EILEEN'S COLOSSAL COOKIES ®

FRANCHISE DISCLOSURE DOCUMENT

EILEEN'S COLOSSAL COOKIES FRANCHISING, INC.
(A Nebraska Corporation)
2727 W. 2nd Street, Ste. 322
Hastings, Nebraska 68901
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Eileen's Colossal Cookies Franchising, Inc., offers franchises for stores featuring cookies, confections and related food specialties. The stores operate according to a System that includes the service mark Eileen's Colossal Cookies®. The System features a distinctive selection of competitively priced cookies and related food specialties.

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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Tony Harman at 2727 W. 2nd Street, Suite 322, Hastings, NE 68901, (402) 462-5983, tony@eileenscookies.com.

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. The total investment necessary to begin operation of an Eileen's Colossal Cookies franchise is between $232,301 and $299,430. This includes $20,000 that must be paid to the franchisor or its affiliate(s).

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

Issuance Date: August 27, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Eileen's Colossal Cookies in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Eileen's Colossal Cookies franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.

What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

TABLE OF CONTENTS

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

Franchisor's Corporate Information

We are a Nebraska corporation and were organized on 4/23/1998. We do business under the name Eileen’s Colossal Cookies Franchising, Inc. To simplify the language in this Disclosure Document, Eileen’s Colossal Cookies Franchising, Inc. will be referred to as "We" or "ECC". "You" means the person, partnership or corporation who buys the Franchise.

Our agent for service of process is listed on the Acknowledgment of Receipt on the last page of this Disclosure Document.

Predecessors and Affiliates

We do not have a predecessor. Nor do we have any affiliates that offer franchises in any line of business. We do have an affiliate which operates three Eileen’s Colossal Cookies® stores in Hastings, Grand Island and Kearney, Nebraska.

Franchisor's Business

Our only business is selling franchises to operate Eileen’s Colossal Cookies specialty stores and servicing those franchises. We are not involved in any other business activities. We do currently operate a business similar to the franchise being offered to you.

We franchise the operation of a retail store which specializes in the production and sale of a variety of cookies sold primarily by the dozen and in special assortments. All cookies are made fresh from scratch and produced throughout the business day. The primary marketing thrust is the sale of twelve varieties of cookies sold by the dozen. Customer service is also a major component in the operation. All staff is trained on customer relations and expected to provide prompt and friendly service to all patrons.

ECC's business activities include the grant to qualified persons to own and operate one or more Eileen's Colossal Cookies franchise(s). The grant includes the right to use all trademarks and service marks of ECC in accordance with the terms of the Franchise Agreement.

Your customers want high quality cookies and related items. You would open a store and train personnel to service local customers. You must utilize our trade name, service mark, trademarks and related logos ("Names and Marks") as we prescribe. The Franchised Business is referred to as "Franchised Location", or "Franchised Business". High quality and reasonable pricing create the market differentiation.

General Market and Competition

The market for your store is the general public. This market is developed and competitive. Your competitors include other retailers who offer such products.

Industry Regulations

Stores, Restaurants, Delicatessens are subject to various special-industry regulations, such as food-service, health, and sanitation codes. Employees may need food-handler licenses. Many municipalities regulate the use of restaurant grease traps for cooking and require special sewer hook-ups. Regulations vary widely from place to place. Federal laws such as the Americans with Disabilities Act may apply to the design and construction of your restaurant premises. Your Manager must acquire any food-safety-program certification that the state or municipality where the Franchised Business is located may require. You should consult an advisor in your area to determine all applicable laws and regulations.

Prior Business Experience

We have never operated an Eileen's Colossal Cookies® store, although companies sharing common ownership with us have operated Eileen's Colossal Cookies® stores for several years. We have never sold franchises in any other line of business.

ITEM 2. BUSINESS EXPERIENCE

TONY HARMAN, PRESIDENT

After obtaining his bachelor's degree in Business Administration from the University of Nebraska at Lincoln in 2003, Tony Harman joined Cash-Wa Distributing, Inc. in Lincoln, Nebraska in 2004 and held several positions within that company until he joined Eileen's Colossal Cookies Franchising, Inc. in 2007 as Franchise Director, and is now the President. He is the Vice President of Eileen's Colossal Cookies, Inc.

GABE HARMAN, VICE PRESIDENT, SECRETARY

Gabe joined the company in 2009, working in the Hastings location. He is now responsible for tax, accounting, and financial operations as well as assisting with franchise development. Gabe is the Vice President of Eileen's Colossal Cookies Franchising, Inc., and the President of Eileen's Colossal Cookies, Inc.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

ITEM 4. BANKRUPTCY

No person previously identified in Items 1 or 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

ITEM 5. INITIAL FEES

The fees discussed in this Item are uniform to all franchisees and non-refundable.

The Initial Franchise Fee is $20,000.

(A Franchise Territory consists of a boundary with a radius of six miles (6 miles) from the center point of the approved location of the franchised business.

You must pay the entire fee for the territory at the time you sign a Franchise Agreement. The Initial Franchise Fee is fully earned by ECC at the time ECC executes a Franchise Agreement and is not refundable.

ITEM 6. OTHER FEES

See Table on the following page.

TABLE OF OTHER FEES

NAME OF FEE	AMOUNT	WHEN DUE	REMARKS
ONGOING ROYALTY	6% of gross sales	Payable weekly on or before Wednesday of each week for previous week. See Note 7	See Note 1
ADVERTISING	No Advertising Fees	N/A	Advertising is done on a local basis only at the discretion of the Franchisee.
RENEWAL FEE	None		
TRAINING	NONE See Note 2. Special Training is available. See Note 3	N/A	Travel, room & board expenses must be paid by you.
TERMINATION FEE	N/A		
INTEREST or PENALTIES FOR LATE PAYMENTS	Imposed only when payments are 10 or more days late $50 or interest, whichever is greater	When required	
TESTING FEE	Cost of inspection and evaluation of new supplier product(s)	When required	On demand
LOST MANUALS	$200 for each lost manual	If any operating manual is stolen, lost, or a replacement destroyed, you must pay us this amount	Before we loan you another manual
TRANSFER FEE	$7500	UPON TRANSFER	ADJUSTMENT FOR COST OF LIVING
SEE NOTE 4			
AUDIT	Our costs and expenses connected with the inspection (including reasonable accounting and attorneys' fees)	On demand	If any inspection discloses an understatement of two percent or more of Gross Revenues, you must reimburse us for the costs and expenses connected with the inspection

NAME OF FEE	AMOUNT	WHEN DUE	REMARKS
ENFORCEMENT COSTS	Reasonable attorneys' fees, arbitration costs, court costs and all expenses	On demand	Due if any legal action or other proceeding is instituted to enforce the Franchise Agreement or any other Dispute

SEE NOTES THAT FOLLOW:

Note 1.
<u>Royalty Fee</u>
"Gross Sales" means: All revenues from all sales, whether for cash or credit and regardless of collection in the case of credit. You must agree to pay the fees described in the following paragraphs.

Note 2.
<u>Training</u>

You must attend and successfully complete the ECC training satisfactorily prior to opening for business. This may include a training and familiarization course of up to 10 business days in duration to be conducted at ECC's headquarters or at another place as ECC may designate, and will include working in an ECC retail location for approximately 10 days. The training sessions will take place prior to the Franchised Business' opening. The training program will cover all material aspects of the operation of the Franchised Business, including introduction and orientation to the System, financial controls, promotion and sales methods, other marketing techniques, service and operational techniques, systems and methods, deployment of sales people and other personnel, and maintenance of quality standards. All expenses incurred by you and your employees in attending the program, including, travel, room and board expense, are your sole responsibility.

If your requests for additional training are reasonable, ECC shall provide the training at your expense, including training fees, travel, lodging, meals and other related costs.

Note 3
Special and Additional Training

The company's current charge for training for a new manager or partner is $3000 plus the travel, food and lodging expense of the trainer. This training is subject to the discretion of ECC.

Note 4
Transfer Fee

If the transferee is your spouse, son, or daughter and the transfer is for estate planning purposes, no transfer fee is charged, but you must reimburse us for the out-of-pocket expenses (including attorneys' fees) we incur in connection with reviewing and approving the transfer.

Note 5
Enforcement Costs

The successful or prevailing party or parties is entitled to recover these amounts

Note 6

You may be required to sign a "Draft Agreement", which allows ECC to arrange with your financial institution or credit card company to honor drafts submitted for payment by ECC of royalty fees. On Wednesday of each week, a draft will be submitted for an amount equal to your Royalty Fee amount which is due for the previous week.

ALL FEES ARE UNIFORM, AND ARE NON-REFUNDABLE

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ITEM 7. ESTIMATED INITIAL INVESTMENT

CATEGORY	**AMOUNT** **From**	 **To**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
INITIAL FEE (Note 1)	$20,000.00	$20,000.00	LUMP SUM CASH OR CASH/NOTE	UPON SIGNING OF AGREEMENT	ECC
INITIAL RENT & DEPOSIT (Note 2)	$6,000.00	$8,000.00	AS INCURRED	AS INCURRED	LESSOR
OPENING CASH (Note 3)	$7,000.00	$8,000.00	AS INCURRED	AS INCURRED	VENDORS
STORE IMPROVEMENTS (Note 4)	$93,713.00	$135,345.00	AS INCURRED	AS INCURRED	CONTRACTOR LANDLORD
BUSINESS LICENSES (Note 5)	$1,000.00	$1,000.00	AS INCURRED	WHEN REQUIRED	STATE, MUNIC. AGENCIES
INSURANCE (Note 6)	$3,300.00	$3,500.00	VARIES	AS ARRANGED AND REQUIRED	BROKER OR INSURANCE CO.
INITIAL START UP PKG. (Note 7)	$11,088.00	$13,585.00	AS INCURRED	AS ARRANGED	APPROVED SUPPLIERS and LOCAL VENDORS
LEGAL & ACCT'G FEES (Note 8)	$2,500.00	$3,000.00	AS INCURRED	AS ARRANGED	ATTORNEYS ACCOUNTANTS
INITIAL INVENTORY EQUIP. PKG (Note 9)	$80,700.00	$103,000.00	AS INCURRED	AS ARRANGED	VENDOR OR LENDER OR LEASING FIRM
START UP ADVERTISING (Note 10)	$3,500.00	$4,000.00	4 WEEKS PRIOR TO STORE OPENING	AS ARRANGED	LOCAL PRINTER AND/OR AD COMPANY
TOTALS	$232,301.00	$299,430.00			

See Notes that follow

Note 1
Initial Fee
The Franchise Fee is Twenty Thousand Dollars ($20,000.00). The geographic size of the Protected Territory granted to the Franchise Owner will consist of a boundary of a six (6) mile radius from the Franchised Business location. It may be part of a city or consist of several towns.

Note 2
Initial Rent and Deposit
Your estimated space should be approximately 2,000 square feet. ECC will assist you in planning the conversion of a potential location for the Franchised Business.

Note 3
Opening Cash

Your Opening Cash Needs are for initial promotion and pre-operation expenses but you must determine the amount necessary to cover cash short fall in the initial six months of operation. These amounts are estimated between Seven Thousand Dollars ($7,000.00) and Eight Thousand Dollars ($8,000.00).

Note 4
Leasehold Improvements

Eileen's Colossal Cookies Franchising, Inc. estimates that the leasehold improvements will cost from $93,713.00 to as much as $135,345.00 in order to convert a space in a strip center into this Franchised Business. You may require improvements including floor coverings, interior cosmetics, plumbing, electrical work, etc. The cost of the improvements will vary from location to location. If the landlord makes all necessary leasehold improvements, it is possible that the costs will be included in or added to the monthly lease payment, and no front-end out-of-pocket expenses need be paid by you; however there is no guarantee the a landlord would enter into such an arrangement.

Note 5
Business Licenses

Several local business licenses may be needed in order to open the Franchised Business or you may already be covered under business licenses you hold now. The costs of the business licenses will vary from location to location and are estimated to be One Thousand Dollars ($1,000.00)

Note 6
Insurance
Insurance costs are estimated between $3,300 and $3,500 and may include premiums for Workmen's Compensation, general liability, product liability, fire, vandalism, theft, business interruption and automobile coverage. Insurance Expenditures are described more full in Section 15 of the Franchise Agreement, but you must obtain an insurance policy or policies protection you and ECC, and the officers, directors, partners, agents, and employees of both you and ECC against any loss, liability, personal injury, death, property damage, or expense whatsoever arising or occurring upon or in connection with operating the Franchised Business. All insurance policies required by the Agreement must be written by an insurance company

satisfactory to Eileen's Colossal Cookies Franchising, Inc. The coverage will be provided in accordance with standards and specifications set forth in the Manuals or otherwise specified in writing.

You must also purchase Workmen's Compensation and employer's liability insurance as prescribed by state law and any such other insurance that may be required by ECC or by the statutes or other laws of the state in which the Office is located and operated. You also must purchase an umbrella insurance policy to provide excess limits over the above liability policies.

You also may maintain such additional insurance as you may consider advisable.

Upon obtaining the insurance required by the Agreement and on each policy renewal date thereafter, you must promptly submit evidence of satisfactory insurance and proof of payment to ECC, along with copies of all policies and policy amendments and endorsements. The evidence of insurance must include a statement by the insurer that the policy or policies will not be canceled or materially altered without giving at least thirty (30) days prior written notice to Eileen's Colossal Cookies Franchising, Inc.

If you should fail to obtain the insurance required by the Agreement or the Manual, ECC may procure the insurance and to bill it to you along with reasonable fee for ECC's expenses in so acting.

Note 7
<u>Initial Start Up Package</u>

Printing, Signs and Graphics costs will vary depending upon location and the amount of initial stock of material that you have printed with your local Eileen's Colossal Cookies® number. The printing and supply package must conform to the artwork and layout approved by ECC and includes business cards, flyers, contract forms, brochures, sales forms, and invoices. <u>For the sake of consistency of names and marks and quality control, the printing and supply package must conform to the artwork and layout approved by ECC.</u>

Note 8
<u>Legal and Accounting Fees</u>

Legal and accounting fees may include incorporating your company and setting up its books and records. These fees are estimated to be $2,500 - $3,000, and include monies needed to create the new Franchise Owner's business entity (e.g., L.L.C.) and to set up its books and records. Section 12 of the Franchise Agreement has considerable detail relating to the record keeping requirements. You will be required to keep accurate records of customer inquiries, sales, marketing activities, closeout sheets, payroll, and accounts payable in accordance with the standard accounting system described by ECC in the Manual.

Note 9
<u>Initial Inventory, Equipment Package</u>

Your initial inventory, supplies and related items must be purchased and on hand prior to the store opening. We estimate this investment to be between $78,000 and $103,000. ECC has an approved supplier list and specs for all required equipment, inventory, and supplies.

Note 10
Start-up Advertising

ECC requires that you hold an official grand opening when you open your store. The amount spent on a Grand Opening will vary from one market to another. ECC estimates that the Grand Opening expenditure will be from $3,500.00 to $4,000.00.

Note 11

ECC does not offer any direct or indirect financing for any item listed in the above table.

THERE ARE NO OTHER DIRECT OR INDIRECT PAYMENTS IN CONJUNCTION WITHTHE PURCHASE OF THE FRANCHISE AND SUCH PAYMENTS ARE, FOR THE MOST PART, NON-REFUNDABLE.

These figures are estimates and we cannot guaranty that you will not have additional expenses starting the business.

We relied on the historical experience of existing Eileen's Colossal Cookies restaurants to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any items.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General Requirements

To insure high quality and a uniformity of product by all franchisees, you must purchase all products that are used in producing Eileen's Colossal Cookies sold through your store and all equipment, printing, supplies and fixtures in accordance with the standards and specifications described in our Operations Manual.

Authorized Suppliers and Specifications

You must purchase all required products, other products and materials for the operation of the Franchised Business solely from suppliers (including manufacturers and distributors) who demonstrate, to our continuing reasonable satisfaction, the ability to meet ECC's standards and specifications for those items; who possess adequate quality control and capacity to meet your needs, properly and reliably; and who are currently approved in writing by us. Upon written request, we will provide the specifications and standards we use in selecting approved suppliers. Currently, we do not negotiate prices and terms with any suppliers.

We, nor anyone affiliated with us, do not act as approved suppliers. If you desire to purchase any items from an unapproved supplier, you or the supplier must submit a written request for our approval which will be acted upon within 30 days. ECC will not unreasonably withhold its approval of any supplier, manufacturer or distributor. ECC may require an inspection of the supplier's facility and/or that samples from the supplier be delivered to ECC or to our independent consultant for testing. You or the supplier must pay the reasonable cost of the inspection and the actual cost of the testing. ECC may re-inspect the facilities and products of the approved suppliers and to revoke its approval upon supplier's failure to continue to meet any of ECC's criteria for standards and specifications. ECC may charge a fee of up to 10% of the dollar volume of orders by Franchisees to approved suppliers for the cost of maintaining its approved supplier program. ECC in no way guarantees the performance of any approved supplier through its approved supplier program.

Specific Requirements

You must set up your own accounts and payment arrangements with approved suppliers. If you desire to purchase any items from an unapproved supplier, you or the supplier must submit a written request for our approval which will be acted upon within 30 days.

Site and Lease Approval

You must select the site for the Premises. The site must meet our standards for environmental impact, demographic characteristics, traffic patterns, parking, predominant character of the neighborhood, competition from other businesses providing similar services within the area, proximity to other businesses and the nature of such businesses, size, appearance, and other physical characteristics of the site, and any other factors we may consider relevant to approving or disapproving a site. Your lease or sublease of the Premises must have certain provisions described in the Franchise Agreement and be approved by us. If you want to purchase the site, you must submit the purchase agreement to us for our approval.

Architect, Contractors, and Construction

You or your Landlord must prepare a site plan and plans and specifications adapting our standard plans and specifications to your approved location and to applicable laws and lease requirements and restrictions and market conditions.

You or your Landlord must comply with all, zoning, signage, seating capacity, parking requirements and storage requirements. Any material modification to the standard plans and specifications must be approved by us. You must obtain professional supervision, satisfactory to us, where applicable, for preparing the site layout and plan and over construction of the Premises.

You must construct the Premises in accordance with the plans we approved and the Design Specifications. We may recommend using a construction project manager for constructing the

Premises. If you choose not to use our recommended construction manager, your general contractor must have the insurance coverage described in the Franchise Agreement.

Signage

You must purchase and install at the Premises all interior and exterior signage, from suppliers using designs that we designate (the “Signage”).

Operating Standards

To ensure that the highest degree of quality and service is uniformly maintained, you must operate the Franchised Business in conformity with any uniform methods, standards, and specifications that we may prescribe in the Eileen’s Colossal Cookies® Manual or otherwise. These include, among other things: the recording all Gross Revenues, complying with the procedures and systems instituted by us both now and in the future, including those relating to sales, good business practices, advertising and other obligations and restrictions; maintaining in sufficient supply (as we may prescribe in the Eileen’s Colossal Cookies® Manual or otherwise in writing), and using at all times, only inventory, equipment, materials, advertising methods and formats, and supplies that conform with our standards and specifications, if any, at all times sufficient to meet the anticipated volume of business;

> **1**. Using menu boards and menus and product brochures that comply with our prescribed specifications for content, materials, finish, style, pattern and design;
>
> **2**. Selling and offering for sale only goods and services that meet our uniform standards of quality and quantity, and that have been expressly approved for sale in the Eileen’s Colossal Cookies Manuals or otherwise in writing by us at retail to consumers from and through the Franchised Business and not selling those items for redistribution or resale;
>
> **3**. Selling and offering for sale all goods and services that we may approve from time to time (including alcoholic beverages); and without our consent, not deviating from our standards and specifications for providing or selling such goods and services;
>
> **4**. Purchasing and installing all fixtures, furnishings, signs and equipment that we specify and maintaining that equipment in a condition that meets the operational standards specified in the Eileen’s Colossal Cookies Manuals.

P.O.S. System

An ECC approved P.O.S. system will be required to operate the Franchised Business. You will be given the necessary specifications, including the required ability to keep sales records. The system shall include a cash drawer, receipt printer, as well as any other required hardware, software, and peripherals and related services. You shall also be required to offer a credit-card reader.

Secret Recipes

The recipes that are used to make Eileen's Colossal Cookies® are proprietary to us and we insist that you keep such recipes, and any that we should develop in the future, secret and confidential.

Secret Recipe Products include dough, icing, and other recipes and products we create and consider secret. Because of the importance of quality control and uniformity and the significance of these proprietary products to the System, we closely control the production and distribution of the Secret Recipe Products.

Insurance

You must purchase and maintain the types of insurance, in amounts, that we may require. This insurance is in addition to any other insurance that may be required by applicable law, the Franchisee's landlord, or otherwise. Your insurance policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A" or better.

Revenues Derived from Required Purchases and Leases

ECC may derive revenues from required purchases or leases.

Supplier Rebates

ECC may receive supplier rebates, including securing said rebates for franchised locations.

Purchasing or Distribution Cooperatives

Purchasing or distribution cooperatives may exist between ECC and suppliers. This may include negotiating purchase arrangements (including price terms) with suppliers.

Material Benefits for Use of Approved Sources

We may provide material benefits to you based upon your use of designated or approved sources.

ITEM 9. FRANCHISEE'S OBLIGATIONS

TABLE OF FRANCHISEE OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS IN THIS DISCLOSURE DOCUMENT.

OBLIGATION	SECTIONIN AGREEMENT	ITEM INDISCLOSURE DOCUMENT
a. Site Selection and acquisition/lease	Section 3 also see R. E. Lease	Item 11
b. Pre-opening Purchase Leases	Not applicable	Not applicable
c. Site Development and other pre-opening requirements	Section 3 also see R.E. Lease	Item 6,7,11
d. Initial and On-going Training	Section 5	Item 11
e. Opening	Section 3C	Items 11D, 11G
f. Fees	Section 1B Section 11	item 5, 6
g. Compliance with standards and policies/ Operating Manual	Section 7,12,13	Item 11 see also FDD “Exhibit B”
h. Trademarks and Proprietary Information	Section 6	Items 13 and 14
I. Restrictions on Products and services offered	Section 14	Item 16
j. Warranty and Customer Service	Operations Manuals (Proprietary)	Item 11
k. Territorial Development and sales quotas	Section 13	Item 12

OBLIGATION	SECTIONIN AGREEMENT	ITEM INDISCLOSURE DOCUMENT
l. Ongoing product service purchases	Section 14	Item 8
m. Maintenance, appearance and remodeling requirements	Section 13B	Item 11A, 11C
n. Insurance	Section 15	Item 7
o. Advertising	Sections 10, 14	Item 6
p. Indemnification	Section 21	Item 7
q. Owners participation management, staffing	Section 13H	Item 15
r. Records, Reports	Section 12	Item 6
s. Inspections, Audits	Sections 12	item 11
t. Transfer	Section 19	Item 17
u. Renewal	Section 2	Item 17
v. Post Termination obligations	Section 17, 18	Item 17
w. Non-competition	Section 18	Item 17
x. Dispute Resolution	Section 23	Item 17

ITEM 10. FINANCING

ECC does not offer any direct or indirect financing.
Other financing/leasing on signs, kiosks, computers, office and store equipment and other equipment may be available to you in your local market.

Except as disclosed above, we do not arrange financing from other sources.
We do not receive direct or indirect payments for placing financing.
We do not guarantee your obligations to third parties.

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

EXCEPT AS LISTED BELOW, EILEEN'S COLOSSAL COOKIES FRANCHISING, INC. NEED NOT PROVIDE ANY ASSISTANCE TO YOU.

Before you open your business, we will provide you with the following assistance and services:

A. **Implementation of Franchised Business** (Section 14, Franchise Agreement)

We will:

1. designate your protected territory;

2. advise you concerning the opening inventory;

3. assist you with suggestions for the layout and design of your store (the costs of renovations, signs, printing, furniture and fixtures are your responsibility);

4. provide information and suggestions to establish your franchised area;

5. provide you with samples of approved apparel for your Franchised Business.

B. **Home Office Training (Section 14, Franchise Agreement)**

You must attend and successfully complete to ECC's satisfaction, before opening for business, a training and familiarization course of up to ten business days to be conducted at ECC's headquarters or at another ECC designated place. The training sessions must take place before you open. The training program will include approximately 10 days of working in an Eileen's Colossal Cookies® store and will also cover all material aspects of the operation of the Franchised Business, including introduction and orientation to the System, financial controls, promotion and sales methods, other marketing techniques, service and operational techniques, systems and methods, and maintenance of quality standards. All expenses incurred by you and your employees in attending the training programs, including travel and room and board is your sole responsibility.

C. **Time of Training/Pre-opening Advertising/Training Materials** (Section 14, Franchise Agreement)

We arrange and put on training classes throughout the year and the training must be completed between the date of your Franchise Agreement, and opening date.

You must begin the Grand Opening and a recommended advertising program to start during the month that you open your store which will require arrangements and commitments to be made at least 30 days prior to the start of your local recommended advertising program. You should have completed your training so you will know what local advertising plans to implement.

The instructional materials that are used in your training are primarily the manuals that are listed in "Exhibit B" which is attached to this Disclosure Document.

TABLE SUMMARIZING TRAINING

SUBJECT	MANUAL	TRAINING HOURS	INSTRUCTOR
Baking	Operations Manual	16	ECC Training Specialist
Customer Service	Operations Manual	32	ECC Training Specialist
Making dough and frosting	Operations Manual	8	ECC Training Specialist
Hiring and Scheduling	Hiring and Scheduling Manual	1	ECC Training Specialist
Decorating	Operations Manual	24	ECC Training Specialist
Keeping records	Reports & Records	2	ECC Training Specialist
Review		1	ECC Training Specialist

The instructional materials that are used in your training are primarily the manuals that are listed in "Exhibit B" which is attached to this Disclosure Document.

D. Pre-Opening Obligations

Before you open your business:

1. If, when you sign your Franchise Agreement, we have not approved the site for the Franchised Business's Premises, we will supply you with our site-selection criteria. We may also provide any on-site evaluation that we consider advisable.

2. We will loan you information regarding building plans and specifications or standard recommended floor plans and specifications of our requirements for design, decoration, layout, equipment, furniture, fixtures and signs for the Franchised Business.

3. We will provide specifications for Eileen's Colossal Cookies uniforms for your employees to be purchased by you directly from our approved suppliers.

4. We will provide you with standardized accounting, cost-control, portion-control, and inventory-control systems.

5. We will provide you with a list of required equipment, supplies, materials, inventory and other items necessary to operate the Franchised Business and a list of approved suppliers of all such items.

6. We will provide you with an initial set of forms, including the standard brochures and various operational forms, such as standardized periodic reporting forms for reporting accounting information, and purchase-order forms.

7. We will provide you with a schedule of items that you may purchase from us. Such items may include customer bags, brochures and other items.

8. We will provide you with a schedule of recommended items such as equipment and supplies that you may purchase from third-party suppliers.

9. We will loan you one registered copy of the Eileen's Colossal Cookies® Manual (with periodic revisions as required). Our customary practice is to deliver the Eileen's Colossal Cookies® Manual to you at or shortly before the training program begins. The table of contents for the manual is attached to this Disclosure Document as Exhibit B.

E. Post-Opening Obligations

During the operation of your business:

1. We will always be available for informational telephone assistance during normal business hours.

2. We will provide advice on Local Advertising.

3. We will provide you with any promotional methods and materials we may periodically develop for the System.

4. We may provide continuing advisory assistance in the operation and promotion of the Franchised Business. This assistance may include communicating new developments, improvements in equipment and supplies, and new techniques in advertising, service, and management that are relevant to operating the Franchised Business.

5. If you request, and we can reasonably accommodate that request, we will furnish non-routine guidance and assistance to deal with your unusual or unique operating problems for the fees and charges described in Item 6.

6. We may continue to research and develop new products, services, and techniques.

Local Advertising

You must engage in Local Advertising. The amounts you must spend on Local Advertising are described in Item 6. You must submit, for our prior approval, all materials used for Local Advertising. If, within 10 days from the date we receive submitted materials, you do not receive our written approval, they are considered disapproved. If we believe that advertising materials may injure or harm the System, we may require you to withdraw or discontinue the using previously approved advertising materials.

Grand Opening Advertising Program

During the first four weeks after opening your Franchised Business, you must conduct a grand-opening advertising and promotional program (the “Grand Opening Advertising Program”), on which you may spend up to $2500 to $3,000 (the “Grand Opening Advertising Expenditure”). All activities in which you will engage, and all materials you will use for that program (as well as the amounts of money you will spend on it) must be pre-approved by us. The Grand Opening Advertising Expenditure is in addition to the on-going local advertising expenditures you make.

Regional Advertising Cooperative

We or a group of our Franchisees may create a regional advertising cooperative in any ADI, and establish rules and regulations for it. An ADI is Area of Dominant Influence; this is a geographic survey-area created and defined by Arbitron, based on measurable patterns of television viewing. An ADI also takes into account the other available media within the geographic area designated by the ADI.

Should that occur, you must become a member of such a cooperative and make the contributions to the cooperative according to the vote of the required majority. The following provisions apply to the cooperative in which you participate:

1. The cooperative will be organized and governed by its members but, we must be notified and approve the form and organization in advance in writing;
2. The cooperative will be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized

promotional materials for the members' use in Local Advertising within the cooperative's ADI ;

3. The cooperative may adopt its own rules and procedures, but those rules or procedures must be approved by us and may not restrict nor expand your rights or obligations under your franchise Agreement.

4. Except as otherwise provided in the Franchise Agreement, and subject to our approval, any lawful action of the cooperative (including imposing assessments for Local Advertising) shall be binding on all members of the Cooperative. Such actions must be voted upon at a meeting attended by members possessing more than 50% of the total voting power in the cooperative and approved by a majority of 50% of the total voting power possessed by members in attendance, with each Franchised Business and Company-Owned Unit having one vote, but no franchisee (or commonly controlled group of franchisees) may have more than 25% of the vote in the Cooperative regardless of the number of Franchised Businesses owned.

5. Without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us for review.

6. The Cooperative may require its members to periodically contribute to it in such amounts as it determines.

7. The cooperative must provide quarterly advertising expenditure reports to us.

8. Advertising Contributions to the cooperative belong to the cooperative. The cooperative may request our assistance in collection of the funds and we will send a "cure letter" to the delinquent franchisee/s advising them that they are committing a default under the Franchise Agreement and must cure such default within 30 days or their franchise may be subject to termination. Upon collection, we will forward amounts due to the cooperative to its treasurer.

9. Company-Owned Units shall contribute to any Cooperative on the same basis as franchisees.

Other Advertising Programs

In addition to the foregoing advertising requirements and programs described in this ITEM 11 you must, at your expense, participate in any other advertising, marketing, and promotional activities and programs (including coupon programs and free-menu-item programs) we may require.

Internet Advertising Restrictions

Without our prior written consent, you must not register, create, or operate a website or domain name containing the words Eileen's Colossal Cookies®.

Advertising Council

We do not have any advertising council.

Selecting the Location of Your Franchised Business

You are solely responsible for selecting the site for the Premises. We merely approve your site if it is acceptable. When reviewing proposed sites, we consider factors such as environmental impact, demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses and the nature of such businesses, and the size, appearance, and other physical characteristics of the site, as well as any other factors that we consider relevant to approving or disapproving a site.

Our approval of a site is not a representation or warranty that the Franchised Business will be profitable or that your sales will attain any predetermined levels. Approval is intended only to indicate that the proposed site meets our minimum criteria for identifying sites.

We will review site approval submissions on a first-in basis. If we do not approve the proposed site, you have 30 days after we disapprove the proposed site to submit a new site within the Protected Territory for our approval. In any event, however, if a site has not been approved within 90 days of the Agreement Date, we may terminate your Franchise Agreement. In such event, we need not refund to you the Initial Franchise Fee or any other money paid to us.

Time between Signing the Franchise Agreement and Opening the Franchised Business

The typical length of time between your signing of the Franchise Agreement and the opening of your business is expected to be 270 days. Factors that may affect this typical time period include your ability to negotiate and obtain a lease at a satisfactory location, negotiate and obtain financing, procure the requisite building permits, comply with zoning and local ordinances, install equipment, fixtures, and signage, recruit competent staff, and schedule and complete training.

Failure to Complete Initial Training

If we determine, in our sole discretion, that you are unable to satisfactorily complete the training program described above, we have the right to terminate the Franchise Agreement. If the Franchise Agreement is terminated because we make such a determination, we will return the initial Franchise Fee to you, minus the expenses we incur as of the date of termination. When we return said amount, we shall be fully and forever released from any claims or causes of action that you may have under or pursuant to the Franchise Agreement and you shall have no further right, title or interest in the Names and Marks and you agree to return all Manuals, and any other items that we have provided to you.

National Sales Conferences

We may conduct annual National Sales Conferences and Continuing Education Seminars. If we do, we may require the Franchise Owner and employees that we designate to attend.

ITEM 12. TERRITORY

Grant for a Specific Area

Your franchise is granted for a specific location that you select and we approve if acceptable. Our approval of a location is not a representation or warranty that the Franchised Business will be profitable or that your sales will attain any predetermined levels. Approval is intended only to indicate that the proposed location meets our minimum criteria for identifying sites. This location may not be changed. You may operate the Franchised Business only at the approved location.

Protected Territory

We grant you a Protected Territory. The Protected Territory is defined in terms of a geographic radius of six miles, generally containing at least 25,000 people. You may not solicit customers inside the Protected Territory of another Eileen's Colossal Cookies® business. For so long as you are not in default, we will not operate, or grant a third party the right to operate another Eileen's Colossal Cookies® business using the System within your Protected Territory. We do, however, retain the reserved rights and national accounts rights described below.

Reserved Rights

In addition to our right to use and grant others the right to use the Proprietary Marks outside the Protected Territory (regardless how closely located to your Premises), we reserve all rights not expressly granted to you in the Franchise Agreement.

National Accounts

We may provide you with referral customers through a national-accounts system or with special-order customers. You must service these customers according to the provisions in the Eileen's Colossal Cookies Manuals concerning national-accounts and special order customers. If you fail to service any of these customers as required, we may refer that customer and any other national-account and special-order customers in your area to another Franchisee.

Sales of Products or Services under a Different Trademark

Neither Eileen's Colossal Cookies® nor any affiliate has established or has any present plan to establish other franchises or company-owned outlets or other channels of distribution selling or leasing similar products or services under a different trademark.

Continuation of Territorial Exclusivity

Except as described above in this Item 11:

1. The continuation of your territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency; and;

2. Your Protected Territory may not be altered during the term of your Franchise Agreement.

ITEM 13. TRADEMARKS

Principal Trademarks

You will have the right to operate the Franchised Business in accordance with the System under certain trademarks, service marks, trade names, logo types and emblems, including the Name and Mark "Eileen's Colossal Cookies®", and any that we might develop in the future. The Operations Manual contains specifics on how our name and Logos must be used. ECC claims the right to the Trademark and has registered the Trademark with the United States Patent and Trademark Office Principal Register as follows:

Registration #5826257 and #5826258

Additionally, the Trademark and all associated service marks have been registered with the Secretary of State in the state of Nebraska.

You must follow our rules when you use our marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which ECC Franchises to you. You may not use our name or registered marks in connection with the sale of an unauthorized product or service or in a manner not authorized by Eileen's Colossal Cookies Franchising, Inc.

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademark. ECC will take the action we think appropriate. While ECC is not required to defend you against your use of our trademark, ECC will reimburse you for your liability and reasonable cost in connection with defending ECC's trademark. To receive reimbursement, you must have notified ECC immediately when you learned of an infringement or challenge. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court of any jurisdiction in the United States; pending infringement, opposition or cancellation; and pending material litigation involving the principal trademarks ECC does not know of any infringing uses that could materially affect your use of our trademarks.

Currently Effective Trademark Determinations

There are no currently effective material determinations of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation proceedings; or pending material litigation involving the principal trademark.

Agreements Significantly Limiting Your Rights to Use the Marks

There are no agreements that significantly limit our right to use or license the use of our principal trademark in a manner material to you.

Protection of Your Right to Use the Trademarks

If any claim of infringement, unfair competition, or other challenge to your rights to use any Proprietary Property is made, or if you become aware of any use of, or claims to, any Proprietary Property by persons other than us or our franchisees, you must notify us in writing no later than seven days afterwards. We alone determine whether to take any action in connection with any infringement, challenge or claim, and exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Proprietary Property. This includes determining whether or not to settle any infringement, challenge, or claim, and on what terms. If we decide to modify or discontinue using any Proprietary Mark and use any additional names or marks, for any reason, you must do so, at your expense. In that event, we have no liability of any nature to you.

Knowledge of Superior Rights or Infringing Uses

We have no actual knowledge of superior prior rights or infringing uses that could materially affect your use of the principal trademarks in any state in which the Franchised Business is to be located.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.

You do not receive the right to use an item covered by a patent or copyright, but you may use our Proprietary Property to operate the Franchised Business. The Proprietary Property includes Confidential Information. "Confidential Information" includes any recipes, knowledge, know-how, technologies, processes, techniques, and any other information that we designate as confidential, proprietary, or trade secrets or that is not readily available in the public domain through any breach of duty to us. Confidential Information includes your Customer List, the Eileen's Colossal Cookies® Manual, and Secret Recipe Products, as well as information relating to recipes and suppliers. The Eileen's Colossal Cookies Manuals are described in Item 11. Although we have not filed an application for a copyright registration for the Eileen's Colossal Cookies® Manual, we claim copyright in it and the information in it is proprietary. You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We need not indemnify you for losses arising from your use of our proprietary information.

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

The Franchised Business requires the Manager's day-to-day supervision. The Manager must devote, on a full-time basis, his or her best efforts to managing and operating the Franchised Business. The Manager must be the Franchise Owner unless we permit otherwise. The Franchise Owner is:

1. If the franchisee is an individual, that individual;

2. If the franchisee is a corporation, the individual who owns a majority of the voting and ownership interests in such corporation;

3. If the franchisee is a partnership, any individual who is, or owns a majority of the voting and ownership interests in an entity that is a general partner of such partnership; or

4. If the franchisee is a limited liability company, the individual who owns a majority of the voting and ownership interests in such limited liability company.

Before the Manager, or any successor Manager, may manage the Franchised Business, he or she must complete our Training Program to our satisfaction and acquire any food-safety-program certification that the state or municipality where the Franchised Business is located may require, as well as any other licenses, permits, and certifications that we may require from time to time. Your Manager must sign our standard confidentiality and non-competition agreement. If we permit the Manager to be an individual other than the Franchise Owner, and that Manager fails to satisfy his or her management obligations due to death, disability, termination of employment, or for any other reason, the Franchise Owner must satisfy those obligations until you designate a new Manager acceptable to us, who has successfully completed Basic Management Training.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Approved Goods and Services

You may sell only goods and services we have approved. You must sell all goods and services we have approved. We may change the types of authorized goods and services that you must sell and the Franchise Agreement does not restrict our right to do so.

Customer Restrictions

You may not solicit customers inside the Protected Territory of another Eileen's Colossal Cookies location. We may provide you with referral customers through our national-accounts system or with special-order customers. You must service these customers according to the provisions in the Eileen's Colossal Cookies® Manual concerning national accounts and special-order customers. If you fail to service any of these customers as required, we may refer that customer and any other national-account and special-order customers in the Protected Territory to other Eileen's Colossal Cookies locations and may forbid you from soliciting or servicing those customers.

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

THIS TABLE LISTS IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Term of Franchise	Section 2	Term is equal to 10 years
b. Renewal or Extension of Term	Section 2	If you are in good standing you can renew for 5 years
c. Requirements for Renewal or Extension	Section 2	Notify 6 months prior, Sign then current agreement
d. Termination by you	Section 16	None
e. Termination by ECC without cause	None	None
f. Termination by ECC with cause	Section 16	ECC can terminate only if you default
g. "Cause" defined Defaults which can Be cured	Section 16	You have 10 days to cure: Non-payment of fees, Non-submission of reports
h. "Cause" defined Defaults which cannot be cured.	Section 16	Non-curable Defaults: abandonment, bankruptcy unauthorized transfer
I. Your obligations on Termination/ Non-renewal	Section 17	Obligations include: de-identification and payments of amounts due. (Also see "r" below).
j. Assignment by ECC	Section 19	No restrictions
k. "Transfer" by you Definition:	Section 19	Includes transfer of contracts or assets or ownership of 51% or more.
l. ECC 's approval of Transfer by Franchisee	Section 19	ECC has the right to approve all transfers but will not unreasonably withhold approval
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY

m. Conditions for ECC ‘s Transfer approval	Section 19	New Franchisee/owner must qualify, transfer fee paid, agreements approved, training arranged, release from your current agreement signed by new owner Franchisee (Also see ‘r’ below)
n. ECC ‘s right of first refusal	Section 19	ECC has the right to match any offer for your business
o. ECC ‘s option to purchase	Section 19	ECC has the right to purchase your inventory and equipment at fair market value
p. Your death or disability	Section 19	Franchise may be sold or terminated. Acceleration provision is canceled if terminated
q. Non-competition Covenants during Franchise term	Section 18	No involvement in a competing business anywhere
r. Non-competition Covenants after termination/expires	Section 18	No competing within 2 years or within 50 miles
s. Modification of Agreement	Section 23	None, except Manuals may be subject to change
t. Integration/Merger	None	No Provision
u. Dispute resolution by Arbitration or Mediation	Section 23	No provision for Arbitration. Private Mediation must be pursued before judicial action for any dispute except monies owed.
v. Choice of Forum	Section 23	Litigation must be in Adams County, Nebraska
w. Choice of Law	Section 23	Nebraska Law applies

The following states have statutes which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your Franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, tit.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [815 ILCS 705/1 - 44], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Section 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], and WISCONSIN [Stat. Section 135.03].
These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

The following states have statutes which limit our ability to restrict your activity after the Franchise Agreement has ended: California Business and Professional Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 et seq., Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting our ability to restrict your activity after the Franchise Agreement has ended.

The following states have statutes which restrict or prohibit the imposition of liquidated damage provisions: California [Civil Code Section 1671], Indiana [1C 23-2-2.71-1(10)], Minnesota [Rule 2860.4400J], South Dakota [Civil Law 53-9-5]. Some state courts also restrict the imposition of liquidated damages. The imposition of liquidated damages may also be restricted by fair practice laws, contract law, and state and federal court decisions.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, and Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following figures pertain to the historic financial performance of 18 franchised Eileen's Colossal Cookies outlets which were operational during the entire year of 2023. The average gross sales and average earnings plus owner/manager salary data are derived from the actual historical performance of the 18 franchises that was reported to ECC by each of the franchised outlets. We measure average earnings plus owner/manager salary as the store's 2023 reported net income plus the compensation paid to the owner/manager. Not included in these 2023 averages were four franchised locations which did not report due to a change of ownership during 2023, one franchised location which failed to report, and four franchisor-owned locations.

2023 Average Gross Sales	2023 Avg. Earnings + Owner/Manager Salary	Number of Stores Reporting
$604,726	$77,110	18

2023 Median Gross Sales	2023 Median Earnings + Owner/Manager Salary	Number of Stores Reporting
$573,426	$48,713	18

Of the 18 franchised outlets, eight attained 2023 gross sales of at least $604,726, which is 44% of these franchised outlets. Of the 18 franchised outlets, eight attained 2023 earnings plus owner/manager salary of at least $77,110, which is 44% of these franchised outlets.

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

The 18 franchised locations are located in the states of Colorado (3 franchised outlets), Iowa (2 franchised outlets), Kansas (1 franchised outlet), Minnesota (1 franchised outlet), Missouri (1 franchised outlet), Nebraska (4 franchised outlets), Oklahoma (4 franchised outlets), South Dakota (1 franchised outlet), and Wyoming (1 franchised outlet).

Written substantiation for these representations will be made available to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, Eileen's Colossal Cookies Franchising, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Tony Harman 2727 W. 2nd Street, Ste. 322 Hastings, NE 68901 402-462-5983, the Federal Trade Commission, and the appropriate state regulatory agencies.

* Due to IRS tax filing extensions, some Eileen's Colossal Cookies outlets have not reported 2024 financial data.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

System Wide Outlet Summary For years 2022 to 2024				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2022	23	23	0
	2023	23	23	0
	2024	23	23	0
Company Owned	2022	4	4	0
	2023	4	4	0
	2024	4	4	0
Total Outlets	2022	27	27	0
	2023	27	27	0
	2024	27	27	0

Transfers of Franchised Outlets to New Owners (other than the Franchisor) For years 2022 to 2024		
State	**Year**	**Number of Transfers**
Total	2022	**0**
	2023	**1**
	2024	**5**

Status of Franchised Outlets For Years 2022 to 2024								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations (Other Reasons)**	**Outlets at End of the Year**
NE	2022	5						5
	2023	5						5
	2024	5						5
CO	2022	3						3
	2023	3						3
	2024	3						3
IA	2022	2						2
	2023	2						2
	2024	2						2
KS	2022	1	1					2
	2023	2						2
	2024	2						2
MN	2022	1						1
	2023	1						1
	2024	1						1
MO	2022	2						2
	2023	2						2
	2024	2						2
OK	2022	5						5
	2023	5						5
	2024	5						5
SD	2022	2						2
	2023	2						2
	2024	2						2
TX	2022	1					1	0
	2023	0					0	0

	2024	0						0
WY	2022	1						1
	2023	1						1
	2024	1						1
State Totals	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations (Other Reasons)**	**Outlets at End of the Year**
	2022	**23**	**1**				**1**	**23**
	2023	**23**						**23**
	2024	**23**						**23**

<u>Status of Company-Owned Outlets</u>
For years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
NE	2022	4					4
	2023	4					4
	2024	4					4
Totals	**2022**	**4**					**4**
	2023	**4**					**4**
	2024	**4**					**4**

Projected New Franchised Outlets **As of December 31, 2024**			
State	Franchise Agreements signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year

Eileen's Colossal Cookies® Franchisees as of December 31, 2024

ADDRESS,CITY STATE	CONTACT NAME COMPANY NAME	DATE SOLD	PHONE	STATUS
3757 E. Lincolnway SteB05 Cheyenne, WY 82001-6343	Keith Bellis Bell-Hall Enterprises	12/13/93	Unknown	Closed Aug 15, 2019
5500 Old Cheney Rd. Lincoln, NE 68516	James and Ashley Small	12/24/94	(402) 421-6609	Operational
2146 35th Ave Greeley, CO 80631	Shanna Joines & Daleen Avalos Las Mujeres Facturan LLC	2/22/96	(970) 330-8363	Operational
14532 West Center Omaha, NE 68144	Dawn Ogorman Dawny Doodles, LLC	6/12/96	(402) 697-5155	Operational
L&M Enterprises 2614 S. Timberline Ft. Collins, CO 80525	Todd Gilbert	5/26/98	(970) 266-9151	Operational
Littleton, CO 80123	Denise Rose	7/11/98	Unknown	Closed: April 28, 2000

ADDRESS,CITY STATE	CONTACT NAME COMPANY NAME	DATE SOLD	PHONE	STATUS
Cheyenne Montana Shopping Center 115 & Academy Colorado Springs, CO 80906	William & Norma Parsons Birch Hollow Drive Lincoln, NE 68516	5/6/99	Unknown	Closed August 5, 2000
2829 King Avenue West, Suite D Billings, MT 59102	Cal & Mary Bretz Cookie Dream	4/9/02	(406) 652-0434	Closed Jan 27, 2007
1333 North Santa Fe, Suite 103 Edmond, Oklahoma 73003	Linda and Rick Engel	6/23/03	405-216-0244	Operational
8244 Northern Lights Dr. Suite 100 Lincoln, NE 68504	James and Ashley Small	3/23/04	402- 477-6609	Operational
1110 S. 71st, #M Omaha, NE 68124	Jessica Jones & Jennifer Wulf 3JW Enterprises LLC	6/3/05	402-932-3262	Operational
1109 W. Omaha Rapid City, SD 57701	Jill and Mark Eisenbraun	4/12/06	605-718-2842	Operational
213 N. Stephanie St. Henderson, NV 89074	Norah & Todd George	1/09/07	702-333-0591	Closed April 5, 2008
4931 W. 6th Street, #124 Lawrence, KS 66049	Becky and Rodney Johansen	9/05/08	785-856-2253	Operational
8410 S. 73rd Plaza Papillion, NE 68046	Allison Speer	8/28/09	402-933-1555	Operational
2201 Wildcat Reserve Pkwy Highlands Ranch, CO 80129	Christina & Collin Stewart	6/1/11	303-683-0002	Operational
210 S. 16th St. #109 Omaha, NE 68102	Carol Godbout Kyle Godbout	6/6/12	402-932-2282	Closed 3/18/2020
401 W. Whitestone Blvd Cedar Park, TX 78613	Sunnie and Jason Fox	6/21/12	512-456-7110	Closed 2/27/2021

ADDRESS,CITY STATE	CONTACT NAME COMPANY NAME	DATE SOLD	PHONE	STATUS
4801 E. 2nd Street Casper, WY 82609	Joe and Susan Schilling	2/19/13	307-333-4525	Operational
6880 Boudin St. Prior Lake, MN 55372	Colleen and Sean O'Malley	7/30/13	952-226-2253	Operational
9044 S. Sooner Rd. Oklahoma City, OK 73165	Lauri Hess	1/21/14	405-255-1970	Operational
2101 W. 41st Street Sioux Falls, SD 57105	Kristi & Jim Westra	8/19/14	605-275-2014	Operational
1231 Garth Brooks Blvd. Yukon, OK 73099	Kristen Jackson Kookies by Kristen,LLC	3/18/15	405-350-2076	Operational
1851 Madison Ave, Ste. 702 Council Bluffs, IA 51503	Dan & Jodi Mouw	1/7/16	712-256-1910	Operational
925 W. Liberty Dr. Liberty, MO 64068	Josh & Sheri Crawford Sterling Cash	10/30/15	816-429-5150	Operational
222 W. Main Street Ardmore, OK 73401	Chris & Kristy Buchanan	4/26/16	580-798-5292	Operational
7700 N. May Ave. Oklahoma City, OK 73116	Meagan & John Gentry	7/10/17	405-242-4121	Operational
6206 NW Barry Rd Kansas City, MO 64154	Denise & Lew Carpenter	3/8/17	816-321-1386	Operational
7222 University Ave. Windsor Heights, IA 50324	Ashlee Goodrich	5/22/19	515-630-0604	Operational
830 Commons Place Manhattan, KS 66503	Jared Goedert Iced Milk, LLC	2/25/21	785-320-2960	Operational

Eileen's Colossal Cookies® Company Owned Stores as of December 31, 2024

ADDRESS,CITY STATE	CONTACT NAME	DATE OPENED	PHONE	STATUS
730 West 2nd Street Hastings, NE 68901	Tony Harman	10/01/1983	402-462-2572	Operational
2418 N. Webb Rd Grand Island, NE 68803	Tony Harman	04/13/1987	308-382-0462	Operational
224 W. 42nd Street Kearney, NE 68845	Tony Harman	05/31/1991	308-237-4000	Operational
415 E. 33rd Street Hastings, NE 68901	Tony Harman	07/02/2018	402-834-3687	Operational

ITEM 21. FINANCIAL STATEMENTS

EILEEN'S COLOSSAL COOKIES FRANCHISING, INC.

FINANCIAL STATEMENTS

December 31, 2024, 2023, and 2022

EILEEN'S COLOSSAL COOKIES FRANCHISING, INC.

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December 31, 2024, 2023, and 2022

CONTRYMAN ASSOCIATES, P.C.
Certified Public Accountants

505 North Diers Ave
P.O. Box 700
Grand Island NE 68802
308-382-5720
Fax: 308-382-5945

201 Foundation Place, Suite 100
P.O. Box 2026
Hastings NE 68902
402-463-6711
Fax: 402-463-6713

315 West 60th, Suite 500
P.O. Box 1746
Kearney NE 68848
308-237-5930
Fax: 308-234-4410

707 East Pacific
P.O. Drawer H
Lexington NE 68850
308-324-2368
Fax: 308-324-2360

1001 West 27th Street
P.O. Box 2246
Scottsbluff NE 69363
308-635-7705
Fax: 308-635-0599

1415 16th Street, Suite 201
P.O. Box 191
Central City NE 68826
308-946-3870
Fax: 308-382-5945

826 G Street
Geneva, NE 68361
402-759-3002
Fax: 402-759-4342

Independent Auditors' Report

To the Stockholders
Eileen's Colossal Cookies Franchising, Inc.
Hastings, Nebraska

Opinion

We have audited the financial statements of Eileen's Colossal Cookies Franchising, Inc. (an S Corporation) (the Company), which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company, as of December 31, 2024, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 for one year after the date that the financial statements are issued.

Auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Contryman Associates, P.C.

Certified Public Accountants
Kearney, Nebraska

May 1, 2025

EILEEN'S COLOSSAL COOKIES FRANCHISING, INC.

BALANCE SHEETS

December 31, 2024, 2023, and 2022

	2024	2023	2022
ASSETS			
CURRENT ASSETS:			
Cash	142,372	161,224	283,311
Royalties receivable	101,654	43,233	75,616
Other receivables	24,197	21,202	24,261
Related party receivables	11,330	8,508	553
Inventory	44,300	33,190	39,515
Prepaid insurance	2,749	2,749	2,749
TOTAL CURRENT ASSETS	326,602	270,106	426,005
PROPERTY AND EQUIPMENT:			
Equipment	28,803	28,803	28,803
Leasehold improvements	12,240	12,240	12,240
Accumulated depreciation	(41,043)	(41,043)	(39,586)
NET PROPERTY AND EQUIPMENT	0	0	1,457
OTHER ASSETS:			
Operating lease right-of-use asset	129,011	150,815	20,607
TOTAL ASSETS	455,613	420,921	448,069
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	3,080	6,794	4,561
Stockholder payable	18,317	18,898	0
Accrued payroll tax	607	903	646
Sales tax payable	553	488	396
Operating lease liabilities, current portion	17,726	16,125	22,308
TOTAL CURRENT LIABILITIES	40,283	43,208	27,911
NON-CURRENT LIABILITIES:			
Operating lease liabilities, net of current portion	116,305	134,031	0
TOTAL LIABILITIES	156,588	177,239	27,911
STOCKHOLDERS' EQUITY:			
Common stock (5,000 shares authorized @ $1 par; 1,000 shares issued and outstanding)	1,000	1,000	1,000
Retained earnings	298,025	242,682	419,158
TOTAL STOCKHOLDERS' EQUITY	299,025	243,682	420,158
TOTAL LIABILITIES AND STOCKHOLERS' EQUITY	455,613	420,921	448,069

See accompanying notes

EILEEN'S COLOSSAL COOKIES FRANCHISING, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

Years Ended December 31, 2024, 2023, and 2022

	2024	2023	2022
OPERATING INCOME:			
Royalties	1,030,540	997,011	917,427
Franchising fees	11,250	0	2,500
Items sold to franchises, net	2,457	4,494	4,114
Supplier rebates	85,148	107,367	93,499
Other franchising income	5,112	8,759	5,868
TOTAL OPERATING INCOME	1,134,507	1,117,631	1,023,408
OPERATING EXPENSES:			
Officer salaries	100,000	138,346	127,000
Other salaries	88,925	86,394	91,075
Payroll taxes	14,286	17,126	19,021
Employee benefits	31,917	29,176	28,099
Advertising and promotions	1,064	1,837	1,092
Auto expense	6,383	7,921	9,079
Depreciation expense	0	1,457	1,749
Dues and subscriptions	12,591	14,305	10,756
Interest	13,575	592	2,081
Insurance	2,005	1,878	1,928
Lease expense	21,804	22,423	24,727
Meals and entertainment	14,189	18,325	17,215
Miscellaneous	1,793	5,345	2,642
Office supplies	17,649	16,154	11,473
Postage	4,025	3,676	4,108
Professional fees	66,920	54,959	14,633
Rent	0	2,290	0
Repairs and maintenance	175	596	0
Supplies	813	1,177	1,754
Telephone	13,256	12,177	10,316
Travel expenses	2,461	3,007	3,125
TOTAL OPERATING EXPENSES	413,831	439,161	381,873
NET INCOME	720,676	678,470	641,535
Retained earnings-beginning of year	242,682	419,158	359,148
Distributions to stockholders	(665,333)	(854,946)	(581,525)
RETAINED EARNINGS - END OF YEAR	298,025	242,682	419,158

See accompanying notes

EILEEN'S COLOSSAL COOKIES FRANCHISING, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024, 2023, and 2022

	2024	2023	2022
OPERATING ACTIVITIES:			
Net income	720,676	678,470	641,535
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	0	1,457	1,749
Non-cash lease expense	5,679	(2,360)	(672)
(Increase) decrease in:			
Royalties receivable	(58,421)	32,383	7
Other receivables	(2,995)	3,059	(1,742)
Related party receivables	(2,822)	(7,955)	11,495
Inventory	(11,110)	6,325	(12,678)
Increase (decrease) in:			
Accounts payable	(3,714)	2,233	(2,448)
Accrued payroll tax	(296)	257	(235)
Sales tax payable	65	92	(626)
NET OPERATING ACTIVITIES	647,062	713,961	636,385
FINANCING ACTIVITIES:			
Distributions to stockholders	(665,914)	(836,048)	(581,525)
NET INCREASE (DECREASE) IN CASH	(18,852)	(122,087)	54,860
Cash - beginning of year	161,224	283,311	228,451
CASH - END OF YEAR	142,372	161,224	283,311

See accompanying notes

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Eileen's Colossal Cookies Franchising, Inc., (the Company) is the franchisor of Eileen's Colossal Cookies which grants to franchisees the use of the name, logo, and recipes, and receives franchise fees and royalties.

Receivables

The Company extends unsecured credit to its franchisees and periodically reviews the accounts receivable to determine those accounts deemed uncollectible. Receivables are carried at their estimated collectible amounts. The Company assesses a penalty for royalties not paid by the established due date. For the year ended December 31, 2023, the Company adopted FASB ASC 326, *Measurement of Credit Losses on Financial Instruments.* Management has determined that an allowance for credit losses is not necessary.

The Company also earns rebates from suppliers for certain products ordered by its franchises throughout the year which are received following the monthly or quarterly measurement period.

Inventory

Inventory held for resale is stated at the lower of cost and net realizable value as determined by the average cost method.

Property and Equipment

Property and equipment are stated at cost. Annual depreciation is primarily computed using the straight-line method over the estimated useful life of each asset.

Advertising and Promotions

The Company expenses advertising and promotional costs as they are incurred.

Leases

The Company recognizes all leases in accordance with ASC 842, *Leases*. The Company recognizes an operating lease right-of-use asset and operating lease liability based on the present value of all unpaid lease payments as of the lease commencement date. If an implicit rate is not available within the lease agreement, the Company's incremental borrowing rate is utilized for the calculation.

(Continued on next page)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company has elected to be an S Corporation for federal and state income tax purposes, under the Internal Revenue Code and the State of Nebraska. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income, therefore no liability for income taxes has been included in these financial statements.

Use of Estimates

The preparation of financial statements requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimated amounts.

Revenue Recognition

The Company's revenues result primarily from royalties which it expects to be entitled to under the terms of the franchise agreement. In addition, the Company generates revenue through the sale of certain standard supplies and uniforms to its franchises which are recognized at the point of sale. The Company also earns rebates from suppliers for certain products ordered by its franchises throughout the year which are recognized for each monthly or quarterly measurement period as reported by the supplier. When a new franchise is sold, the Company will recognize franchise revenue when earned.

The franchise agreement sets the terms of its arrangement with each store opened and specifies an initial franchise fee of $20,000 or transfer fee of $7,500 if a store is sold or transferred to a new location. The fee is collected at the time the franchise agreement is executed at which time the Company records a contract liability. The franchise agreement includes pre-opening services for the Company to provide training to the franchise both at its headquarters and at the location of the franchise which are considered a single performance obligation. The Company recognizes franchise revenue once these pre-opening services have been completed. If the Company determines, in its sole discretion, that a franchisee is unable to satisfactorily complete the training program, it may terminate the franchise agreement and would return the initial franchise fee less any expenses occurred.

(Continued on next page)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Company also grants a protected territory and provides the use of certain intellectual property to the franchise as specified in the franchise agreement. The Company receives variable consideration in the form of royalties for these continuing services. Royalties are charged based upon 5% or 6% of sales, depending on the date the franchise agreement was signed, and are recognized on a weekly basis over the term of the agreement as those amounts become payable.

NOTE 2: FRANCHISES

During the years ended December 31, 2024, 2023 and 2022, the Company did not open or close franchises. The Company had a total of 27 franchises in 2024, 2023 and 2022. Of these franchises, four are owned by Eileen's Colossal Cookies, Inc., a corporation who has the same stockholders as the Company.

NOTE 3: ITEMS SOLD TO FRANCHISES

The Company maintains an inventory of standard operating supplies for resale to its franchises to promote consistent brand recognition. Sales of these items are reported net of their cost on the Statement of Income and Retained Earnings.

For the years ending December 31, 2024, 2023, and 2022, gross sales and cost of sales are as follows:

	2024	2023	2022
Items sold to franchises	26,813	24,861	30,905
Cost of items sold	(24,356)	(20,367)	(26,791)
Items sold to franchises, net	2,457	4,494	4,114

NOTE 4: LEASES

The Company entered into an operating lease agreement for office space for a term of seven years beginning in November, 2016 at a monthly payment of $2,290. The Company exercised the option to extend the initial term of the lease for an additional seven years at a monthly rate of $2,475 beginning December 1, 2023. The lease agreement does not contain any residual value guarantee, material restrictive covenants, or options to purchase the leased property.

(Continued on next page)

NOTE 4: LEASES (CONTINUED)

The Company recorded its lease liability at the present value of the lease payments not yet paid. As the lease agreement does not provide an implicit interest rate, the Company utilizes an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Total lease expenses, including interest, were $35,379, $23,015, and $26,808 for the years ended December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, the weighted-average remaining lease term was 5.9 years and the weighted-average discount rate was 9.5%.

Lease payments expected to be paid over the life of the leases are as follows:

Year Ending December 31,	Amount
2025	29,700
2026	29,700
2027	29,700
2028	29,700
2029	29,700
2030	27,225
TOTAL	175,725

NOTE 5: RETIREMENT PLAN

The Company sponsors a SIMPLE plan for qualified employees. For December 31, 2024, 2023 and 2022, the amounts paid were $2,040, $1,832, and $1,800, respectively.

NOTE 6: RELATED PARTY TRANSACTIONS

The Company engages in business with Eileen's Colossal Cookies, Inc., a corporation who has the same stockholders and has transactions as follows:

	2024	2023	2022
Royalties	161,116	159,792	155,386
Receivables:			
Royalties	10,089	2,210	553
Franchisees	1,241	81	0
Other	0	6,217	0
Total Receivables	11,330	8,508	553

(Continued on next page)

NOTE 7: STATE PASS-THROUGH ENTITY TAX

The State of Nebraska and Oklahoma enacted the Pass-Through Entity Tax ("PTET") Election, allowing pass-through entities to pay and deduct Nebraska and Oklahoma income taxes at the entity level. Under generally accepted accounting principles, the taxes paid by the entity are considered to be paid on behalf of the individual stockholders and therefore are reported as additional stockholder distributions. Total additional taxes payable on behalf of the stockholders of $18,317 and $18,898 were reported as a stockholder payable on the balance sheet as of December 31, 2024 and 2023, respectively. These same amounts were reported as additional stockholder distributions on the statements of income and retained earnings for those respective years.

NOTE 8: SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 1, 2025, the date which the financial statements were available to be issued.

ITEM 22. CONTRACTS

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

BETWEEN

Eileen’s Colossal Cookies Franchising, Inc.

(A Nebraska Corporation)

and

____

____

Phone Number (______)_______-_________________

Fax Number (______)_______-____________________

Date ____________________

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Eileen’s Colossal Cookies®

FRANCHISE AGREEMENT

Franchisee(s) Name______________________________________

Address____

City ____________________________ State ____ Zip ___________

THIS AGREEMENT is made by and between Eileen’s Colossal Cookies Franchising, Inc., a Nebraska Corporation located at 2727 W. 2nd Street, Ste. 322, Hastings, Nebraska, 68901; hereinafter known as “Franchisor” or “ECC”, and the persons listed above and referenced herein individually or collectively as “Franchisee”, to evidence the agreement and understandings between the parties as follows:

WHEREAS, ECC, under its trade names, trademarks, logos and service marks (the "Names and Marks") has developed expertise (including confidential information) and a unique and comprehensive system (the "System") for the promotion and identification of the mark "Eileen’s Colossal Cookies®" for the sale of cookies and related products, and;

WHEREAS, ECC has developed and licenses or franchises a system or business program (the "Eileen’s Colossal Cookies® System"), including expertise and technical know-how and other skills for operating such a system under the mark "Eileen’s Colossal Cookies®"; and

WHEREAS, ECC provides a uniform system for the establishment and operation of Eileen’s Colossal Cookies® Systems including sales development programs, unique sales techniques, special training techniques, and other related benefits for use of Franchisee under the Names and Marks; and

WHEREAS, ECC has established substantial goodwill and business value in its Names and Marks, expertise and Program; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and receiving a franchise from ECC; and

WHEREAS, Franchisee desires to obtain a Franchise from ECC for the right to use the Names and Marks and the expertise for operating a Eileen’s Colossal Cookies® business and to obtain the benefits and knowledge of ECC’s System including, without limitation, operating methods, advertising, signs, control systems, and in general a style, method and procedure of business operation utilizing the Names and Marks as a Franchisee of ECC.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth subject to the terms and conditions hereof, the parties agree as follows:

1. GRANT AND FRANCHISE FEE

A. Grant of Franchise and Territory

(1) Grant of Franchise

ECC hereby grants to Franchisee and Franchisee hereby accepts a Franchise under the terms and conditions as set forth herein for the right to operate an Eileen’s Colossal Cookies® retail store in an area to be agreed upon between ECC and Franchisee within a territory described in Franchise Agreement Exhibit "A" (the "Territory"). ECC also hereby grants, and the Franchisee hereby accepts, a limited license to use the Eileen’s Colossal Cookies® Names and Marks, and the Eileen’s Colossal Cookies® System and related advertising and sales methods, provided the Franchisee shall adhere to the terms and conditions hereof.

(2) Territory

A Franchise Territory a boundary of a radius of six miles (6 miles) from the center point of the approved location of the franchised business.

B. Reservation of Rights

ECC, on behalf of itself and its affiliates, reserves all rights not specifically granted to Franchisee pursuant to this Agreement, all without compensation to Franchisee, including but not limited to the following:

(1) ECC and its affiliates may own or operate, or license or franchise others to own or operate, Eileen's Colossal Cookies® stores adjacent to the Territory or anywhere outside of the Territory.

(2) ECC and its affiliates are allowed to own, open, franchise, operate, and/or manage any businesses within the Territory or outside of the Territory under trademarks or service marks different than the Marks.

(3) ECC and its affiliates may develop, merchandise, sell and license others to sell within the Territory or outside of the Territory products, whether bearing the Marks or otherwise, through other channels of distribution such as the Internet, print catalogues, direct marketing media and through wholesale or retail sales (other than retail sales through a dedicated Eileen's Colossal Cookies® store). In addition, ECC and its affiliates may promote products bearing the Marks at special events, athletic contests, etc., through temporary locations and mobile units.

(4) ECC and its affiliates have the right, now or in the future, to purchase, merge, acquire, be acquired 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 as Eileen's Colossal Cookies® stores operating under the Marks following such purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Franchisee acknowledges may be within the Territory or close to the Territory).

(5) ECC and its affiliates may sell themselves, their assets, their proprietary marks, the Marks, their systems and/or the System to a third party; may go public; may engage in a private placement of some or all of their securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above transfers, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of ECC's name, the Marks (or any variation thereof), the System and/or the loss of being identified as a franchisee under this Agreement. If ECC assigns its rights in this Agreement, nothing will be deemed to require ECC to remain in the baking business or to offer or sell any products or services to Franchisee.

C. Franchisee's Initial Franchise Fee

(1) Payment of Fee

By executing this Agreement, Franchisee agrees to become a Franchisee and pay an Initial Franchise Fee to ECC as follows:

Twenty Thousand Dollars ($20,000.00). Payment shall be made in a form acceptable to ECC.

(2) Location and Opening of Eileen’s Colossal Cookies® Business by Franchisee

Within ninety (90) days after execution hereof, Franchisee must select a location and submit such location to ECC for its approval and comments. ECC shall not unreasonably withhold its approval and will provide its approval or rejection of the site in addition to its comments in writing within 10 business days of submission by Franchisee. ECC is not responsible for and does not make any warranty regarding the suitability of the site. Its consent to a site means only that the site meets ECC’s minimum standards for an acceptable location of a Eileen’s Colossal Cookies® store. Franchisee is solely responsible for investigating the site and having any leases or sale contract for the site reviewed.

Upon approval, Franchisee must secure all necessary occupational licenses and/or zoning approvals for the location; and shall have commenced to install leasehold improvements and signage according to a plan furnished by ECC. Franchisee hereby agrees that leasehold improvements, ordering and installation of necessary equipment, training, the purchase and stocking of opening inventory and opening the Franchised Business shall be completed within 180 days of receiving approval on a site submission unless otherwise approved in writing by ECC. In the event Franchisee does not meet each of the obligations described above within the time period allowed, then this Agreement may be deemed terminated by ECC.

(3) Franchise Fee Is Non-Refundable

Except as otherwise provided herein, the Franchise Fee described in this section of the Agreement is fully earned by ECC upon its execution of this Agreement and is non-refundable.

2. TERM AND RENEWAL

A. Term

This Agreement shall be effective and binding from the date of its execution for an initial term equal to ten (10) years from the date of this Agreement.

B Renewal

Franchisee shall have the right to renew this franchise at the expiration of each term for 2 additional successive terms of five (5) years each, provided that all of the following conditions have been fulfilled:

(1) Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions hereof;

(2) Franchisee has satisfied all monetary obligations owed by Franchisee to ECC and any of its subsidiaries, affiliates, and approved suppliers and has in a timely manner met these obligations throughout the term of this Agreement;

(3) Franchisee has executed ECC's then-current form of Franchise Agreement (with appropriate modifications to reflect the fact that the said agreement relates to the grant of a renewal franchise), which agreement shall supersede in all respects this Agreement the terms of which may differ from the terms of this Agreement, including, without limitation, higher continuing Fees; provided, however, Franchisee has notified ECC in writing of Franchisee's intent to renew the franchise not less than six (6) months prior to the expiration of the initial term of this Agreement;

(4) Franchisee (and its owners) signs a general release, in a form satisfactory to ECC, of any and all claims against Franchisor and its affiliates and their respective owners, officers, directors, employees, representatives, agents, successors and assigns; and

(5) Franchisee has complied with ECC's then-current qualification and training requirements.

3. FRANCHISED BUSINESS LOCATION

A. Operation of Franchised Business

Franchisee may operate the Franchised Business servicing customers only within the area specified in Section 1 and "Exhibit A" hereof.

B. Selection of Location by Franchisee

ECC will assist Franchisee in selecting a location to operate. ECC is not responsible for and does not make any warranty regarding the suitability of the site. Its consent to a site means only that the site meets ECC's minimum standards for an acceptable location of an Eileen's Colossal Cookies® store. Franchisee is solely responsible for investigating the site and having any leases or sale contract for the site reviewed.

C. Opening of Franchised Business

Within two hundred seventy (270) days after execution of this Agreement, Franchisee must have opened the Franchised Business and commenced operations. Prior to opening, Franchisee shall complete to ECC's satisfaction all preparations of the Eileen's Colossal Cookies® System in accordance with specifications set forth in the Manuals, including the acquisition of supplies and inventory as required by ECC and the completion of the required training program.

4. EQUIPMENT AND MATERIALS

A. Use of Proper Equipment and Materials

ECC will provide Franchisee with specifications for brands and types of any equipment, printed forms, and promotional materials, required for the Franchised Business, all of which may be amended from time to time.

B. Specification Standards for Equipment

Franchisee shall comply with all specifications for types of equipment used in the Franchised Business as provided in Section 13 herein and shall purchase all equipment, printed forms, promotional materials and other items and supplies only from vendors who have been designated "Approved Suppliers" by ECC.

5. TRAINING REQUIREMENTS AND ASSISTANCE BY ECC

A. Technical Support

ECC shall make training available to Franchisees, prior to opening for business, a training and familiarization course of up to two (2) weeks in duration to be conducted at ECC's headquarters or at such other location as ECC shall designate. The training sessions will take place prior to the Franchised Business' opening. Said training program shall cover all material aspects of the operation of the Franchised Business, including introduction and orientation to the System, financial controls, promotion and sales methods, other marketing techniques, service and operational techniques, systems and methods. Except as provided below, ECC will provide the training program at no expense to Franchisee, but Franchisee shall pay for all transportation, food and lodging incurred during the training period. Should Franchisee desire to have a non-owner attend the initial training program, Franchisee agrees to pay a charge of Three Thousand Dollars ($3000.00) for each additional attendee.

B. Non-Completion of Training by Franchisee

If ECC determines in its reasonable discretion that Franchisee is unable to satisfactorily complete the training program described above, ECC shall have the right to terminate this Agreement in the manner herein provided. If this Agreement is terminated pursuant to this paragraph, ECC shall return to Franchisee the initial Franchise Fee paid by Franchisee to ECC minus the expenses incurred by ECC as of such date for providing training to Franchisee and other expenses incurred by ECC. Upon return of said amount, ECC shall be fully and forever released from any claims or causes of action the Franchisee may have under or pursuant to the Franchise Agreement and Franchisee shall have no further right, title or interest in the Names and Marks and Franchisee further agrees to return all Manuals, computer software, and any other items provided by ECC.

C. **Additional Training Requirements**

ECC requires and Franchisee acknowledges and agrees that Franchisee or an employee must attend any convention or continuing education seminar which ECC may reasonably require during the entire term of this Agreement. Additionally, from time to time, ECC may require that previously trained and experienced Franchisees, their managers, contractors or employees attend and successfully complete refresher training programs or seminars to be conducted at ECC's headquarters or at such other location as may be designated by ECC, at Franchisee's expense.

6. **PROPRIETARY NAMES AND MARKS**

A. **ECC's Ownership of Names and Marks**

Franchisee acknowledges and agrees that ECC is the owner of the Names and Marks and Franchisee's right to use the Names and Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by ECC from time to time during the term of this Agreement. Any unauthorized use of the Names and Marks by Franchisee is a breach of this Agreement and an infringement of the rights of ECC in and to the Names and Marks. Franchisee acknowledges and agrees that all usage of the Names and Marks by Franchisee and any goodwill established by Franchisee's use of the Names and Marks shall inure to the exclusive benefit of ECC and that this Agreement does not confer any goodwill or other interests in the Names and Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement, or after its termination or expiration, contest the validity or ownership of any of the Names and Marks or assist another person in contesting the validity or ownership of any of the Names and Marks. All provisions of this Agreement applicable to the Names and Marks apply to any additional trademarks, service marks, and commercial symbols authorized for use by and licensed to Franchisee by ECC after the date of this Agreement.

B. **Franchisee's Use of Names and Marks**

Franchisee shall not use any Name or Mark as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, symbols, or in any modified form, nor may Franchisee use any Name or Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in the Manuals or otherwise in writing by ECC. Franchisee agrees to give such notices of trademark and service mark registrations as ECC specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. Franchisee shall not use any of the Names and Marks in any manner which has not been specified or approved by ECC. Franchisee agrees that this Agreement does not convey any right or property interest in the Name or Mark, except for the license granted hereunder.

C. **Unauthorized Use of Names and Marks**

Franchisee shall immediately notify ECC in writing of any apparent infringement of or challenge to Franchisee's use of the Names and Marks and of any claim by any person of any right in the Names and Marks or any similar trade name, trademark, or service mark of which Franchisee becomes aware. Franchisee shall not directly or indirectly communicate with any person other than ECC and its counsel in connection with any such infringement, challenge, or claim. ECC shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark proceeding or other administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Names and Marks. Franchisee agrees to take all commercially reasonable actions that may, in the opinion of ECC's counsel, be necessary or advisable to protect and maintain the interests of ECC in any such litigation, U.S. Patent and Trademark proceeding, or other administrative proceeding or to otherwise protect and maintain the interests of ECC in the Names and Marks, provided that such actions will not violate any statute, ordinance, law, administrative order, regulation, or similar requirement applicable to Franchisee.

D. ECC's Right to Modify

If it becomes advisable at any time in ECC's reasonable discretion, for ECC and/or Franchisee to modify or discontinue use of the Names and Marks, and/or use one or more additional or substitute trade name, trademark, service mark, or other commercial symbol, Franchisee agrees to comply with ECC's directions within a reasonable time after notice to Franchisee by ECC. ECC shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of the Names and Marks.

E. ECC's Right to Inspect Franchised Business

In order to preserve the validity and integrity of the Names and Marks and copyrighted materials licensed herein, and to assure that Franchisee is properly employing the same in the operation of its Franchised Business, ECC or its agents shall have the right of entry and inspection of Franchisee's premises at all reasonable times. Additionally, ECC shall have the right to observe the manner in which Franchisee is rendering its services and conducting its operations, to confer with Franchisee's employees and customers, and to inspect equipment, trademarked items, other materials or printed matter inventory for test of content and evaluation purposes to make certain that all trademarks and names are satisfactory and meet the quality control provisions and standards established by ECC.

7. CONFIDENTIAL OPERATIONS MANUALS

ECC shall loan to Franchisee one copy of Manual and other materials which may cover such topics as Pre-Opening Procedures, Daily Operations, Recipes, Marketing, and additional topics as may be incorporated in such Manual from time to time, as ECC deems necessary. The Manual will remain confidential and the property of ECC and may not be duplicated, loaned out, or copied in whole or in part in any manner. ECC will have the right to add to and otherwise modify the Manual from time to time, as it deems necessary, provided that no such addition or modification will alter the Franchisee's fundamental status and rights under this Agreement. Franchisee agrees to follow the directives of the Manual, as may be amended by ECC from time to time.

8. CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. Franchisee Will Learn Proprietary Matters

Franchisee acknowledges that he or she will obtain knowledge of proprietary matters, techniques and business procedures of ECC that are necessary and essential to the operation of the Franchised Business without which information Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding the System, Recipes, marketing techniques, financial controls, training, and usage of the Manual. Franchisee further acknowledges that such proprietary information was not known to Franchisee prior to execution of this Agreement and that the methods of ECC are unique and novel to the System.

During the term of this Agreement and for a period of five (5) years following the expiration or termination of this Agreement, Franchisee agrees not to, other than as reasonably required in the ordinary course of business, divulge, directly or indirectly, any Proprietary Information, without the prior written consent of ECC.

B. Injunctive Relief Available to ECC

Franchisee acknowledges that any failure to comply with the requirements of this Section of the Agreement will cause ECC irreparable injury and ECC shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by ECC in obtaining specific performance of, or an injunction against, violation of requirements of this Section. The foregoing remedies shall be in addition to any other legal or equitable remedies which ECC may possess.

C. Disclosure of Proprietary Information

The Franchisee may disclose the Proprietary Information only to such of its employees, agents and representatives as must have access to it in order to operate the Franchised Business.

D. ECC's Patent Rights and Copyrights

ECC owns rights in or to copyrights that are material to the Franchise and ECC intends to continue to obtain copyright protection for any additions to the Manuals and certain marketing, sales, and operations literature. Furthermore, ECC claims rights to certain trade secrets and confidential information as discussed above.

9. MODIFICATION OF THE SYSTEM

Franchisee recognizes and agrees that from time to time hereafter ECC may change or modify any components of the System as presently described in the Manuals, and the Names and Marks, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs, computer hardware and systems, new equipment or new techniques, and deleting from or modifying the products and services which Franchisee's Franchised Business is authorized and required to offer. Franchisee will accept and use for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement at the time of execution hereof. Franchisee will make such expenditures as such changes or modifications in the System may reasonably require. Franchisee shall not change, modify or alter in any way the System, without the prior written consent of ECC.

10. ADVERTISING AND PROMOTION

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the Franchised Business, Franchisee agrees as follows:

Franchisee shall place local advertising in any media it desires, provided that such advertising conforms to the standards and requirements of ECC as set forth in ECC's Manuals or otherwise designated by ECC. Franchisee shall obtain ECC's prior approval of all unapproved advertising and promotional plans and materials that Franchisee desires to use thirty (30) days before the start of any such plans. Franchisee shall submit such unapproved plans and materials to ECC. Franchisee shall promptly discontinue use of any advertising or promotional plans or materials upon the request of ECC. Any plans or materials submitted by Franchisee to ECC which have not been approved or disapproved in writing within thirty (30) days of receipt thereof by ECC, shall be deemed approved.

Further, Franchisee agrees to participate in any national, regional or local advertising or promotional program that has been approved by a majority of ECC's Franchisees and to promptly remit the required funds to an advertising account which shall be maintained by ECC for such purpose.

11. ONGOING FEES

The parties also agree that the term “Gross Sales” shall mean: All revenues from any type of sales which are generated by the Eileen’s Colossal Cookies™ System, whether for cash or credit and regardless of collection in the case of credit; provided however that “Gross Sales” shall not include any sales tax collected by the Franchised Business and paid to the appropriate sales taxing authority.

The Franchisee agrees to pay the fees described in the following paragraphs.

A. Royalty Fees

In consideration of the franchise granted, Franchisee agrees to pay ECC a Royalty Fee as follows:

> Six Percent (6%) of the Gross Sales (as defined herein) of the Franchised Business each and every week payable by each and every Wednesday for the previous week’s Gross Sales amount for the entire term of this Agreement.

B. Interest for Late Payments

If any payment pursuant to this section of the Agreement is overdue or if a draft is dishonored by the Franchisee’s financial institution, Franchisee shall pay to ECC immediately upon demand, the overdue amount plus a Fifty Dollars ($50.00) late fee for any payments over ten days past due or the maximum interest rate permitted by law, whichever is greater. The foregoing shall be in addition to any other remedies ECC may possess. The same Fifty Dollars ($50.00) shall be enforced for weekly reports over ten days past due. Franchisee acknowledges that this paragraph shall not constitute agreement by ECC to accept such payments after same are due or a commitment by ECC to extend credit to or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that his or her failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in this Agreement.

12. ACCOUNTING AND BOOKKEEPING RECORDS

A. Bookkeeping, Accounting and Records

Franchisee shall maintain, during the term of this Agreement, and shall preserve for a minimum of five (5) years, full, complete, and accurate records of sales, marketing activities, and accounts payable in accordance with the standard accounting system described by ECC in the Manuals or otherwise specified in writing.

B. Submission of Financial Statements

Franchisee shall submit to ECC each week during the term of this Agreement all report forms required by ECC as outlined in the Manual. Each report shall be signed by Franchisee attesting that the report is true and correct. Franchisee shall submit an Income Statement known to be true and correct, from the previous calendar year. The Income Statement shall be submitted to ECC no later than October 15. If delinquent, Franchisee will be assessed a Fifty Dollars ($50.00) late fee each week until financials are submitted. Franchisee shall also submit to ECC other forms, records, reports, information and data as ECC may reasonably require, in the form, and at the times and the places reasonably required by ECC, upon request, and as specified from time to time in the Manuals or otherwise specified in writing. Franchisee shall send a copy of its state sales tax reporting form within ten (10) days of due date of such report to their state.

C. Audits

ECC or its representatives have the right at all reasonable times to examine and copy your books, records and tax returns. ECC may also, at its expense, have an independent audit made of your books. If inspection reveals a discrepancy in the amount of payments made by Franchisee to ECC, Franchisee must immediately pay ECC any amounts owed, as well as interest on the unreported receipts at the maximum rate permitted by law. Should an inspection reveal a discrepancy of two percent or more, Franchisee must also pay and reimburse ECC for all costs and expenses connected with such inspection or audit, including reasonable accounting and legal fees and travel and transportation expenses for the inspectors or auditing team.

D. Business Entity Franchisee

If Franchisee is a corporation, limited liability company, or other business entity, the following requirements shall apply:

(1) Copies of Franchisee's corporate or limited liability company resolution directing its officers and/or directors to enter into this Agreement; and

(2) Franchisee shall maintain a current list of all owners of record and all beneficial owners of Franchisee and shall furnish such list to ECC upon its request; and

(3) All owners of Franchisee shall jointly and severally bind themselves to the terms of this Agreement; provided, however, that the requirements of this subsection shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly Held Corporation").

13. STANDARDS OF QUALITY AND PERFORMANCE

Franchisee shall comply with the entire Eileen's Colossal Cookies® System developed by ECC including, without limitation, the following:

A. Open Business in Two Hundred Seventy Days

Franchisee shall commence operation of the Franchised Business no later than Two Hundred seventy (270) days after the execution of this Agreement or as otherwise approved in writing by ECC. Prior to such opening, Franchisee shall have installed or cause to be installed all necessary equipment and telephone service, as required by ECC. If Franchisee for any reason fails to commence operations as herein provided, unless Franchisee is precluded from doing so by war or civil disturbance, natural disaster, labor dispute, or other event beyond Franchisee's reasonable control. Such failure shall be considered a default and ECC may terminate this Agreement as herein provided.

B. Image of Franchised Business

Franchisee agrees to maintain the condition and appearance of the premises of the Franchised Business consistent with ECC's standards for the image of a business as an attractive, pleasant and comfortable business. Franchisee agrees to affect such reasonable maintenance of the Franchised Business, as is from time to time required to maintain the equipment or improve the appearance and efficient operation of the Franchised Business, including replacement of equipment, fixtures, furniture as may be necessary. If at any time in ECC's judgment the general state of repair or the appearance of the premises of the Franchised Business or its equipment, fixtures, furniture, signs, uniforms of service personnel or decor does not meet ECC's standards for such, ECC shall so notify Franchisee specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, ECC shall have the right, in addition to all other remedies, to enter upon the premises of the Franchised Business and effect such repairs, equipment, fixtures, furniture or signs on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand. Franchisee's obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impractical due to war, civil disturbance, natural disaster, labor dispute or other event beyond Franchisee's reasonable control.

C. Approved Manufacturers, Suppliers and Distributors

From time to time, ECC shall provide to Franchisee, a list of approved manufacturers, printers, suppliers, and distributors for all products and services necessary to operate the Franchised Business. ECC may revise the approved list of manufacturers, printers, suppliers and distributors from time to time in its reasonable discretion.

D. Authorized Materials and Supplies

All purchases of products and other materials used in the operation of the Franchised Business shall conform to the specifications and quality standards established by ECC from time to time. Franchisee may only use such products and related items which meet ECC's specifications and quality standards and which are stated in ECC's approved list of equipment, printing and products suppliers approved by ECC, as meeting its criteria. If Franchisee proposes to use in the operation of the Franchised Business any products equipment or materials which are not then approved by ECC as meeting its minimum specifications and quality standards, or to purchase any product from a supplier that is not then designated by ECC as an approved supplier, Franchisee shall first notify ECC and shall upon request by ECC submit samples and such other information as ECC requires for examination and/or testing or to otherwise determine whether such equipment, product, material or supply, or such proposed supplier, meets its specifications and quality standards. A charge not to exceed the actual cost of testing may be made by ECC and shall be paid by Franchisee. ECC shall notify Franchisee within a reasonable time whether it approved such equipment, product, material or supply, and/or such supplier by being listed on ECC's approved list. Franchisee understands that part of Franchisor's income may come from commissions from approved vendors. Franchisee also understands that if Franchisor or related parties stock and/or sell products to franchisees, these parties expect to make a reasonable profit on these services or goods.

E. Specifications, Standards and Operating Procedures

Franchisee agrees to fully comply with all mandatory specifications, standards, operating procedures and rules as in effect from time to time relating to:

(1) Procedures regarding use of any Trademarked items or Copyrighted Materials;

(2) Procedures and techniques regarding recipes and sales activities;

(3) Training, dress, general appearance and demeanor of Franchised Business employees;

(4) Advertising and promotional programs;

(5) Type, quantity and variety of products and materials, printing, Trademarked items and Copyrighted materials;

(6) Use of signs, posters, advertising pieces, displays and similar items;

(7) Identification of Franchisee as the owner of the Franchised Business; and

(8) The handling of customer complaints.

Mandatory specifications, standards, operating procedures and techniques and other rules, prescribed from time to time by ECC in the Manuals or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement, as if fully set forth herein, and shall be reasonable and uniformly applied to all Franchisees. All references herein to this Agreement shall include all such mandatory specifications, standards, operating procedures and rules.

F. <u>Licenses, Permits and Certificates</u>

Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinance and regulations, workmen's compensation, unemployment insurance, withholding and payment of federal and state income taxes, social security taxes, sales, use and property taxes.

G. <u>Names and Marks</u>

Franchisee shall use only displays, labels, forms and other paper products imprinted with the Names and Marks and colors as prescribed from time to time by ECC in the operation of the Franchised Business.

H. <u>Supervision of Franchised Business</u>

The Franchised Business shall at all times be under the direct, on-premises supervision of Franchisee (or a trained and competent employee acting as full-time manager). In the event Franchisee operates more than one franchise, or in the event Franchisee does not devote his or her full time to conducting the Franchised Business, at least one trained and competent employee referred to above shall act as a full-time manager. Franchisee shall keep ECC informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. ECC shall make training available, as is reasonable and necessary, for all managers designated by Franchisee. ECC may provide such training at the then-current rates charged by ECC. Franchisee agrees that he or she will at all times faithfully, honestly and diligently perform his or her obligations hereunder and that he or she will not engage in any business or other activities that will conflict with his or her obligations hereunder.

I. <u>Maintenance of Highest Moral Standards</u>

Franchisee agrees that the Franchised Business shall at all times maintain a requirement of its employees, agents and affiliates to maintain the highest moral standards of the community or the standards of Eileen's Colossal Cookies® as set forth by ECC.

J. Use of Advertising and Promotional Claims

All sales activities conducted by the Franchised Business in any medium shall be conducted in a dignified manner and shall accurately promote, describe and otherwise represent the services of the Franchised Business. Franchisee agrees to refrain from any sales practice which is unethical or may be injurious to the business of ECC and/or other franchised businesses or the goodwill associated with the Names and Marks.

K. Notice of Legal Proceedings

Franchisee shall notify ECC in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental agency, which may adversely affect the operation or financial condition of the Franchised Business.

L. Times of Operation

Franchised Business shall be open at a minimum, but not limited to the following days and hours. Monday through Friday 8:00am – 5:30pm, Saturday 8:00am – 4:00pm. The following days are approved for closing: Sundays, New Year's Day, Martin Luther King Day, Memorial Day, 4th of July, 5th of July, Labor Day, Thanksgiving Day, Christmas Day, December 26th. Any additional closings due to extraordinary circumstances must be approved by ECC. Non-approved closings shall result in a penalty equal to the average daily royalties owed to ECC from days open during the previous twelve months.

14. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES

ECC shall provide the Franchisee with the following assistance and services:

A. Eileen's Colossal Cookies® System Training

(1) ECC will provide a training program concerning the operation of the Franchised Business as described in Section 5A of this Agreement.

(2) ECC may conduct additional seminars or other training programs for the benefit of the Franchisee, and Franchisee (and/or Franchisee's employees) may attend any such seminar or program. ECC may charge a reasonable fee for such seminar or program if it is deemed appropriate. Any and all traveling, living and other expenses incurred by anyone attending training shall be paid by Franchisee.

(3) Franchisee may make reasonable requests for training in addition to that specified above and ECC shall provide such training, at Franchisee's expense, including, without limitation, any travel, lodging, meals, employee time, and other related costs.

(4) Franchisee shall complete and/or shall cause its employees to complete, to ECC's satisfaction, such other additional training as ECC may reasonably require from time to time.

B. Operations Manual

ECC shall loan to Franchisee one copy of the Operations Manual, any associated video tapes, and electronic media as more fully described in Section 7 herein.

C. Continuing Assistance

In addition to the assistance rendered to the Franchisee prior to opening, ECC will provide continuing consultation and advice regarding business, financial, operational, technical, pricing, sales and advertising matters, type of products and services offered, operation of the Franchised Business and development of personnel policies. ECC will provide such assistance by telephone, e-mail or intranet system or, if the situation warrants, through on-site assistance of appropriate ECC personnel. All expenses incurred by ECC through on-site assistance shall be paid by Franchisee. ECC shall keep a current E-mail address to receive and transmit information to Franchises.

D. Advertising and Promotion

ECC may develop and provide creative materials and/or press releases for local and regional advertising and promotion and make such materials available to its Franchisees for publication or distribution in the Franchisee's market area at Franchisee's own expense. ECC may provide specific guidelines for advertising initiated by individual Franchisees and shall reserve the right to disapprove any advertising, which in ECC's opinion, is not in accordance with these guidelines.

Immediately upon notification to do so, Franchisee shall discontinue any practices that would, in ECC's opinion, be detrimental.

E. System Websites and Electronic Advertising

ECC or one or more of its designees may establish a website or series of websites for the Eileen's Colossal Cookies® network: (1) to advertise, market and promote Eileen's Colossal Cookies® stores and the products and services they offer, and/or the Eileen's Colossal Cookies® franchise opportunity; and/or (2) for any other purposes that ECC determines are appropriate for Eileen's Colossal Cookies® stores (collectively, the "System Website"). If ECC includes information about the Franchised Business on the System Website, Franchisee agrees to give ECC the information and materials that it periodically requests concerning the Franchised Business and otherwise participate in the System Website in the manner that ECC periodically specifies. By posting or submitting to ECC information or materials for the System Website, Franchisee is representing to ECC that the information and materials are accurate and not misleading and do not infringe any third party's rights.

ECC shall own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website, the log of "hits" by visitors, and any personal or business data that visitors (including Franchisee and its personnel) supply.

All advertising, marketing and promotional materials that Franchisee develops for the Franchised Business must contain notices of the URL of the System Website and social media references in the manner that ECC periodically designates. Franchisee may not develop, maintain or authorize any other website, other online presence or other electronic medium, including social media, that mentions or describes the Franchised Business or displays any of the Marks without ECC's prior approval. Franchisee may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or through social media.

F. Suppliers

ECC agrees to provide Franchisee with a list of Approved Suppliers and Shippers for the products and services needed by Franchisee. By providing such assistance, ECC makes no warranty or guarantee of performance on the part of any supplier or shipper.

G. Pricing

ECC may exercise rights with respect to the pricing of products to the fullest extent permitted by then-applicable law. These rights include (subject to applicable law) prescribing the maximum and/or minimum retail prices that Franchisee may charge customers for the products offered and sold by Franchised Business; recommending retail prices; advertising specific retail prices for some or all products sold at the Franchised Business, which prices Franchisee will be compelled to observe; engaging in marketing, promotional and related campaigns which Franchisee must participate in and which may directly or indirectly impact Franchisee's retail prices (such as "buy one, get one free"); and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which Franchisee's Franchised Business may charge the public for the products it offers.

H. National Sales Conference

ECC, at its discretion, may hold a Conference, Seminar or Convention that will promote the training and education of the Franchisees from time to time during the term of this Agreement. Attendance of one person at such Conferences, Seminars or Conventions is mandatory for all Franchisees.

15. INSURANCE

A. Overall Coverage Required

Franchisee shall procure, prior to opening the Franchised Business, and shall maintain in full force and effect during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting ECC, and the officers, directors, partners and employees of both ECC and Franchisee, against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with operating the Franchised Business. ECC shall be named as an additional insured on all such policies.

B. Qualified Insurance Carrier

All insurance policies required under this Agreement shall be written by an insurance company satisfactory to ECC and rated "A" or better by A.M. Best. The coverage will be provided in accordance with standards and specifications set forth in the Manuals or otherwise specified in writing. The insurance coverage shall be provided on policy forms which include the provisions at least as broad as those included in the standard Insurance Service Offices Forms. The coverage shall include, at minimum (except as additional coverage and higher policy limits may reasonably be specified from time to time by ECC) limits at least equal to those shown for the categories of required insurance:

- Commercial General Liability Insurance:
    - $1,000,000 Per Each Occurrence
    - $2,000,000 General Aggregate
    - $2,000,000 Products/Completed Operations Aggregate
    - $1,000,000 Personal and Advertising Injury
    - $1,000,000 Legal Liability Limit
    - Policy must list Eileen's Colossal Cookies Franchises, LLC as an additional insured.

- Automobile Liability Insurance:
    - $1,000,000 Combined Single Limit
    - Policy must include Owned, Hired and Non-owned Auto's

- Workers Compensation Insurance:
    - As required by the State in which the franchise is located

- Employers Liability:
    - $500,000 Each Accident
    - $500,000 Disease Each Employee
    - $500,000 Disease Policy Limit

- Property Insurance:
    - A limit sufficient to replace all business personal property and tenant's improvements and betterment
    - Business Income including extra expense coverage with a minimum of "Actual Loss Sustained" for 12 months

- Optional Coverages to be considered:
    - Employment Practices Liability
    - Cyber Liability

C. No Limitations on Coverage

Franchisee’s obligations to obtain and maintain the foregoing insurance policies, in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by ECC, nor shall Franchisee’s performance of that obligation relieve it of liability under the indemnity provisions set forth in this Agreement. Franchisee may maintain such additional insurance as it may consider advisable.

D. Evidence of Coverage

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment to ECC, together with, upon request, copies of all policies and policy amendments and endorsements. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without giving at least thirty (30) days' prior written notice to ECC. A certificate of insurance on a standard Acord form shall be sent to ECC with ECC named as additional insured for liability indicated in the description of operations section and ECC named as the certificate holder.

E. ECC May Procure Insurance Coverage

Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Manuals or otherwise in writing, ECC shall have the right and authority (but no obligation) to procure such insurance and to charge same to Franchisee. Such charges, together with a reasonable fee for ECC's expenses in so acting, shall be payable by Franchisee immediately upon notice from ECC.

16. TERMINATION OF FRANCHISE

A. By Franchisee

If Franchisee is in compliance with this Agreement and ECC breaches this Agreement and fails to cure such breach within thirty (30) days after written notice thereof is delivered to ECC, then Franchisee may terminate this Agreement and the Franchise effective thirty (30) days after delivery to ECC of notice thereof. Any termination of this Agreement and the Franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of this Agreement by ECC and ECC's failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchisee without cause.

B. By ECC

Franchisee acknowledges that the strict performance of all the terms of this Agreement is necessary not only for protection of ECC, but also the protection of Franchisee and other Franchisees of ECC. As a result, Franchisee therefore acknowledges and agrees that strict and exact performance by Franchisee of each of the covenants and conditions contained in the Agreement is a condition precedent to the continuation of this Agreement. If Franchisee shall breach any provision of this Agreement, then ECC shall notify Franchisee in writing of such breach, specifying its nature and giving Franchisee thirty (30) days in which to remedy same. If Franchisee shall fail to remedy such breach, then ECC can terminate this Agreement and the Franchise effective thirty (30) days after delivery of notice of termination to Franchisee.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, and Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

C. <u>Termination of Franchisee without Cure</u>

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach, and ECC, at its option, may terminate this Agreement and all rights granted under it, without affording Franchisee any opportunity to cure the breach, effective immediately upon ECC notifying Franchisee in writing of such breach, if Franchisee does any of the following:

(1) Abandons, surrenders, or fails to continuously and actively operate the Franchised Business, unless precluded from doing so by damage to the premises of the Franchised Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;

(2) Consistently fails or refuses to submit when due the Royalty Fees, or any other payments due ECC, or any other party related to this Franchise;

(3) Operates the Franchised Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance;

(4) Has made a material misrepresentation on his or her application for the Franchise;

(5) Transfers, assigns, sub-licenses or sub-franchises this Agreement without having the prior written consent of ECC, as set forth herein;

(6) Other than as reasonably required in the ordinary course of business, discloses or divulges the contents of the Manuals or any other Proprietary Information provided to Franchisee by ECC;

(7) Repeatedly fails to substantially comply with any of the requirements imposed by this Agreement, whether or not cured after notice;

(8) Commits a breach of this Agreement or engages in any other activity which has a material adverse effect on ECC and/or the Names and Marks;

(9) Fails or refuses to comply with any provision of this Agreement or any other agreement between ECC and Franchisee relating to the Franchised Business or the Franchise

and does not correct such failure or refusal within thirty (30) days after written notice of such failure to comply is delivered to Franchisee; or

(10) Is convicted of a felony or has pleaded nolo contendere to a felony.

D. Termination of Franchisee Immediately and Without Notice

Notwithstanding the foregoing, Franchisee shall be in breach under this Agreement and all rights granted under this Agreement shall automatically terminate without notice to Franchisee, if Franchisee does any of the following:

(1) Makes an assignment for the benefit of creditors or an admission of Franchisee's inability to pay its obligations as they become due; or

(2) Files a voluntary petition in bankruptcy or any pleading, seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him or her, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Franchised Business, or the claims of creditors of Franchisee or the Franchised Business are abated or subject to moratorium under any laws.

17. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Payment of Monies Owed to ECC

Franchisee shall pay to ECC, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such monthly Royalty Fees, or any other sums owed to ECC or approved suppliers and vendors by Franchisee, which are then unpaid.

B. Return of Manuals and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, he or she will immediately return to ECC all copies of the Manuals, training aids and any other materials which have been loaned to Franchisee by ECC. Franchisee further agrees to turn over to ECC any other manuals, computer programs, software, customer lists, records, files, instructions, correspondence and brochures, and any and all other confidential and proprietary materials relating to the operation of the Franchised Business in Franchisee's possession, custody, or control and all copies thereof (all of which are acknowledged to be ECC's property) Franchisee shall retain no copy or record of the foregoing, excepting only Franchisee's copy of this Agreement and any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law.

C. Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any confidential methods, procedures and techniques associated with ECC and the Names and Marks and any proprietary marks and distinctive forms, slogans, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles which display the Names and Marks.

D. Cease Operating Franchised Business

Franchisee shall immediately cease to operate the Franchised Business under this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of ECC.

E. No Confusion with Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute ECC's exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with The Eileen's Colossal Cookies™ System.

F. ECC Purchase of Inventory and Equipment

ECC shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all equipment, supplies, signs, advertising materials and items bearing ECC's Names and Marks, at fair market value (less the amount of any outstanding liens or encumbrances). If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by ECC and the appraiser's determination shall be binding. If ECC elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefor.

18. COVENANTS

A. Franchisee Receives Confidential Information

Franchisee specifically acknowledges that pursuant to this Agreement, Franchisee will receive valuable training and confidential information, including, without limitation, information regarding promotional, operational, sales, and marketing methods and techniques of ECC and the System.

B. No Diversion of Business

During the term of this Agreement and for a period of two (2) years following the expiration or termination of the Agreement, Franchisee covenants that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

(1) Divert or attempt to divert any business or customers of the Franchised Business with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise;

(2) Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both; or

(3) Induce, directly or indirectly, any person who is at that time employed by ECC or by any other Franchisee of ECC, to leave his or her employment.

The provisions of this Section shall apply only in the geographic area lying within a fifty-mile radius of the area of the Franchised Business or any other Franchise of ECC.

C. Covenant Not to Compete

Franchisee covenants that, except as otherwise approved in writing by ECC, Franchisee shall not, for a continuous uninterrupted period commencing upon expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for himself, or on behalf of, or in conjunction with, any person, persons, partnership, or corporation, own, manage, operate, maintain, advise, substantially invest in, be employed by, or engage in, any retail business specializing, in whole or in part, in (a) a business offering to the public in a manner substantially similar to ECC's products and/or services substantially similar to the products and/or services then being offered by the majority of ECC's locations or located within a fifty (50) mile radius of the Franchised Business or any other Franchisee of ECC, or each location, if more than one location exists within the Exclusive Territory; or (b) any entity which is granting franchises or licenses to others to operate a business principally offering products or services in a manner substantially similar to ECC and/or substantially similar to the products or services being offered by the majority of ECC franchised stores. Franchisee additionally covenants that he or she will secure similar written covenants from its officers, directors, and beneficial owners. The above-noted covenant is not intended to prevent any individual Franchisee from employment which does not directly contribute to competition against ECC or its franchised stores.

D. Exception to Covenant Not to Compete

Section 18 (C) hereof shall not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

E. Covenants are Independent

The parties agree that each of the foregoing covenants shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section

18 is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which ECC is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Section of the Agreement.

F. Claims Are Not Defense to Covenants

Franchisee expressly agrees that the existence of any claim it may have against ECC, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by ECC of the covenants of this Section of the Agreement. Franchisee further agrees that ECC shall be entitled to set off any amount owed by ECC to Franchisee against any loss or damage to ECC resulting from Franchisee's breach of this Section of the Agreement.

G. Injunctive Relief Available to ECC

Franchisee acknowledges that any failure to comply with the requirements of this Section of the Agreement will cause ECC irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the issuance by a court of competent jurisdiction of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section of the Agreement. ECC may further avail itself of any legal or equitable rights and remedies which it may have under this Agreement or otherwise.

H. Operation of Franchised Business

Franchisee covenants that during the term of this Agreement, Franchisee shall devote a majority of time, energy, and best efforts to the management and operation of the Franchised Business.

19. ASSIGNMENT

A. Assignment by ECC

This Agreement grants ECC the right to transfer or assign all or part of its rights or obligations under this Agreement to any assignee or other legal successor to the interests of ECC.

B. Assignment by Franchisee

This Agreement restricts the Franchisee's right to assign the Agreement to a third party. Neither this Agreement, nor any of the Franchisee's rights or privileges, shall be assigned, transferred, shared, redeemed or divided by operation of law or otherwise, in any manner, without the prior written consent of ECC, which consent will not be unreasonably withheld. In granting any such consent, ECC may impose reasonable conditions, including, without limitation, the following:

1. The proposed assignee (or its partners, managers, directors, officers, or controlling

shareholders, if it is a corporation or partnership) must meet the then-applicable standards of ECC;

2. The proposed assignee does not operate a franchise, license or other business offering services similar to those offered by the Franchised Business; and

3. The execution by the assignee of the then-current form of this Agreement, which form may contain provisions which materially alter the rights or obligations of Franchisee under this Agreement.

ECC shall not charge such assignee an Initial Franchise Fee for the Franchise, but will charge a minimum transfer fee of Seven thousand five hundred dollars ($7500.00). If ECC determines that training is required, assignee will attend training at ECC's Home Office (at the cost specified under the then-current Franchise Agreement). Any and all traveling, living, and other expenses incurred by anyone attending training shall be paid by Franchisee. Franchisee shall spend up to three weeks with assignee in store upon or leading up to date of transfer, at ECC's discretion. ECC shall have the right to require Franchisee and its owners to execute a general release of ECC in a form satisfactory to ECC's counsel as a condition to its approval of assignment or other transfer of the Franchise.

This Agreement may be assigned to a partnership or corporation which conducts no business other than operating the Franchised Business, which is actively managed by the Franchisee and in which Franchisee owns and controls no less than fifty-one percent (51%) of the general partnership or not less than fifty-one percent (51%) of the voting stock, provided that all shareholders of voting stock shall execute a Guarantee Agreement undertaking to be bound, jointly and severally, by all provisions of the Agreement and all other agreements with ECC, and undertaking to guarantee, jointly and severally, the payment of all sums due or to become due to ECC hereunder. All issued and outstanding stock certificates of such corporation shall bear the following legend:

"TRANSFER OF THESE SHARES IS SUBJECT TO CERTAIN RESTRICTIONS CONTAINED IN A FRANCHISE AGREEMENT BETWEEN . . . . AND EILEEN'S COLOSSAL COOKIES FRANCHISING, INC. DATED . . . ."

C. <u>ECC's Right of First Refusal</u>

If Franchisee (or its owners) shall obtain a bona fide written offer to purchase the Franchised Business or such ownership, such offer shall be submitted to ECC. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price and must provide for an earnest money deposit of at least ten percent (10%) of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a fixed dollar amount and without any contingent payments of purchase price (such as earn-out payments) and the proposed transaction must relate exclusively to an interest in this Agreement and the store (or all or substantially all of its operating assets) or a controlling interest in Franchisee and not to any other interests or assets. ECC may require Franchisee (or its owners) to send ECC copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

For a period of thirty (30) days from the date of ECC's receipt of such offer, ECC shall have the right, exercisable by written notice to Franchisee (or its owners), to purchase the Franchised Business or such ownership for the price and on the same terms and conditions contained in such offer, provided that ECC may substitute cash for any form of payment proposed in such offer. If ECC does not exercise its right of first refusal, the bona fide written offer may be accepted by Franchisee (or its owners), subject to the prior written approval of ECC, as provided in this Agreement. If Franchisee does not complete the sale to the proposed buyer within sixty (60) days after ECC notifies Franchisee that ECC does not intend to exercise its right of first refusal, or if there is a material change in the terms of the sale (which Franchisee agrees to tell ECC promptly), ECC will have an additional right of first refusal during the thirty (30)-day period following either the expiration of the sixty (60)-day period or ECC's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at ECC's option. ECC has the unrestricted right to assign this right of first refusal to a third party (including an affiliate), who then will have the rights described in this Section 19.C.

D. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in the Franchised Business, the executor, administrator, or personal representative of that person must transfer his or her interest to a third party approved by ECC within three (3) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer including the requirements to complete and pay for training by the future operator of the Franchised Business. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions contained in the Agreement, the personal representative of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the Franchised Business which disposition will be subject to all the terms and conditions for transfer contained in the Agreement. If the interest is not disposed of within a reasonable time, ECC may terminate the Agreement.

20. OPERATION IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

In order to prevent any interruption of the Franchised Business which would cause harm to said business and thereby depreciate the value thereof, Franchisee authorizes ECC, in the event that Franchisee is absent or incapacitated, as defined herein, or by death and is not, therefore, in the sole judgment of ECC, able to operate the Franchised Business hereunder, to operate said business for so long as ECC deems necessary and practical, and without waiver of any other rights or remedies ECC may have under this Agreement. Provided, however, that in the event that ECC should operate the Franchised Business, ECC shall not be obligated to so operate the Franchise for a period of more than ninety (90) days. All monies from the operation of the business during such period of operation by ECC shall be kept in a separate account and the expenses of the business, including reasonable compensation and expenses for ECC's representative, shall be charged to said account. If, as herein provided, ECC temporarily operates for Franchised Business, Franchisee agrees to indemnify and hold harmless ECC and any representative of ECC who may act hereunder, from any and all claims arising from the acts and omissions of ECC and its representative.

21 INDEPENDENT CONTRACTOR

A. No Fiduciary Relationship

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

B. Franchisee is an Independent Contractor

ECC and Franchisee are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between Franchisee and ECC. Franchisee will conspicuously identify itself at its premises and in all dealings with the public as an independently owned business. Other than as expressly provided in this Agreement, ECC has no control over the terms and conditions of employment of Franchisee's employees or agents or any of their activities. ECC has not authorized or empowered Franchisee to use the Marks except as provided by this Agreement and Franchisee must not employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability of Franchisor for any indebtedness or obligation of Franchisee or the Store. Neither ECC nor Franchisee will make any agreements or representations in the name of or on behalf of the other, or otherwise imply that the relationship of the parties is other than franchisor and franchisee. Franchisee agrees that it and its owners will be responsible for all obligations and liabilities it may incur and that ECC shall not be liable for any such obligations or liabilities.

22. WAIVER

No failure of ECC to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of ECC's right to demand exact compliance with any of the terms herein. Waiver by ECC of any particular default or breach by Franchisee shall not affect or impair ECC's rights with respect to any subsequent default or breach of the same, similar or different nature; nor shall any delay, forbearance, or omission of ECC to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair ECC's right to exercise the same; nor shall such constitute a waiver by ECC of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

23. ENFORCEMENT

Except as specifically otherwise provided in this Agreement, the parties agree that any and all disputes between them, and any claim by either party that cannot be amicably settled, except as to monies owed, shall be discussed on a face to face basis by the parties in a meeting without the representation of attorneys or others at a mutually agreed upon meeting place or at ECC headquarters in Hastings, Nebraska if a mutual site cannot be agreed upon. If after that meeting, the claims of either party cannot be amicably settled then the parties to this Agreement shall submit their differences to a neutral professional Mediator who shall hear both sides of the dispute in informal mediation sessions and make suggestions and recommendations for the resolution of such dispute. If the parties agree to resolve the dispute after the mediation sessions, then an agreement of resolution shall be entered into by the parties and they shall split the cost of the professional mediator on an equal basis. If no resolution of the dispute can be accomplished, then the parties may proceed with judicial enforcement proceedings.

A. Judicial Enforcement, Injunction and Specific Performance

ECC shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in this Agreement, to collect any amounts owed to ECC for any unpaid Royalty Fees, or other unpaid charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights it may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. ECC shall be entitled without bond to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If ECC secures any such injunction or orders of specific performance, Franchisee agrees to pay to ECC an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses, and any damages incurred by ECC as a result of the breach of any provision of this Agreement.

B. Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or require the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

C. Franchisee May Not Withhold Payments Due ECC

Franchisee agrees that he or she will not withhold payments of any Royalty Fees or any other amounts of money owed to ECC for any reason, on grounds of alleged nonperformance by ECC of any obligation hereunder.

D. Rights of Parties Are Cumulative

The rights of ECC and Franchisee hereunder are cumulative, and the exercise or enforcement by ECC or Franchisee of any right or remedy hereunder shall not preclude the exercise or enforcement by ECC or Franchisee of any other right or remedy hereunder which ECC or Franchisee is entitled by law to enforce.

E. Governing Law and Venue

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et.seq.), this Agreement shall be governed by the laws of the State of Nebraska. Franchisee and its owners agree that all judicial actions brought by ECC against Franchisee or its owners, or by Franchisee or its owners against ECC, its affiliates or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where ECC then maintains its principal business address. Franchisee and each of its owners irrevocably submits to the jurisdiction of such courts and waive any objection that any of them may have to either jurisdiction or venue. Notwithstanding the foregoing, ECC may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief in any federal or state court in the state in which Franchisee resides or the Franchised Business is located.

F. Binding Effect

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

G. Construction

Any other agreements or instruments referred to herein or which relate to the purchase or lease by Franchisee from ECC of any fixtures, signs, equipment, printing, merchandise, or the like, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between ECC and Franchisee relating to the subject matter of this Agreement. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs. The term "Franchisee" as used herein is applicable to one or more persons, a corporation or partnership, as the case may be; the singular usage includes the plural; and the masculine and neuter usages include the other and feminine. References to "Franchisee" applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee, if Franchisee is a corporation or partnership.

H. Attorney Fees

In the event any legal proceedings between the parties hereto arise under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and court costs from the other party.

I. Modification

This instrument contains the entire Agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this Agreement shall be of no force or effect unless a subsequent modification in writing is signed by the parties hereto.

J. Waiver of Punitive Damages

Except for the Indemnification obligations under Section 24 and claims based on unauthorized use of the Marks or unauthorized use or disclosure of any confidential information, ECC and Franchisee (and its owners) waive to the fullest extent permitted by law, any right to, or claim for any punitive, exemplary, and treble and other forms of multiple damages against the other and agree that, in the event of a dispute between ECC and Franchisee (and/or its owners), the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

K. Waiver of a Jury Trial

ECC and Franchisee (and its owners) irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them.

L. Limitations of Claims

Except for claims arising from Franchisee's non-payment or underpayment of amounts that Franchisee owes ECC, all claims arising out of or relating to this agreement or the relationship between ECC and Franchisee will be barred unless a judicial proceeding is commenced in the appropriate forum within eighteen (18) months from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim.

M. ECC's Business Judgement

Whenever this Agreement or any related agreement grants, confers or reserves to ECC the right to take action, refrain from taking action, grant or withhold our consent or grant or withhold ECC's approval, unless the provision specifically states otherwise, ECC will have the right to engage in such activity at its option taking into consideration its assessment of the long term interests of the System overall. Franchisee and ECC recognize, and any court or judge is affirmatively advised, that if those activities and/or decisions are supported by ECC's business judgment, neither said court, said judge nor any other person reviewing those activities or decisions will substitute his, her or its judgment for ECC's judgment. When the terms of this Agreement specifically require that ECC not unreasonably withhold its approval or consent, if Franchisee is in default or breach under this Agreement, any withholding of ECC's approval or consent will be considered reasonable.

24. INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on ECC's behalf, or to incur any debt or other obligation in ECC's name. Franchisee further understands and agrees that ECC shall in no event assume liability for, or be deemed liable hereunder as a result of any such action or by reason of any act or omission of Franchisee in its conduct of the Franchised Business, or any claim or judgment arising therefrom against ECC.

Franchisee agrees that it will, at Franchisee's sole cost, at all times defend ECC, any affiliate of ECC, the affiliates, subsidiaries, successors, assigns and designees of each; and, the officers, directors, managers, employees, agents, attorneys, shareholders, owners, members, designees and representatives of all of the foregoing (ECC and all others referenced above being the "Indemnitees"), and indemnify and hold harmless

ECC and the Indemnitees to the fullest extent permitted by law, from all claims, losses, liabilities and costs incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether any of the foregoing is reduced to judgment) or any settlement of the foregoing, which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of or is related in any way to any element of Franchisee's establishment, construction, opening and operation of Franchisee's Premises and Franchised Business, including (without limitation) any personal injury, death or property damage suffered by any customer, visitor, operator, employee or guest of the Franchisee's premises or Franchised Business; crimes committed on or near any of the premises or facilities of Franchisee or the Franchised Business or vehicles used by Franchisee or the Franchised Business; all acts, errors, neglects or omissions engaged in by Franchisee, Franchisee's contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of Franchisee's Premises, whether or not any of the foregoing was approved by us; defects in any premises Franchisee constructs and/or operates, whether or not discoverable by Franchisee or by us; all acts, errors, neglects or omissions of Franchisee or the Franchised Business and/or the owners, officers, directors, management, employees, agent, servants, contractors, partners, proprietors, affiliates or representatives of Franchisee or the Franchised Business (or any third party acting on Franchisee's behalf or at Franchisee's direction), whether in connection with the Franchised Business or otherwise, including (without limitation) any property damage, injury or death suffered or caused by any delivery person or vehicle serving Franchisee or the Franchised Business; all liabilities arising from or related to Franchisee's offer, sale and/or delivery of products and/or services as contemplated by this Agreement; and, any action by any customer of Franchisee's or visitor to Franchisee's Premises or any other facility of Franchisee or the Franchised Business.

As used above, the phrase "claims, losses, liabilities and costs" includes all claims; causes of action; fines; penalties; liabilities; losses; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; lost profits; court costs and expenses; reasonable attorneys' and experts' fees and disbursements; settlement amounts; judgments; compensation for damage to ECC's reputation and goodwill; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by Indemnitees' attorneys and/or experts); all expenses of recall, refunds, compensation and public notices; and, other such amounts incurred in connection with the matters described. All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by Franchisee pursuant hereto, regardless of any actions, activity or defense undertaken by ECC or the subsequent success or failure of the actions, activity or defense.

Specifically excluded from the indemnity Franchisee gives hereby is any liability associated with ECC's or the other Indemnitees' gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Franchisee).

Franchisee agrees to give ECC written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any Indemnitee within three days of Franchisee's actual or constructive knowledge of it. At Franchisee's expense and risk, ECC may elect to assume (but under no circumstance will ECC be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, ECC will seek Franchisee's advice and counsel and keep Franchisee informed with regard to the defense or contemplated settlements.

ECC's undertaking of defense and/or settlement will in no way diminish Franchisee's obligation to indemnify ECC and the other Indemnitees and to hold ECC and them harmless.

ECC will have the right, at any time ECC considers appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions ECC considers expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in ECC's sole judgment, there are reasonable grounds to do so. Under no circumstance will ECC or the other Indemnitees be required to seek recovery from third parties or otherwise mitigate ECC's or their losses to maintain a claim against Franchisee. Franchisee agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by ECC or the other Indemnitees from Franchisee. The indemnification obligations of this Section will survive the expiration or sooner termination of this Agreement.

25. TAXES, PERMITS AND INDEBTEDNESS

A. Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment, sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Office's business.

Franchisee shall pay ECC an amount equal to any sales tax, gross receipts tax or similar tax imposed on ECC with respect to any payments to ECC required under this Agreement, unless the tax is credited against income tax otherwise payable by ECC.

B. Franchisee Can Contest Tax Assessments

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, 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 Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.

C. Franchisee Must Comply With Laws

Franchisee shall, at Franchisee's expense, comply with all federal, state and local laws, rules, regulations and ordinances and shall timely obtain and shall keep in force as required throughout the term of this Agreement all permits, certificates and licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, any required permits, licenses to do business, fictitious names and registrations, sales tax permits, and fire clearances.

D. Franchisee Must Notify ECC of Lawsuits

Franchisee shall notify ECC in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Franchised Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its employees, customers, or other persons.

26. NOTICES

All written notices permitted or required to be delivered by the provisions of this Agreement or of the Manuals shall be deemed so delivered three (3) days after placed in the mail, by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal address which the notifying party has on record.

27. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, ECC specifically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchise based upon the peculiarities of a particular location or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which ECC deems to be of importance to the successful operation of such Franchisee’s business. Franchisee may request that ECC grant Franchisee similar variations from standard specifications and practices granted to any other Franchisee, but ECC shall not be required to grant to Franchisee a like or similar variation.

28. AUTHORITY

Franchisee or, if Franchisee is a corporation or partnership, the individuals executing this Agreement on behalf of such corporation or partnership, warrant to ECC both individually and in their capacities as partners or officers that all the partners in the partnership or all of the shareholders of the corporation, as the case may be, have read and approved this Agreement, including any restrictions which this Agreement places upon their right to transfer their respective interests in the partnership or corporation.

29. SPECIAL REPRESENTATIONS

Franchisee (and each owner if Franchisee is a business entity) hereby represents as follows:

A. That he or she has conducted an independent investigation of ECC's business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee as an independent business person. No representation has been made by ECC or its affiliates (or any of ECC’s or their officers, directors, managers, employees, agents or salespersons) and relied on by Franchisee as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Franchised Business, or any other Eileen’s Colossal Cookies® business or franchise, other than any information ECC may have provided in Item 19 of our franchise disclosure document, nor has ECC or any of the foregoing made any representations, statements or promises to Franchisee which conflict with, contravene or vary from the contents of ECC's franchise disclosure document.

B. No representation or statement has been made by ECC or its affiliates (or any of ECC's officers, directors, managers, employees, agents or salespersons) and relied on by Franchisee regarding ECC's anticipated income, earnings and growth or that of the System, or the viability of the business opportunity being offered under this Agreement.

C. Franchisee acknowledges having received, read, and understood this Agreement, including the Attachments hereto; and Franchisee further acknowledges that ECC has accorded Franchisee ample time and opportunity to consult with advisors of his or her own choosing about the potential benefits and risks of entering into this Agreement.

D. Franchisee acknowledges that it has received a complete copy of this Agreement, attachments referred to herein, and agreements relating hereto, if any, at least five (5) business days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission, entitled "Information For Prospective Franchisees Required By The Federal Trade Commission," at least ten (10) business days prior to the date on which this Agreement was executed.

E. Before executing this Agreement, Franchisee had the opportunity to contact all of ECC's existing franchisees.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in triplicate this_________of _______________20___.

FRANCHISOR: Eileen's Colossal Cookies Franchising, Inc.

By:_________________________

Title: _______________________ Witness: _________________________

FRANCHISEE: ____

By: ________________________

Title:_______________________ Witness: __________________________

Exhibit "A"
To Franchise Agreement

This Exhibit "A" to the Franchise Agreement executed by Eileen's Colossal Cookies Franchising, Inc.

("ECC") and ____(“Franchisee”),

on____________________, ______.
(DATE)

hereby grants to Franchisee the following Territory:

Written description of territory.

____

____

____

FRANCHISOR: **Eileen's Colossal Cookies Franchising, Inc.**

By: _______________________________

Title:_________________________ Witness: __________________________

FRANCHISEE: ____

By: ________________________________

Title:________________________ Witness: ____________________________

FDD Exhibit "A"

Exhibit A to the Franchise Disclosure Document of Eileen's Colossal Cookies Franchising, Inc.

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

The following list includes the names, addresses and telephone numbers of state agencies serving as our agents for service of process (to the extent we are registered in their states). The list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

CALIFORNIA
California Corporations Commissioner
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7505
(866) 275-2677

HAWAII
Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street, 2nd Floor
Honolulu, Hawaii 96813
(808) 586-2744
Fax (808) 586-3977

ILLINOIS
Illinois Attorney General
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
201 State House
200 West Washington St.
Indianapolis, IN 46204
(317) 232-6531-Phone (317) 233-3675-Fax

MARYLAND
Maryland Securities Commissioner
Office of the Attorney General
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

MICHIGAN
Michigan Department of Commerce, Corporations and Securities Bureau
Consumer Protection Division, Franchise Section
P.O. Box 30213
Lansing, Michigan 48913
(517) 373-7177

MINNESOTA
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
P - (651) 539-1600
F - (651) 297-1959

NEW YORK
Secretary of State of the State of New York
41 State Street
Albany, New York 11231
(518) 474-4650

NORTH DAKOTA
North Dakota Securities Department
600 East Blvd. Avenue, 5th Floor
Bismarck, ND 58505-0510
(701) 328-2910 (Phone)
(701) 328-2946 (Fax)
(800) 297-5124

OREGON
Department of Insurance and Finance
Corporate Securities Section
(503) 378-4387 Office of the Attorney General
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

RHODE ISLAND
Director, Rhode Island Department of Business Regulation
Division of Securities
233 Richmond St., Suite 232
Providence, RI 02903-4232
P-(401) 222-3048
F-(401) 222-5629

SOUTH DAKOTA
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

TEXAS
Office of the Secretary of State
Business Opportunity Section
P.O. Box 13563
Austin, TX 78711-3563

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371-9773

WASHINGTON
Director, Department of Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater, Washington 98501
(360) 902-8760 Fax (360) 902-0524

WISCONSIN
Commissioner of Securities of Wisconsin
345 W. Washington Avenue
Madison, Wisconsin 53703
(608) 261-9555

FDD Exhibit “B”

Exhibit B to the Franchise Disclosure Document of Eileen’s Colossal Cookies Franchising, Inc.

OPERATING MANUAL

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- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
- 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.

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
South Dakota	May 19, 2025

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.

ITEM 23. RECEIPTS

THIS FRANCHISE DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL OTHER AGREEMENTS CAREFULLY.

IF EILEEN'S COLOSSAL COOKIES OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE. [OR SOONER IF REQUIRED BY APPLICABLE STATE LAW]

NEBRASKA LAW REQUIRES A FRANCHISOR TO PROVIDE THE FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF THE FIRST PERSONAL MEETING OR 10 (10) BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISE RELATIONSHIP.

IF EILEEN'S COLOSSAL COOKIES FRANCHISING, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF A FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY.

Eileen's Colossal Cookies – 2727 W. 2nd Street, Ste. 322 Hastings, NE 68901
(402) 462-5983
I have received a Franchise Disclosure Document with an issuance date of August 27, 2025.

This Franchise Disclosure Document included 23 FDD Items, including the Franchise Agreement, Financial Statements, and Franchisee List.

____
Date

____
Prospective Franchisee

____
Seller of Franchise

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Prospective Franchisee

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Seller of Franchise