplier or distributor; however, in order to make such determination, the Franchisor may require that samples from a proposed new supplier be delivered to the Franchisor for testing prior to approval and use. A charge not to exceed the actual cost of the test may be made by the Franchisor and shall be paid by the Franchisee.

### **13.8. PRICES.**

Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

## **14. TRADEMARKS, TRADE NAMES AND PROPRIETARY INTERESTS**

### **14.1. MARKS.**

The Franchisee hereby acknowledges that the Franchisor has the sole right to license and control the Franchisee's use of THE BACK NINE service mark and other of the Marks, and that such Marks shall remain under the sole and exclusive ownership and control of the Franchisor. The Franchisee acknowledges that it has not acquired any right, title or interest in such Marks except for the right to use such Marks in the operation of its BACK NINE Store as it is governed by this Agreement. Except as permitted in the Operations Manual, the Franchisee agrees not to use any of the Marks as part of an electronic mail address, or on any sites on the Internet or World Wide Web and the Franchisee agrees not to use or register any of the Marks as a domain name on the Internet.

### **14.2. NO USE OF OTHER MARKS.**

The Franchisee further agrees that no service mark other than "THE BACK NINE" or such other Marks as may be specified by the Franchisor shall be used in the marketing, promotion or operation of THE BACK NINE Store.

### **14.3. LICENSED METHODS.**

The Franchisee hereby acknowledges that the Franchisor owns and controls the distinctive plan for the establishment, operation and promotion of THE BACK NINE Store and all related licensed methods of doing business, previously defined as the "LICENSED METHODS", which include, but are not limited to, operating indoor golf simulators, providing private golf memberships, public tee times, golf leagues and tournaments, etc., technical equipment standards, order fulfillment methods and customer relations, marketing techniques, written promotional materials, advertising, and accounting systems, all of which constitute trade secrets of the Franchisor, and the Franchisee acknowledges that the Franchisor has valuable rights in and to such trade secrets. The Franchisee further acknowledges that it has not acquired any right, title or interest in the Licensed Methods except for the right to use the Licensed Methods in the operation of THE BACK NINE Store as it is governed by this Agreement.

### **14.4. EFFECT OF TERMINATION.**

In the event this Agreement is terminated for any reason or expires, the Franchisee shall immediately cease using any of the Licensed Methods and Marks, trade names, trade dress, trade secrets, copyrights or any other symbols used to identify THE BACK NINE Store, and all rights the Franchisee had to the same shall automatically terminate. The Franchisee agrees to execute any documents of assignment as may be necessary to transfer any rights the Franchisee may possess in and to the Marks.

### **14.5. MARK INFRINGEMENT.**

The Franchisee agrees to notify the Franchisor in writing of any possible infringement or illegal use by others of a trademark the same as or confusingly similar to the Marks which may come to its attention. The

Franchisee acknowledges that the Franchisor shall have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. The Franchisor may commence or prosecute such action in the Franchisor's own name and may join the Franchisee as a party thereto if the Franchisor determines it to be reasonably necessary for the continued protection and quality control of the Marks and Licensed Methods. The Franchisor shall bear the reasonable cost of any such action, including attorneys' fees. The Franchisee agrees to fully cooperate with the Franchisor in any such litigation.

#### **14.6. FRANCHISEE'S BUSINESS NAME.**

The Franchisee acknowledges that the Franchisor has a prior and superior claim to THE BACK NINE trade name. Although Franchisee will do business under the "THE BACK NINE" name, the Franchisee shall not use the phrase or two or more of the words "BACK NINE" or abbreviations or derivatives thereof in the legal name of its corporation, partnership or any other business entity used in conducting the business provided for in this Agreement. The Franchisee also agrees not to register or attempt to register a trade name using the phrase or two or more of the words "BACK NINE" or abbreviations thereof in the Franchisee's name or that of any other person or business entity, without prior written consent of the Franchisor. When this Agreement is terminated, the Franchisee shall execute any assignment or other document the Franchisor requires to transfer to itself any rights the Franchisee may possess in a trade name utilizing any or all of the words BACK NINE, any abbreviations thereof or any other Mark owned by the Franchisor. The Franchisee further agrees that it will not identify itself as being "BACK NINE" "BACK NINE GOLF" "THE BACK NINE GOLF" "BACK NINE GOLF GROUP" "GOLF STUDIO" or as being associated with the Franchisor in any manner other than as a franchisee. The Franchisee further agrees that in all advertising and promotion and promotional materials it will display its business name only in obvious conjunction with the phrase "THE BACK NINE Franchisee" or with such other words and in such other phrases as may from time to time be prescribed in the Operations Manual, in the Franchisor's sole discretion.

#### **14.7. CHANGE OF MARKS.**

In the event that the Franchisor, in its sole discretion, shall determine it necessary to modify or discontinue use of any proprietary Marks, or to develop additional or substitute marks, the Franchisee shall, within a reasonable time after receipt of written notice of such a modification or discontinuation from the Franchisor, take such action, at the Franchisee's sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

#### **14.8. CREATIVE OWNERSHIP.**

All copyrightable works created by the Franchisee or any of its owners, officers or employees in connection with the Store shall be the sole property of the Franchisor. The Franchisee assigns all proprietary rights, including copyrights, in these works to the Franchisor without additional consideration. The Franchisee hereby assigns and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights and trade secrets developed in part or in whole in relation to the Store, during the term of this Agreement, as the Franchisor may deem necessary in order to enable it, at its expense, to apply for, prosecute and obtain copyrights, patents or other proprietary rights in the United States and in foreign countries or in order to transfer to the Franchisor all right, title, and interest in said property. The Franchisee shall promptly disclose to the Franchisor all inventions, discoveries, improvements, recipes, creations, patents, copyrights, trademarks and confidential information relating to the Store which it or any of its owners, officers or employees has made or may make solely, jointly or commonly with others and shall promptly create a written record of the same. In addition to the foregoing, the Franchisee acknowledges and agrees that any improvements or modifications, whether or not copyrightable, directly or indirectly related to the Store, shall be deemed to be a part of the Licensed Methods and shall inure to the benefit of the Franchisor.

### **15. REPORTS, RECORDS AND FINANCIAL STATEMENTS**

### **15.1. FRANCHISEE REPORTS.**

The Franchisee shall establish and maintain at its own expense a bookkeeping and accounting system which conforms to the specifications which the Franchisor may prescribe from time to time, and as further described in the Operations Manual. The Franchisee shall supply to the Franchisor such reports in a manner and form as the Franchisor may from time to time reasonably require, including:

- a) A full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business, together with a balance sheet for the Franchised Business provided to the Franchisor postmarked no later than the 15<sup>th</sup> day of the month and containing information relative to the previous month's operations; and
- b) Annual financial statements, prepared in accordance with generally accepted accounting principles ("GAAP"), and consisting of a full and complete written statement of income and expense and a profit and loss statement and balance sheet for THE BACK NINE Store, provided to the Franchisor no later than the 15th day following the last day of the calendar year, based on operating results for the prior year. The Franchisor reserves the right to disclose data derived from such reports, without identifying the Franchisee, except to the extent identification of the Franchisee is required by law. Specifically, Franchisee acknowledges and agrees that the financial performance of Franchisee's Franchised Business may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof.

### **15.2. ANNUAL FINANCIAL STATEMENTS.**

The Franchisee shall, within ninety (90) days after the end of its fiscal year, provide to the Franchisor annual unaudited financial statements compiled or reviewed by an independent certified public accountant acceptable to and approved by the Franchisor, and prepared in accordance with GAAP, as well as state and federal income tax returns prepared by a certified public accountant. If these financial statements or tax returns show an underpayment of any amounts owed to the Franchisor, these amounts shall be paid to the Franchisor concurrently with the submission of the statements or returns. Franchisee shall utilize the standard chart of accounts, income statement and balance sheet format then specified by Franchisor, as well as the designated accounting platform.

### **15.3. VERIFICATION.**

Each report and financial statement to be submitted to the Franchisor hereunder shall be signed and verified by the Franchisee.

### **15.4. BOOKS AND RECORDS.**

The Franchisee shall maintain all books and records for its BACK NINE Store in accordance with GAAP, consistently applied, and preserve these records for at least five years after the fiscal year to which they relate.

### **15.5. AUDIT OF BOOKS AND RECORDS.**

The Franchisee shall permit the Franchisor to inspect and audit the books and records of THE BACK NINE Store at any reasonable time, at the Franchisor's expense. If any audit discloses a deficiency in amounts for payments owed to the Franchisor pursuant to this Agreement, then such amounts shall become immediately payable to the Franchisor by the Franchisee, with interest from the date such payments were due at the lesser of 1.5% per month or the maximum rate allowed by law. In addition, if it is found by such audit that the Gross Revenue of THE BACK NINE Store have been understated by two percent (2%) or more during the period audited, the Franchisee shall pay all reasonable costs and expenses the Franchisor incurred in connection with such audit.

### **15.6. FAILURE TO COMPLY WITH REPORTING REQUIREMENTS.**

If the Franchisee fails to prepare and submit any statement or report as required under this Article 15, then the Franchisor shall have the right to treat the Franchisee's failure as good cause for termination of this Agreement. In addition to all other remedies available to the Franchisor, in the event that the Franchisee fails to prepare and submit any statement or report required under this Article 15 for two consecutive reporting periods, the Franchisor shall be entitled to make an audit, at the expense of the Franchisee, of the Franchisee's books, records and accounts, including the Franchisee's bank accounts, which in any way pertain to the Gross Revenue of THE BACK NINE Store. The statements or reports not previously submitted shall be prepared by or under the direction and supervision of an independent certified public accountant selected by the Franchisor.

## **16. TRANSFER**

### **16.1. RESTRICTED TRANSFER BY FRANCHISEE.**

The Franchise granted herein is personal to the Franchisee and, except as stated below, the Franchisee shall not allow or permit any assignment, sub-franchise or conveyance of this Agreement or any interest hereunder. As used in this Agreement, the term "TRANSFER" includes the Franchisee's voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (1) this Agreement; (2) the Franchisee entity; (3) the Store governed by this Agreement; or (4) a liquidation event or transfer of all or a substantial portion of the assets of the Store. This provision only applies to the Transfer section of this Agreement and does not prohibit Franchisee from selling Franchisee's equipment in Franchisee's discretion so long as such a sale is not part of a Transfer of Franchisee's rights under this Agreement. Any transfer of assets related to a transfer of Franchisee's interest or rights under this Agreement are subject to this Section 16.

### **16.2. PRE-CONDITIONS TO FRANCHISEE'S TRANSFER.**

The Franchisee shall not engage in a transfer unless the Franchisee obtains the Franchisor's written consent and the Franchisee and the proposed transferee comply with the following requirements:

- a) All amounts due and owing pursuant to this Agreement by the Franchisee to the Franchisor or its affiliates or to third parties whose debts or obligations the Franchisor has guaranteed on behalf of the Franchisee, if any, are paid in full;
- b) The proposed transferee agrees to operate the Store as a BACK NINE Store and agrees to satisfactorily complete the initial training program described in this Agreement, which training must be completed to the Franchisor's satisfaction prior to the effectiveness of the transfer;
- c) The proposed transferee agrees to execute the then current form of Franchise Agreement which shall supersede this Agreement in all respects. If a new Franchise Agreement is signed, the terms thereof may differ from the terms of this Agreement; provided, however, the existing Franchisee shall pay the below nonnegotiable transfer fee, as provided in subsection g below;
- d) The Franchisee provides written notice to the Franchisor at least thirty (30) days prior to the proposed effective date of the transfer, and includes information reasonably detailed to enable the Franchisor to evaluate the terms and conditions of the proposed transfer and which at a minimum includes a written offer from the proposed transferee;
- e) The proposed transferee provides information to the Franchisor sufficient for the Franchisor to assess the proposed transferee's business experience, aptitude and financial qualification, and the Franchisor approves the proposed transferee as a franchisee;
- f) The Franchisee executes a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor, its affiliates and their respective officers, directors, employees and agents;

- g) The Franchisee or the proposed transferee pays a nonrefundable transfer fee of Twenty Thousand Dollars (\$20,000.00) before the proposed transferee attends the initial training program; provided, however, that no transfer fee will be charged for a transfer by the Franchisee to a corporation wholly-owned by the Franchisee, between partners of a partnership Franchisee or to a spouse of a Franchisee upon the death or disability of the Franchisee;
- h) The Franchisee remodels the Store and upgrades equipment, including installing the Franchisor's then current computer systems, fixtures, furnishings and signage, if the Franchisor so requires; and
- i) The Franchisee agrees to abide by all post-termination covenants set forth herein, including, without limitation, the covenant not to compete in Section 20.2 below.

### **16.3. FRANCHISOR'S APPROVAL OF TRANSFER.**

Franchisee shall be entitled to Transfer its interest in the Franchise to a close friend or family member, subject to the right of first refusal in Section 16.4 (below). However, for a transfer to a close friend or family member, or to some third party, the Franchisor has 30 days from the date of the written notice to approve or disapprove in writing, of the Franchisee's proposed transfer, which approval shall not be unreasonably withheld. The Franchisee acknowledges that the proposed transferee shall be evaluated for approval by the Franchisor based on the same criteria as is currently being used to assess new franchisees of the Franchisor and that the Franchisor shall provide such proposed transferee, if appropriate, with such disclosures as may be required by state or federal law. If the Franchisee and its proposed transferee comply with all conditions for transfer set forth herein and the Franchisor has not given the Franchisee notice of its approval or disapproval within such period, approval is deemed granted.

### **16.4. RIGHT OF FIRST REFUSAL.**

In the event the Franchisee wishes to engage in a transfer, and the proposed transferee is a close friend or family member of Franchisee, that individual shall have a 30 day right of first refusal to purchase such rights, interest or assets for an amount determined together by Franchisee and Franchisor. In the event the friend or family member refuses to finalize the conditions necessary for such a transfer within 30 days, the Franchisee agrees to grant to the Franchisor a 30 day right of first refusal to purchase such rights, interest or assets for the amount of the valuation as provided hereafter; provided, however, the following additional terms and conditions shall apply:

- a) The 30 day right of first refusal period will run following the 30-day period in which the Franchisor has to approve or disapprove the proposed transferee;
- b) The right of first refusal will be effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer on which the Franchisor shall have a new 30 day right of first refusal;
- c) If the consideration or manner of payment offered by a proposed transferee is such that the Franchisor may not reasonably be required to furnish the same, then the Franchisor may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, each of the Franchisor and the Franchisee shall designate an independent appraiser who, in turn, shall designate a third independent appraiser. The third appraiser's determination will be binding upon the parties. All expenses of the appraiser shall be paid for equally between the Franchisor and the Franchisee; and
- d) If the Franchisor chooses not to exercise its right of first refusal, the Franchisee shall be free to complete the transfer subject to compliance with Sections 16.2 and 16.3 above. Absence of a reply to the Franchisee's notice of a proposed transfer within the 30-day period may be deemed a waiver of such right of first refusal.

### **16.5. TYPES OF TRANSFERS.**

The Franchisee acknowledges that the Franchisor's right to approve or disapprove of a proposed transfer as provided for above, shall apply (1) if the Franchisee is a partnership, corporation or other business association, (i) to the addition or deletion of a partner, shareholder or members of the association or the transfer of any ownership interest among existing partners, shareholders or members; (ii) to any proposed transfer of 25% or more of the interest (whether stock, partnership interest or membership interest) to a third party, whether such transfer occurs in a single transaction or several transactions; and (2) if the Franchisee is an individual, to the transfer from such individual or individuals to a corporation or other entity controlled by them, in which case the Franchisor's approval will be conditioned upon: (i) the continuing personal guarantee of the individual (or individuals) for the performance of obligations under this Agreement; and (ii) a limitation on the corporation's or other entity's business activity to that of operating the BACK NINE Store and related activities provided that with respect to such transfer, the Franchisor's right of first refusal to purchase shall not apply and the Franchisor will not charge any transfer fee.

#### **16.6. TRANSFER BY THE FRANCHISOR.**

This Agreement is fully assignable by the Franchisor and shall inure to the benefit of any assignee or other legal successor in interest, and the Franchisor shall in such event be fully released from the same. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise, or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a BACK NINE Fitness franchise during the Term of this Agreement.

#### **16.7. FRANCHISEE'S DEATH OR DISABILITY.**

Upon the death or permanent disability of the Franchisee (or individual owning twenty-five percent (25%) or more of, or controlling the Franchisee entity), the personal representative of such person shall transfer the Franchisee's interest in this Agreement or such interest in the Franchisee entity to an immediate family member, an entity partner, or an approved third party. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed one hundred twenty (120) days from the date of death or permanent disability (unless extended by probate proceedings), and shall be subject to all terms and conditions applicable to transfers contained in this Article 16. Provided, however, that for purposes of this Section 16.7, there shall be no transfer fee charged by the Franchisor. Failure to transfer the interest within said period of time shall constitute a breach of this Agreement. For the purposes hereof, the term "PERMANENT DISABILITY" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent the Franchisee (or the owner of twenty-five percent (25%) or more of, or controlling, the Franchisee entity) from

supervising the management and operation of THE BACK NINE Store for a period of One Hundred Twenty (120) days from the onset of such disability, impairment or condition.

## **17. TERM AND EXPIRATION**

### **17.1. TERM.**

The term of this Agreement begins on the date this Agreement is fully executed and ends ten (10) years later, unless sooner terminated as provided herein.

### **17.2. CONTINUATION.**

If, for any reason, the Franchisee continues to operate the Store beyond the term of this Agreement or any subsequent renewal period, it shall be deemed to be on a month-to-month basis under the terms of this Agreement and subject to termination upon thirty (30)-days' notice or as required by law. If said holdover period exceeds ninety (90) days, this Agreement is subject to immediate termination unless applicable law requires a longer period. Upon termination after any holdover period, the Franchisee and those in active concert with the Franchisee, including family members, officers, directors, partners and managing agents, are subject to the terms of Articles 20 and 22 and Section 18.5 of this Agreement and all other applicable post-termination obligations contained in this Agreement.

### **17.3. RIGHTS UPON EXPIRATION.**

At the end of the initial term hereof the Franchisee shall have the option to renew its franchise rights for up to three (3) additional five (5)-year terms, by acquiring successor franchise rights, if the Franchisor does not exercise its right not to offer a successor franchise in accordance with Section 17.5 below and if the Franchisee:

- a) Not less than 6 months prior to the expiration of the Term of this Agreement, requests from Franchisor in writing, a copy of Franchisor's then current Disclosure Document (including Franchisor's then-current franchise agreement;
- b) At least 30 days prior to expiration of the term, executes the form of Franchise Agreement then in use by the Franchisor. The Parties shall work together in good faith to negotiate any material changes to this Agreement upon renewal;
- c) Has complied with all provisions of this Agreement during the current term, including the payment on a timely basis of all Royalties and other fees due hereunder. "COMPLIANCE" shall mean, at a minimum, that the Franchisee has not received any written notification from the Franchisor of breach hereunder more than four times during the term hereof;
- d) Upgrades and/or remodels THE BACK NINE Store and its operations at the Franchisee's sole expense (the necessity of which shall be in the sole discretion of the Franchisor) to conform with the then current Operations Manual. Such upgrades shall relate to the existing furniture, hitting mats and screens, and other use-related wear, but in no event shall such upgrades require Franchisee to incur unreasonable or unnecessary costs;
- e) Executes a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor and its affiliates, and their respective officers, directors, employees and agents arising out of or relating to this Agreement; and

f) Pays a successor franchise rights fee of Five Thousand Dollars (\$5,000) for renewing each new term.

#### **17.4. EXERCISE OF OPTION FOR SUCCESSOR FRANCHISE.**

The Franchisee may exercise its option for a successor franchise by giving written notice of such exercise to the Franchisor not less than 90 days prior to the scheduled expiration of this Agreement. The Franchisee's successor franchise rights shall become effective by signing the Franchise Agreement then currently being offered to new franchisees of the Franchisor.

#### **17.5. CONDITIONS OF REFUSAL.**

The Franchisor shall not be obligated to offer the Franchisee a successor franchise upon the expiration of this Agreement if the Franchisee fails to comply with any of the above conditions of renewal. Upon the expiration of this Agreement, the Franchisee shall comply with the provisions of Section 18.5 below.

### **18. DEFAULT AND TERMINATION**

#### **18.1. TERMINATION BY FRANCHISOR - EFFECTIVE UPON NOTICE.**

The Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted the Franchisee hereunder, without affording the Franchisee any opportunity to cure any default (subject to any state laws to the contrary, where state law shall prevail), effective upon receipt of notice by the Franchisee, addressed as provided in Section 22.12, upon the occurrence of any of the following events:

- a) **ABANDONMENT.** If the Franchisee ceases to operate THE BACK NINE Store or otherwise abandons THE BACK NINE Store for a period of five (5) consecutive days, or any shorter period that indicates an intent by the Franchisee to discontinue operation of THE BACK NINE Store, unless and only to the extent that full operation of THE BACK NINE Store is suspended or terminated due to fire, flood, earthquake or other similar causes beyond the Franchisee's control and not related to the availability of funds to the Franchisee;
- b) **INSOLVENCY; ASSIGNMENTS.** If the Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by the Franchisee, or by others against the Franchisee under any insolvency, bankruptcy or reorganization act, (this provision may not be enforceable under federal bankruptcy law, 11 U.S.C. Sections 101 et seq.), or if the Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed by the Franchisee;
- c) **UNSATISFIED JUDGMENTS; LEVY; FORECLOSURE.** If any material judgment (or several judgments which in the aggregate are material) is obtained against the Franchisee and remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against the Franchisee's business or any of the property used in the operation of THE BACK NINE Store and is not discharged within five days; or if the real or personal property of the Franchisee's business shall be sold after levy thereupon by any sheriff, marshal or constable;
- d) **CRIMINAL CONVICTION.** If the Franchisee, or an individual owning twenty-five percent (25%) or more in the Franchisee entity, is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of the Franchisor, to materially and unfavorably affect the Licensed Methods, Marks, goodwill or reputation thereof;
- e) **FAILURE TO MAKE PAYMENTS.** If the Franchisee fails to pay any amounts due the Franchisor or affiliates, including any amounts which may be due as a result of any subleases or lease

assignments between the Franchisee and the Franchisor, within ten (10) days after receiving notice that such fees or amounts are overdue;

- f) **MISUSE OF MARKS.** If the Franchisee misuses or fails to follow the Franchisor's directions and guidelines concerning use of the Franchisor's Marks;
- g) **UNAUTHORIZED DISCLOSURE.** If the Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of the Franchisor's Operations Manual or any other trade secrets or confidential information of the Franchisor;
- h) **REPEATED NONCOMPLIANCE.** If the Franchisee has received two (2) previous notices of default from the Franchisor and is again in default of this Agreement at any time during the term of this Agreement, regardless of whether the previous defaults were cured by the Franchisee;
- i) **UNAUTHORIZED TRANSFER.** If the Franchisee sells, transfers or otherwise assigns the Franchise, an interest in the Franchise or the Franchisee entity, this Agreement, THE BACK NINE Store or a substantial portion of the assets of THE BACK NINE Store owned by the Franchisee without complying with the provisions of Article 16 above;
- j) **FAILURE TO OPEN.** If the Franchisee fails to (i) acquire a site for the Franchised Business, (ii) complete construction of the Franchised Business, (iii) obtain all licenses and permits before opening, or (iv) open the Franchised Business within the time and in the manner specified in Article 5;
- k) **BOOKS AND RECORDS.** If the Franchisee falsifies any report required to be furnished Franchisor hereunder, conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports, or refuses to permit Franchisor to inspect or audit Franchisee's books or records;
- l) **CASUALTY.** If Franchisee fails to restore the Franchised Business location to full operation within a reasonable period of time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty, as may be extended by Franchisor in Franchisor's reasonable discretion;
- m) **LEGAL COMPLIANCE.** If Franchisee fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;
- n) **INSURANCE.** If Franchisee fails to comply with the covenants in Article 21;
- o) **MISREPRESENTATION.** If Franchisee has misrepresented or omitted material facts in applying for the Franchise;
- p) **JUDGMENTS.** If Franchisee, or an individual owning twenty-five percent (25%) or more in the Franchisee entity, receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;
- q) **NON-COMPETITION COVENANTS.** If Franchisee fails to comply with the non-competition covenants in Article 20;
- r) **PUBLIC HEALTH AND SAFETY.** If Franchisee creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business; or
- s) **TERMINATION.** If Franchisee terminates this agreement without cause.

## **18.2. TERMINATION BY FRANCHISOR - THIRTY DAYS NOTICE.**

The Franchisor shall have the right to terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon thirty (30) days' written notice to the Franchisee if the Franchisee breaches any other provision of this Agreement and fails to cure the default during such thirty (30) day-period. In that event, this Agreement will terminate without further notice to the Franchisee, effective upon expiration of the cure period. Defaults shall include, but not be limited to, the following:

- a) **FAILURE TO MAINTAIN STANDARDS.** The Franchisee fails to maintain the then-current operating procedures and fails to work in good faith to adhere to the specifications and standards established by the Franchisor as set forth herein or as required by the Operations Manual or otherwise communicated to the Franchisee;
- b) **DECEPTIVE PRACTICES.** The Franchisee engages in any unauthorized business or practice or sells any unauthorized product or service under the Franchisor's Marks or under a name or mark which is confusingly similar to the Franchisor's Marks;
- c) **FAILURE TO OBTAIN CONSENT.** The Franchisee fails, refuses or neglects to obtain the Franchisor's prior written approval or consent as required by this Agreement;
- d) **FAILURE TO COMPLY WITH MANUAL.** The Franchisee fails or refuses to comply with the then-current requirements of the Operations Manual; or
- e) **BREACH OF RELATED AGREEMENT.** The Franchisee defaults under any term of the lease, sublease or lease assignment for the Franchised Location, any equipment lease or any other agreement material to THE BACK NINE Store or any other Franchise Agreement between the Franchisor and the Franchisee and such default is not cured within the time specified in such lease, sublease, other agreement or other Franchise Agreement. Provided, however, so long as financing from the United States Small Business Administration remains outstanding, the Franchisee will be given the same opportunity to cure defaults under any agreement between the Franchisor or its affiliates and the Franchisee, as the Franchisee is given under this Agreement.
- f) **PERFORMANCE BENCHMARKS.** The Franchisor shall have the right to terminate this Agreement, or to reduce Franchisee's protected territory, if at any time during the Term, it is determined that Franchisee has failed to satisfy or reach certain identified minimum performance benchmarks. Such benchmarks are specifically identified in Attachment 5 II, attached hereto.

Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and the Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, the Franchisee shall be given an additional reasonable period of time to cure the same, and this Agreement shall not automatically terminate without written notice from the Franchisor.

## **18.3. FRANCHISOR'S REMEDIES.**

- a) **FAILURE TO PAY.** In addition to all other remedies that may be exercised by the Franchisor upon a default by the Franchisee under the terms of this Agreement, the Franchisor reserves the right to collect amounts due from the Franchisee to any third party and to pay the third party directly. If the Franchisor collects any such amounts, the Franchisor may, in its sole discretion, charge the Franchisee an administrative fee to reimburse the Franchisor for its costs of collecting and paying such amounts. Any administrative fee charged would not exceed fifteen percent (15%) of the total amount of money collected. Additionally, in the event this Agreement is terminated by the Franchisor prior to its expiration as set forth in Sections 18.1 or 18.2 above, the Franchisee acknowledges and agrees that in addition to all other available remedies, the Franchisor shall have the right to recover lost future

Royalties during any period in which the Franchisee fails to pay such Royalties through and including the remainder of the then current term of this Agreement.

- b) **LIQUIDATED DAMAGES.** Franchisee acknowledges that, if there is any act in violation of Sections 18.1 or 18.2 of this Agreement, it will be impossible to determine with specificity the damage to Franchisor. In the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty fee and Brand Marketing Fund contribution payable by Franchisee over the twelve (12)-month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

#### **18.4. RIGHT TO PURCHASE.**

- a) Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including computer systems), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.
- b) With respect to the options described in subsection a), Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.
- c) Franchisor shall have the option to assume the lease for the Franchised Business location, and Franchisee shall cooperate with Franchisor and the landlord of the Franchised Business location to effect such assignment and assumption.

- d) Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

### **18.5. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION.**

The Franchisee is obligated upon termination or expiration of this Agreement to immediately:

- a) Pay to the Franchisor all Royalties, other fees, and any and all amounts or accounts payable then owed the Franchisor or its affiliates pursuant to this Agreement, or pursuant to any other agreement, whether written or oral, including subleases and lease assignments, between the parties;
- b) Cease to identify itself as a BACK NINE Franchisee or publicly identify itself as a former Franchisee or use any of the Franchisor's trade secrets, signs, symbols, devices, trade names, trademarks, or other materials.
- c) Immediately cease to identify the Franchised Location as being, or having been, associated with the Franchisor, and immediately cease using any proprietary mark of the Franchisor or any mark in any way associated with THE BACK NINE Marks and Licensed Methods;
- d) Destroy or offer for sale to Franchisor all merchandise/supplies/inventory which bears THE BACK NINE logo, signs, sign-faces, advertising materials, forms and other materials bearing any of the Marks or otherwise identified with the Franchisor and obtained by and in connection with this Agreement;
- e) Immediately deliver to the Franchisor the Operations Manual and all other information, documents and copies thereof which are proprietary to the Franchisor;
- f) Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Marks which are under the exclusive control of the Franchisor or, at the option of the Franchisor, assign the same to the Franchisor;
- g) Notify the telephone company and all telephone directory publishers of the termination or expiration of the Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer thereof to the Franchisor or its designee. The Franchisee acknowledges that, as between the Franchisee and the Franchisor, the Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers and directory listings associated with any Mark. The Franchisee authorizes the Franchisor, and hereby appoints the Franchisor and any of its officers as the Franchisee's attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone, telecopy or facsimile machine numbers and directory listings relating to THE BACK NINE Store to the Franchisor or its designee, should the Franchisee fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive if the Franchisor's exclusive rights in such telephone numbers and directory listings and the Franchisor's authority to direct their transfer;
- h) Abide by all restrictive covenants set forth in Article 20 of this Agreement;
- i) Sign a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor, its affiliates and their respective officers, directors, employees and agents; and
- j) If applicable, take such action as may be required to remove from the internet all sites referring to the Franchisee's former BACK NINE Store or any of the Marks and to cancel or assign to the Franchisor, in the Franchisor's sole discretion, all rights to any domain names for any sites on the internet that refer to the Franchisee's former BACK NINE Store or any of the Marks.

- k) Pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

## **18.6. STATE AND FEDERAL LAW.**

**THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN THE FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.**

## **19. BUSINESS RELATIONSHIP**

### **19.1. INDEPENDENT BUSINESS PERSONS.**

The parties agree that each of them are independent businesspersons, their only relationship is by virtue of this Agreement and that no fiduciary or employment relationship is created hereunder. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. The Franchisor and the Franchisee agree that neither of them will hold themselves out to be the agent, employer or partner of the other and that neither of them has the authority to bind or incur liability on behalf of the other. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

### **19.2 NO RELATIONSHIP.**

Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising control of the day-to-day operations of the Franchised Business.

### **19.3 FRANCHISEE'S EMPLOYEES.**

Franchisor has no authority to control, either directly or indirectly, the essential terms and conditions of employment of Franchisee's employees. Franchisee acknowledges and agrees that Franchisee, in Franchisee's sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual. Franchisee specifically agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a BACK NINE outlet and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf, participate in depositions, other appearances or preparing affidavits rejecting

any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

#### **19.4. PAYMENT OF THIRD-PARTY OBLIGATIONS.**

The Franchisor shall have no liability for the Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any sales, use, service, occupation, excise, gross receipts, income, property or other tax levied upon the Franchisee, the Franchisee's property, THE BACK NINE Store or upon the Franchisor in connection with the sales made or business conducted by the Franchisee (except any taxes the Franchisor is required by law to collect from the Franchisee with respect to purchases from the Franchisor).

#### **19.5. INDEMNIFICATION.**

The Franchisee agrees to indemnify, defend and hold harmless the Franchisor, its subsidiaries and affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees, (the "INDEMNIFIED PARTIES") against, and to reimburse them for all claims, obligations and damages described in this Section 19.3, any and all third party obligations described in Section 19.2 and any and all claims and liabilities directly or indirectly arising out of the operation of THE BACK NINE Store or arising out of the use of the Marks and Licensed Methods in any manner not in accordance with this Agreement. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. The Franchisor shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

### **20. RESTRICTIVE COVENANTS**

#### **20.1. NON-COMPETITION DURING TERM.**

The Franchisee acknowledges that, in addition to the license of the Marks hereunder, the Franchisor has also licensed commercially valuable information which comprises and is a part of the Licensed Methods, including without limitation, recipes, operations, marketing, advertising and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all the franchisees of the Franchisor using the Marks and Licensed Methods. The Franchisee therefore agrees that other than THE BACK NINE Store licensed herein, neither the Franchisee nor any of the Franchisee's officers, directors, shareholders or partners, nor any member of his or their immediate families, shall during the term of this Agreement:

- a) have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business" as defined below;
- b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or
- c) divert or attempt to divert any business related to, or any customer or account of THE BACK NINE Store, the Franchisor's business or any other BACK NINE franchisee's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of the Franchisor or another franchisee licensed by the Franchisor to use the Marks and Licensed Methods, to any Competitive Business by any direct inducement or otherwise.

The term "COMPETITIVE BUSINESS" as used in this Agreement shall mean any business operating, or granting franchises or licenses to others to operate, a retail, wholesale, distribution or manufacturing business deriving more than five percent (5%) of its gross receipts from the sale, processing or operating indoor golf simulators, providing private golf memberships, public tee times, golf leagues and tournaments, indoor golf

instruction, other products which are offered in BACK NINE Stores and which constitute five percent (5%) or more of the Gross Revenue of any BACK NINE Store; provided, however, the Franchisee shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent five percent (5%) or less of that class of securities issued and outstanding.

## **20.2. POST-TERMINATION COVENANT NOT TO COMPETE.**

Upon termination or expiration of this Agreement for any reason, the Franchisee and its officers, directors, shareholders, and/or partners agree that, for a period of two (2) years commencing on the effective date of termination or expiration, or the date on which the Franchisee ceases to conduct business, whichever is later, neither Franchisee nor its officers, directors, shareholders, and/or partners shall have any direct or indirect interest (through a member of any immediate family of the Franchisee or its Owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business, defined in Section 20.1 above, located or operating within a twenty-five (25)-mile radius of the Franchised Location or within a twenty-five (25)-mile radius of any other franchised or company-owned BACK NINE Store. The restrictions of this Section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding. The Franchisee and its officers, directors, shareholders, and/or partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living. In the event this non-compete provision is deemed to be overly broad, the Court shall enforce the non-compete to the fullest extent permissible by law.

## **20.3. CONFIDENTIALITY OF PROPRIETARY INFORMATION.**

The Franchisee shall treat all information it receives which comprises or is a part of the Licensed Methods licensed hereunder as proprietary and confidential and will not use such information in an unauthorized manner or disclose the same to any unauthorized person without first obtaining the Franchisor's written consent. The Franchisee acknowledges that the Marks and the Licensed Methods have valuable goodwill attached to them, that the protection and maintenance thereof is essential to the Franchisor and that any unauthorized use or disclosure of the Marks and Licensed Methods will result in irreparable harm to the Franchisor.

## **20.4. CONFIDENTIALITY AGREEMENT.**

The Franchisor requires that the Franchisee cause each of its officers, directors, partners, shareholders, and General Manager, and, if the Franchisee is an individual, immediate family members, to execute a confidentiality and noncompetition agreement containing the above restrictions, in the form attached hereto as Attachment 5 and incorporated herein by reference.

# **21. INSURANCE**

## **21.1. INSURANCE COVERAGE.**

The Franchisee shall procure, maintain and provide evidence of (i) comprehensive general liability insurance for the Franchised Location and its operations with a limit of not less than \$1,000,000 combined single limit, or such greater limit as may be required as part of any lease agreement for the Franchised Location; (ii) automobile liability insurance covering all employees of THE BACK NINE Store with authority to operate a motor vehicle in an amount not less than \$1,000,000 or, with the prior written consent of the Franchisor, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutorily imposed minimum coverage; (iii) unemployment and worker's compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law; and (iv) all-risk personal property insurance in an amount equal to at least 100% of the replacement costs of the contents and tenant improvements located at THE BACK NINE Store. All of the required policies

of insurance shall name the Franchisor as an additional named insured and shall provide for a 30 day advance written notice to the Franchisor of cancellation.

## **21.2. PROOF OF INSURANCE COVERAGE.**

The Franchisee will provide proof of insurance to the Franchisor prior to commencement of operations at its BACK NINE Store. This proof will show that the insurer has been authorized to inform the Franchisor in the event any policies lapse or are cancelled. The Franchisor has the right to change the minimum amount of insurance the Franchisee is required to maintain by giving the Franchisee prior reasonable notice, giving due consideration to what is reasonable and customary in the similar business. Noncompliance with the insurance provisions set forth herein shall be deemed a material breach of this Agreement; in the event of any lapse in insurance coverage, in addition to all other remedies, the Franchisor shall have the right to demand that the Franchisee cease operations of THE BACK NINE Stores until coverage is reinstated, or, in the alternative, pay any delinquencies in premium payments and charge the same back to the Franchisee.

## **22. MISCELLANEOUS PROVISIONS**

### **22.1. GOVERNING LAW/CONSENT TO VENUE AND JURISDICTION/MEDIATION REQUIRED.**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the state of Utah and any disputes between the parties shall be governed by and determined in accordance with the substantive laws of the state of Utah, which laws shall prevail in the event of any conflict of law. The Parties shall first submit any disagreement to Mediation and shall attempt in good faith to settle such matters at Mediation. In the event the Parties are unable to settle any matter at Mediation, the Franchisee and the Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in a legal proceeding involving the Franchisee, its officers, directors, partners or managers (collectively, "FRANCHISEE AFFILIATES") and the Franchisor, its officers, directors or sales employees (collectively, "FRANCHISOR AFFILIATES") all parties agree that the exclusive venue for disputes between them shall be in the state courts in Washington County, Utah and federal courts located in Utah and each waive any objections they may have to the personal jurisdiction of or venue in the state courts in Washington County and federal courts located in Utah. The Franchisor, the Franchisor Affiliates, the Franchisee and the Franchisee Affiliates each waive their rights to a trial by jury.

### **22.2. CUMULATIVE RIGHTS.**

The rights and remedies of the Franchisor and the Franchisee hereunder are cumulative and no exercise or enforcement by either of them of any right or remedy hereunder shall preclude the exercise or enforcement by either of them of any other right or remedy hereunder which they are entitled by law to enforce.

### **22.3. MODIFICATION.**

The Franchisor and/or the Franchisee may modify this Agreement only upon execution of a written agreement between the two parties. The Franchisee acknowledges that the Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Operations Manual unilaterally under any conditions and to the extent in which the Franchisor, in its sole discretion, deems necessary to protect, promote, or improve the Marks and the quality of the Licensed Methods, but under no circumstances will such modifications be made arbitrarily without such determination of being a reasonable change. Such changes may not be made to require Franchisee to incur unnecessary expenses or costs.

### **22.4. ENTIRE AGREEMENT.**

This Agreement, including all attachments and addenda hereto, contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. The Franchisee agrees and understands that the Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution hereof or for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments and that no modifications of this Agreement shall be effective except those in writing and signed by both parties. The Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement.

#### **22.5. DELEGATION BY THE FRANCHISOR.**

From time to time, the Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of the Franchisor or independent contractors which the Franchisor has contracted with to provide such services. The Franchisee agrees in advance to any such delegation by the Franchisor of any portion or all of its obligations and duties hereunder.

#### **22.6. EFFECTIVE DATE.**

This Agreement shall not be effective until accepted by the Franchisor as evidenced by dating and signing by an officer of the Franchisor.

#### **22.7. REPRESENTATION.**

You received: (a) an exact copy of this agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (ii) such earlier time in the sales process that you requested a copy;

#### **22.8. ATTORNEYS' FEES.**

In the event of any dispute between the parties to this Agreement, including any dispute involving an officer, director, employee or managing agent of a party to this Agreement, in addition to all other remedies, the non-prevailing party will pay the prevailing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in any legal action, arbitration or other proceeding as a result of such dispute.

#### **22.9. INJUNCTIVE RELIEF.**

Nothing herein shall prevent the Franchisor or the Franchisee from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies. If the Franchisor seeks an injunction, the Franchisor will not be required to post a bond in excess of Five Hundred Dollars (\$500).

#### **22.10. NO WAIVER.**

No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by the Franchisor or the Franchisee shall be considered to imply or constitute a further waiver by the Franchisor or the Franchisee of the same or any other condition, covenant, right, or remedy.

#### **22.11. NO RIGHT TO SET OFF.**

The Franchisee shall not be allowed to set off amounts owed to the Franchisor for Royalties, fees or other amounts due hereunder, against any monies owed to Franchisee, nor shall the Franchisee in any event withhold such amounts due to any alleged nonperformance by the Franchisor hereunder, which right of set off is hereby expressly waived by the Franchisee.

**22.12. INVALIDITY.**

If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such modification.

**22.13. NOTICES.**

All notices required to be given under this Agreement shall be given in writing, by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the address set forth in the first Section of this Agreement or at such other addresses as the Franchisor or the Franchisee may designate from time to time, and shall be effectively given when deposited in the United States mails, postage prepaid, or when received via overnight delivery, as may be applicable.

**22.14. PAYMENT OF TAXES.**

The Franchisee shall reimburse the Franchisor, or its affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by the Franchisor, or its affiliates or designees, on account of services or goods furnished by the Franchisor, including sales and use taxes associated with purchases tied to Franchisor’s wholesale vendor accounts with its affiliates or designees, to the Franchisee through sale, lease or otherwise, or on account of collection by the Franchisor.

THE PARTIES have executed this Agreement as of the date first above set forth.

**FRANCHISOR:  
BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE (Principal):**

\_\_\_\_\_  
Name: \_\_\_\_\_

**AND**

**FRANCHISEE (Entity):**

(if a corporation or partnership)

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENT 1**  
**TERRITORY & FRANCHISED LOCATION**

**1. Territory:**

**2. Franchised Location:**

Fully executed this day of \_\_\_\_\_.

**FRANCHISOR:**  
**BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Name: \_\_\_\_\_

**AND**

(if a corporation or partnership)

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENT 2**

**GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "AGREEMENT") by BACK NINE GOLF GROUP, LLC – dba THE BACK NINE GOLF ("THE FRANCHISOR"), each of the undersigned hereby personally and unconditionally:

Guarantees to the Franchisor and its successors and assigns, for the term of this Agreement, including renewals thereof, that the franchisee, as that term is defined in the Agreement ("FRANCHISEE"), shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement. Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by the Franchisor of the foregoing undertaking;
2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability; and
5. Any and all other notices and legal or equitable defenses to which he or she

may be entitled. Each of the undersigned consents and agrees that:

1. His or her direct and immediate liability under this guaranty shall be joint and several;
2. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
3. Such liability shall not be contingent or conditioned upon pursuit by the Franchisor of any remedies against Franchisee or any other person; and
4. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement, including renewals thereof.

EACH OF THE UNDERSIGNED has affixed his or her signature effective on the same day and year as the Agreement was executed.

PRINTED NAMES

GUARANTORS

_____	_____
_____	_____
_____	_____
_____	_____

**ATTACHMENT 3**

**STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE ENTITY**

Franchisee: \_\_\_\_\_

Trade Name (if different from above): \_\_\_\_\_

State of Formation: \_\_\_\_\_

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Limited Liability Company, provide name and address of each member and each manager showing percentage owned and indicate the state in which the Limited Liability Company was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and of every shareholder showing what percentage of stock is owned by each.

_____	_____
_____	_____
_____	_____
_____	_____

Franchisee acknowledges that this Statement of Ownership applies to THE BACK NINE Store authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to the Franchisor in writing.

**FRANCHISEE:**

\_\_\_\_\_  
Name: \_\_\_\_\_

**AND**

(if a corporation or partnership)

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## ATTACHMENT 4

### AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS



#### **Altabank Incoming Wire Aid**

For receiving wire transfers

This document is to be used for informational purposes only. It is designed to notify you of the type of information you will need to provide the sender of a wire, if you are requesting an incoming wire.

You should carefully guard the confidentiality of your account information

#### **You will need to provide bank information, including:**

- Bank Routing/ABA: 124301025
- Bank Name: Altabank
- Bank Address: 33 East Main, American Fork, UT. 84003
- For International Wire Transfers:
- Bank Identification Code: (BIC) AMFOUS51

#### **You will need to provide beneficiary information, including:**

- Beneficiary Name: Back Nine Golf Group, LLC
- Beneficiary Account Number: 3300000866290
- Beneficiary Address: 898 E 4010 S Washington, UT, 84770
- Beneficiary Phone: 801-369-1590

If you have questions, please contact the Wire Department at 801-642-3910



**ATTACHMENT 5**

**PERMIT, LICENSE AND CONSTRUCTION CERTIFICATE**

Franchisor and Franchisee are parties to a Franchise Agreement dated \_\_\_\_\_, for the development and operation of BACK NINE Store located at \_\_\_\_\_ (the "FRANCHISED LOCATION"). In accordance with Section 5.5 of the Franchise Agreement, Franchisee certifies to Franchisor that the Franchised Location complies with all applicable federal, state and local laws, statutes, codes, rules, regulations and standards including, but not limited to, the federal Americans with Disabilities Act and any similar state or local laws. The Franchisee has obtained all such permits and certifications as may be required for the lawful construction and operation of THE BACK NINE Store, together with all certifications from government authorities having jurisdiction over the site that all requirements for construction and operation have been met, including without limitation, zoning, access, sign, health, safety requirements, building and other required construction permits, licenses to do business, sales tax permits, health and sanitation permits and ratings and fire clearances. The Franchisee has obtained all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating and installation of equipment at the Franchised Location. The Franchisee acknowledges that it is an independent contractor and that the requirement of this certification does not constitute ownership, control, leasing or operation of the Store or the Franchised Location by the Franchisor, but rather provides notice to Franchisor that the Franchisee has complied with all applicable laws. The Franchisee asserts that Franchisor may justifiably rely on the information contained in this certificate.

**FRANCHISEE:**

\_\_\_\_\_  
Name: \_\_\_\_\_

**AND**

(if a corporation or partnership)

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## ATTACHMENT 6

### CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

AGREEMENT, dated \_\_\_\_\_, by and between BACK NINE GOLF GROUP, LLC – dba THE BACK NINE (“FRANCHISOR”) and \_\_\_\_\_, a(n) [directors, officer, partner, principal, employee, agent or stockholder] of \_\_\_\_\_ (the “FRANCHISEE”). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement, defined below.

The Franchisor has granted to the Franchisee, pursuant to that certain Franchise Agreement dated \_\_\_\_\_ (the “FRANCHISE AGREEMENT”), the right to operate a BACK NINE Store. The undersigned, in consideration of the receipt and/or use of the Operations Manual and other information proprietary to the Franchisor, including but not limited to methods, strategies and techniques developed by the Franchisor relating to operations, marketing, training, advertising, trade secrets, recipes and other confidential data (collectively referred to as “PROPRIETARY INFORMATION”), agrees with the Franchisor as follows:

- (1) The undersigned acknowledges that the Operations Manual and other Proprietary Information now or hereafter provided to Franchisee by the Franchisor is proprietary to the Franchisor and must be held in the utmost and strictest confidence.
- (2) The undersigned represents and agrees that the undersigned will not, without the prior written consent of the Franchisor, either:
  - (i) Duplicate or otherwise reproduce the Operations Manual or other Proprietary Information;
  - (ii) Deliver or make available the Operations Manual or other Proprietary Information to any person other than an authorized representative of the Franchisor;
  - (iii) Discuss or otherwise disclose the contents of the Operations Manual or other Proprietary Information to any person other than an authorized representative of the Franchisor; or
  - (iv) Use the Operations Manual or other Proprietary Information to his, her or its commercial advantage other than in connection with the operation of the franchise created and granted by the Franchise Agreement.
- (3) While the Franchise Agreement is in effect, neither the undersigned, nor any member of his or her immediate family, shall engage in, or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise in any other Competitive Business without having first obtained the Franchisor's written consent. For the purposes of this Agreement, “COMPETITIVE BUSINESS” shall mean any business deriving more than 5% of its Gross Revenues receipts from the operation of indoor golf simulators, providing private golf memberships, public tee times, golf instruction, golf leagues, tournaments, or other items or other products offered in BACK NINE Stores and which constitute 5% or more of the Gross Revenue of any BACK NINE Store.
- (4) The undersigned has acquired from the Franchisor confidential information regarding Franchisor's trade secrets and franchised methods which, in the event of a termination of the Franchise Agreement, could be used to injure the Franchisor. As a result, neither the undersigned, nor any member of his or her immediate family, shall, for a period of 2 years from the date of termination, transfer or expiration of the Franchise Agreement, without having first obtained the Franchisor's written consent, engage in or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise in any Competitive Business which is located or operating, as of the date of such termination, transfer or expiration, within a 25 mile radius of the Franchisee's former Franchised Location as defined in the Franchise Agreement, or within a 25 mile radius of any other franchised or company-owned BACK NINE Store, unless such right is granted pursuant to a separate agreement with the Franchisor.
- (5) The undersigned agrees that during the term of the Franchise Agreement, and for a period of 1 year thereafter, it shall in no way divert or attempt to divert the business of customers or interfere with the business relationship established with customers of the Franchisee's BACK NINE Store or of any Competitive Business.

THIS AGREEMENT has been executed by the undersigned as of the date set forth above.

**FRANCHISOR:**  
**BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Name: \_\_\_\_\_

**AND**

(if a corporation or partnership)

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENT 7**

**PERFORMANCE BENCHMARKS**

Franchisee shall dedicate the necessary time and attention necessary to reach the following minimum performance benchmarks (the “Performance Benchmarks”):

**Months 1-6**

Franchisee shall have opened its storefront and began operations, including developing relationships with local partners (such as golf instructors, local golf pros and strategic business partners in the area) during months 1-6, following execution of the Franchise Agreement.

**Months 7-12**

Franchisee shall have implemented strategic marketing strategies and established a recognizable brand in the area, with a minimum monthly gross revenue of at least \$2,500.

**Months 13-24**

Franchisee shall have identified beneficial marketing strategies in the region, implemented trade agreements and involved itself in the community to continue to further establish The Back Nine presence surrounding the Franchised Location, including sponsoring or attending local events, seeking to capitalize on additional revenue streams, experiencing growing membership numbers and maintaining a monthly gross revenue of at least \$5,000.

**Month 25 Through Remainder of Term**

Franchisee shall seek to optimize Franchisee’s operations, capitalizing on profitable revenue streams, reducing and eliminating barriers in Franchisee’s operations, and continue to achieve a monthly gross revenue of at least \$5,000.

**IN THE EVENT FRANCHISEE FAILS TO REACH THE MINIMUM PERFORMANCE OBLIGATIONS SET FORTH HEREIN, FRANCHISOR RESERVES THE RIGHT TO TERMINATE THE FRANCHISE AGREEMENT ENTIRELY OR TO REDUCE THE PROTECTED TERRITORY AWARDED TO FRANCHISEE UNDER THE FRANCHISE AGREEMENT. FRANCHISOR RESERVES THE RIGHT TO INCREASE FRANCHISEE’S PROTECTED TERRITORY OR TO OFFER OTHER SUCH BENEFITS AS FRANCHISOR DEEMS IN FRANCHISOR’S SOLE AND ABSOLUTE DISCRETION IN THE EVENT FRANCHISEE IS SATISFYING THESE MINIMUM PERFORMANCE OBLIGATIONS.**

THIS AGREEMENT has been executed by the undersigned as of the date set forth above.

**FRANCHISEE:**

\_\_\_\_\_  
Name:\_\_\_\_\_

**AND**

(if a corporation or partnership)

\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

## ATTACHMENT 8

### LEASE RIDER

This Lease Rider (this “Rider”) is made and entered into on \_\_\_\_\_, 20\_\_ by and among \_\_\_\_\_ (the “Landlord”), \_\_\_\_\_ (the “Tenant”), and Back Nine Golf Group, LLC, a Utah limited liability company whose address is 898 E 4010 S, Washington, Utah 84780 (“BNGG”).

### RECITALS

- A. This Rider supplements and forms part of the attached Lease Agreement between Landlord and Tenant dated \_\_\_\_\_, 20\_\_ (the “Lease”) for the premises located at \_\_\_\_\_ (the “Premises”) to be used by the Tenant as a “The Back Nine” business.
- B. This Rider is entered into in connection with BNGG’s approval of the location of the Premises as a “The Back Nine” business and the grant of a franchise to the Tenant pursuant to a Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”).
- C. As a condition to BNGG granting a franchise to a franchisee, BNGG requires certain provisions to be contained in the leases entered into by its franchisees, and to evidence Landlord and Tenant’s agreement to these terms, the parties hereby enter into this Rider.

### THE PARTIES HEREBY AGREE:

#### 1. BNGG’S NOTICE AND CURE RIGHTS

Concurrently with giving any Notice of Default to Tenant, Landlord also agrees to send a copy of such Notice to BNGG. In the event Tenant fails to cure any default within the time required in the Lease, Landlord shall promptly give written notice to BNGG specifying the nature of Tenant’s defaults and granting BNGG an additional thirty (30) days from the date BNGG receives such notice to exercise its right, in BNGG’s sole discretion, to either (a) accept an assignment of the Lease upon the same terms (including all renewals) as apply to this Rider; or (b) assign the Lease to an authorized franchisee of BNGG (provided that such franchisee shall be required to execute any such documentation as required by Landlord). Franchisee’s obligations under the Lease shall in no way transfer to BNGG or a substitute franchisee unless or until BNGG or a substitute franchisee fully assumes all such obligations in writing and agrees to be bound by continuing obligations. BNGG or a subsequent franchisee shall not be liable for any of Franchisee’s obligations, debts, liabilities, late payments, etc. unless or until BNGG or a substitute franchisee agrees with Landlord in writing to assume such obligations ongoing.

#### 2. ASSIGNMENT OF LEASE

Notwithstanding anything in the Lease to the contrary, Landlord agrees that the Lease and the right, title and interest (including all renewal rights) of the Tenant and any subsequent or successor Tenant thereunder, may be assigned to BNGG or its parents, subsidiaries or affiliates (BNGG, its parents, subsidiaries or affiliates are collectively referred to as “BNGG Entities”), or to an authorized franchisee of BNGG (provided that such franchisee shall be required to execute any such documentation as required by the Landlord). In the event of an assignment to an BNGG entity, BNGG shall at all times have the right to reassign the Lease, without charge and without Landlord’s consent being required to an authorized franchisee of BNGG (provided that such franchisee shall be required to execute any such documentation as required by the Landlord) and the BNGG Entity shall thereupon be released from any further liability under

the Lease. The Tenant shall be and remain liable to the Landlord for all of its obligations under the Lease, notwithstanding any assignment of the Lease to BNGG or to an authorized franchisee.

### 3. USE CLAUSE

Tenant shall only use the Premises for the purpose of operating a “The Back Nine” store that engages in the operation of indoor golf simulator facilities, including golf recreation, golf instruction, club fittings, tournaments, leagues, or any indoor activity related to golf, also including any incidental merchandising as is customary in a The Back Nine Store now or in the future, vending operations, massage chairs, and/or such other activities customary to The Back Nine Stores. Landlord agrees that throughout the term of the Lease, including any renewals and extensions and provided Tenant has not experienced any condition of default of the Lease, Landlord shall not permit directly or indirectly, another indoor golf simulator business to be operated in the shopping center. In the event Landlord breaches its covenant not to lease to another indoor golf simulator business as provided herein, then Tenant shall be entitled to an immediate reduction of its Rent to One Dollar (\$1.00) per month until such time as this breach is cured if possible or for the remainder of the Lease Term and any renewals if such breach cannot be cured.

### 4. SIGNAGE

Tenant has the right to install the customary and usual display signs of The Back Nine on the building façade as detailed in the signage criteria of the Lease, subject to Landlord’s approval which shall not be unreasonably withheld, and subject to applicable government ordinances and restrictive covenants and the shopping center signage criteria attached as an exhibit to the Lease. Tenant shall have the right to erect and display a sign or banner reading “Coming Soon- The Back Nine” (or similar words) during the period between that is sixty (60) days prior to Tenant opening for business and through thirty (30) days after Tenant opens for business. All signage requires Landlord’s prior review and approval before fabrication and installation. Under no conditions shall any temporary signage require holes to be made in the building. Tenant shall be permitted to display signs and promotional items on the inside of the Premises consistent with BNGG’s national standards.

### 5. PARKING.

Landlord shall provide adequate parking to serve the Premises (including Tenant’s 24/7 business access) in accordance with applicable local ordinances and required parking ratios.

### 6. NOTICES.

Landlord agrees to return a fully executed original Lease and this Rider within ten (10) days of execution to BNGG. All notices pursuant to this Rider shall be in writing and shall be personally delivered, sent by registered mail or reputable overnight delivery service or by other means which afford the sender evidence of delivery or rejected delivery to the addresses described below or to such other address as any party to this Rider may, by written notice, instruct that notices be given. Back Nine Golf Group, LLC; 898 E 4010 S, Washington, Utah 84780; Attn: Legal Department; Phone: (435) 414-3446.

**BY EXECUTING THIS RIDER TO LEASE, BNGG DOES NOT ASSUME ANY LIABILITY WITH RESPECT TO THE PREMISES OR ANY OBLIGATION AS TENANT UNDER THE LEASE UNLESS AND UNTIL BNGG EXPRESSLY, AND IN A SEPARATE WRITING, AGREES TO ASSUME SUCH LIABILITY AND/OR OBLIGATION AS DESCRIBED ABOVE.**

**BACK NINE GOLF GROUP, LLC:**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**LANDLORD:**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE/TENANT:**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT 9**

**PHONE NUMBER ACKNOWLEDGEMENT AND CONDITIONAL ASSIGNMENT**

\_\_\_\_\_ ("you") operate your Franchised Business in \_\_\_\_\_ . You acknowledge and agree that **BACK NINE GOLF GROUP, LLC**, a Utah limited liability company ("we/us") owns and controls the following telephone number: \_\_\_\_\_ (the "Franchise Telephone Number"). The Franchise Telephone Number relates to THE BACK NINE™ franchise agreement between us and you dated \_\_\_\_\_ .

In consideration of the granting of a franchise to you and other valuable consideration given by you, you assign to us all right, title, and interest in and to the Franchise Telephone Number and any other telephone numbers and listings you use in the operation of the franchise. We assume the performance of all of the terms, covenants and conditions of your agreement with the telephone company concerning the telephone numbers and telephone listings with the full force and effect as if we had been originally issued the telephone numbers and telephone listings.

DATED this \_\_\_\_\_.

("we/us"):  
**BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(jointly and severally "you"):  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENT 10**

**AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER**

**BACK NINE GOLF GROUP, LLC**

898 E. 4010 S.  
Washington, Utah 84780  
(435) 414-3446

I (we) hereby authorize BACK NINE GOLF GROUP, LLC (the “Company”) to initiate Electronic Funds Transfer charges to my (our) bank account (indicated below) for payment of my (our) monthly Royalty, Marketing Fees and other fees owed by me (us) to the Company on or near the 5<sup>th</sup> day of each month. This Authorization will remain in full force and effect until Company receives written confirmation of termination of this Authorization via certified letter.

Financial Institution Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Routing Number: \_\_\_\_\_

Branch Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

I further certify that I have received a copy of the Authorization for my files.

Individual Name: \_\_\_\_\_

Corporate Name: \_\_\_\_\_

THE BACK NINE Territory: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_

**Please attach a voided blank check for verification purposes.**

[VOIDED CHECK]
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**CALIFORNIA ADDENDA TO THE**  
**FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT**  
**DEVELOPMENT AGREEMENT**

1. 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. 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.
3. 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 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.
4. Neither franchisor or any person or franchise broker in Item 2 of the Franchise 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 such association or exchange.
5. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
6. California Business and Professions Code sections 20000 through 20043 (the Franchise Relations Act) provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. In particular, Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act.
7. Section 31125 of the California Corporation Code requires us to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
8. 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.).
9. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
10. The franchise agreement requires application of the laws of Utah. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.
11. 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).
12. The highest interest rate allowed by law in California is 10% annually.

13. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

## **DISCLOSURES REQUIRED BY GEORGIA LAW**

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

**INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE  
AGREEMENT**

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the “Acts”). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

- (a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.
- (b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee’s written consent.
- (c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.
- (d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.
- (e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.
- (f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

**MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
AND FRANCHISE AGREEMENT**

1. Item 17 of the Franchise Disclosure Document and the appropriate section of the Franchise Agreement are amended to disclose:
  - (a) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
  - (b) Pursuant to COMAR 02.02.08.16L, any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, sale, assignment and/or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
  - (c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).
2. Item 13 and Item 14 of the Franchise Disclosure Document are amended to state 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.
3. The Franchise Agreement and Franchisee Acknowledgment are amended to include the following statement: “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.”
4. The Franchise Agreement is hereby amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, MD. Code Ann., Bus. Reg. § 14-201 *et seq.*, are met independently without reference to this Amendment.
6. **EXHIBIT G TO THE BACK NINE GOLF GROUP, LLC FRANCHISE DISCLOSURE DOCUMENT: FRANCHISEE ACKNOWLEDGMENT is void in Maryland and should not be signed by Maryland franchisees.**
7. Section 22.7 of the Franchise Agreement titled “Acknowledgement” is hereby deleted.
8. 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
9. Special Risk(s) to Consider About This Franchise:

Condition for Relocation: If you request to relocate your outlet and the franchisor approves the request, and your outlet is closed for relocation, you must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

10. Item 5 of the Franchise Disclosure Document and the Franchise Agreement are amended to state:

“Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

The parties hereto have duly executed this Maryland Amendment

**FRANCHISOR:  
BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE (Principal):**

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**AND**

**FRANCHISEE (Entity):**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MICHIGAN  
FRANCHISE INVESTMENT LAW**

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:

- (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 protections provided in the Michigan Franchise Investment 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 subfranchisor.
  - (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 franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations 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: Michigan Attorney General's Office, Consumer Protection Division, Attention: Franchise Section, G. Mennen Williams Building, 1st Floor, 525 West Ottawa Street, Lansing, Michigan 4893, Telephone Number: 517-373-7117.

**MINNESOTA ADDENDUM to the**  
**FRANCHISE DISCLOSURE DOCUMENT and FRANCHISE AGREEMENT**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties agree as follows:

1. No statement, questionnaire, or acknowledgement 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.
2. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee's assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.
3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to state:  
  
"Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days notice for non-renewal of the Franchise Agreement."
4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars (\$30.00) per occurrence.
5. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to state:  
  
"Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)".
6. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:  
  
"Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee's rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief."
7. 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 Statutes, Section 80C.12, Subd. 1(g).
8. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
9. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

The parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same as that on which the Franchise Agreement was executed.

**FRANCHISOR:  
BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE (Principal):**

\_\_\_\_\_  
Name: \_\_\_\_\_

**AND**

**FRANCHISEE (Entity):**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party 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.

B. No such party has 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.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party 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.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start

an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

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.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing 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.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of \_\_\_\_\_

**FRANCHISOR:  
BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE (Principal):**

\_\_\_\_\_  
Name: \_\_\_\_\_

(Additional signatures appear on the following page)

**AND**

**FRANCHISEE (Entity):**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**NORTH CAROLINA LAW DISLOSURES**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

THE PARTIES hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_.

**FRANCHISOR:  
BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE (Principal):**

\_\_\_\_\_  
Name: \_\_\_\_\_

**AND**

**FRANCHISEE (Entity):**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SOUTH CAROLINA LAW DISCLOSURES**

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

The parties hereto have duly executed, sealed and delivered this Addendum dated \_\_\_\_\_.

**FRANCHISOR:  
BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE (Principal):**

\_\_\_\_\_  
Name: \_\_\_\_\_

**AND**

**FRANCHISEE (Entity):**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**VIRGINIA ADDENDUM TO FRANCHISE  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

1. The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a franchisee to surrender any 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 him under the franchise, that provision may not be enforceable.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Amendment.

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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provisions supersedes any other term of any document executed in connection with the franchise.

**FRANCHISOR:  
BACK NINE GOLF GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE (Principal):**

\_\_\_\_\_  
Name: \_\_\_\_\_

**AND**

**FRANCHISEE (Entity):**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT D

### LIST OF AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222 Phone	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard State Capitol, 14 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

**EXHIBIT E****LIST OF CURRENT AND FORMER FRANCHISEES****As of December 31, 2023****Current Franchisees:**

<b>Name</b>	<b>Outlet</b>	<b>Phone Number</b>
<b>Arizona</b>		
Andrew Vaughn	1614 North Higley Road Gilbert, Arizona 85234	480-573-3339
<b>Nevada</b>		
Tom Brinton	1085 West Pioneer Boulevard Suite 180 Mesquite, Nevada 89027	702-905-1010
<b>Tennessee</b>		
Marshall Peterson	100 Cool Springs Boulevard #300 Franklin, Tennessee 37067	615-241-0799
<b>Utah</b>		
Riley Bunker	541 S 500 E Street American Fork, Utah 84003	385-417-4653
Jordan Wood	1198 Sage Drive, Suite B Cedar City, Utah 84720	435-422-4653
CY Robins	2920 Mulberry Lane, B7 Richfield, Utah 84701	435-260-4653
Justin Simonsen	970 E 3300 S Suite 4A Salt Lake City, Utah 84106	385-475-4653
JP Arlie	65 W 10600 S Sandy, Utah 84070	385-276-GOLF
Justin Simonsen	1168 E 1130 N Spanish Fork, Utah 84660	385-533-0090

**Franchise Agreements signed but outlets not yet open as of December 31, 2023:**

<b>Name</b>	<b>Outlet</b>	<b>Phone Number</b>
<b>Arizona</b>		
Austin Wright	TBD Chandler, Arizona	920-251-8988
Kirsti Kaim	15681 Hayden Road Suite 114 Scottsdale, Arizona 85260	602-361-2224
<b>Georgia</b>		
Chris Tucker	TBD West Midtown, Georgia	404-632-8887
<b>Nebraska</b>		
Mercedes Fonte	TBD Omaha, Nebraska	239-273-3279
<b>South Carolina</b>		

Jennifer Ammons	2081 East Main Street Suite 10 Spartanburg, South Carolina 29307	864-494-7706
<b>Tennessee</b>		
Justin Cofield	6429 Lee Highway #109 Chattanooga, Tennessee 37421	423-708-4949
<b>Utah</b>		
Kyle Cummings	TBD Murray, Utah	385-414-1633
JP Arlie	TBD South Jordan, Utah	626-674-4669

**Former Franchisees:**

None

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

## EXHIBIT F

### OPERATIONS MANUAL TABLE OF CONTENTS

#### BACK NINE GOLF GROUP, LLC OPERATIONS MANUAL

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## EXHIBIT G

### FRANCHISEE ACKNOWLEDGMENT STATEMENT

NOT FOR USE IN CALIFORNIA, MARYLAND AND WASHINGTON.

**The Franchisee Acknowledgment Statement is not to be signed by residents of Maryland or if the business will be located in Maryland. Maryland franchisees should not sign the acknowledgment.**

**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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.**

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents, or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement, or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has received the Back Nine Golf Group, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BACK NINE GOLF GROUP, LLC AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

\_\_\_\_\_  
Initial

ACKNOWLEDGED:

FRANCHISEE (Entity):

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE (PRINCIPALS):

\_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

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 Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

<b><u>STATE</u></b>	<b><u>EFFECTIVE DATE</u></b>
California	July 25, 2024, amended _____
Indiana	May 29, 2024
Maryland	Pending
Michigan	June 27, 2024
Minnesota	Pending
New York	Pending
South Dakota	May 30, 2024
Virginia	Pending
Washington	(not registered)
Wisconsin	May 29, 2024, amended _____

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 Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Back Nine Golf Group, 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 requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Back Nine Golf Group, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit D.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Will Bangerter 898 E 4010 S Washington, Utah 84780 435-414-3446	Brady Carlsen 898 E 4010 S Washington, Utah 84780 435-414-3446	Darren Wilstead 898 E 4010 S Washington, Utah 84780 435-414-3446	Ashley Harmon 898 E 4010 S Washington, Utah 84780 435-414-3446
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Issuance Date: April 20, 2024, amended May 20, 2024, November 2, 2024.

I received a Disclosure Document dated April 20, 2024, amended May 20, 2024, November 2, 2024, that included the following Exhibits:

- Exhibit A: Financial Statements
- Exhibit B: Franchise Agreement
- Exhibit C: State Addenda
- Exhibit D: List of Agencies/Agents for Service of Process
- Exhibit E: List of Current and Former Franchisees
- Exhibit F: Operations Manual Table of Contents
- Exhibit G: Franchisee Acknowledgment Statement

Date Received: \_\_\_\_\_ DATE: \_\_\_\_\_  
(If other than date signed)

Print Name: \_\_\_\_\_

Print Address: \_\_\_\_\_

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

**KEEP FOR YOUR RECORDS**

## RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Back Nine Golf Group, 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 requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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Issuance Date: April 20, 2024, amended May 20, 2024, November 2, 2024.

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- Exhibit F: Operations Manual Table of Contents
- Exhibit G: Franchisee Acknowledgment Statement

Date Received: \_\_\_\_\_ DATE: \_\_\_\_\_  
(If other than date signed)

Print Name: \_\_\_\_\_

Print Address: \_\_\_\_\_

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

Please return signed Receipt to: Back Nine Golf Group, LLC  
898 E 4010 S, Washington, Utah 84780