



## FRANCHISE DISCLOSURE DOCUMENT

Crooked Pint, LLC  
A Minnesota Limited Liability Company  
1342 Grand Avenue  
St. Paul, MN 55105  
(651) 203-3100  
[www.crookedpintalehouse.com](http://www.crookedpintalehouse.com)

We grant you the right to operate a restaurant (“Crooked Pint Ale House Restaurant” or “Restaurant”). Your Restaurant will have a unique urban pub theme in a casual/fast casual restaurant environment and will offer on-premises dining and carry-out and offer for sale a wide assortment of beer, burgers, sandwiches, entrees, and other products and beverages.

The total investment necessary to begin operation of a Crooked Pint Ale House Restaurant is from \$1,181,700 to \$2,093,900 (not including land). This includes \$80,000 to \$136,200 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation under a Multi-Unit Development Agreement (“MUDA”) is \$1,249,200 to \$2,318,900. This includes \$107,500 to \$112,500 that must be paid to the franchisor or affiliate, which amount represents 50% of the initial franchise fee and amounts that must be paid to the franchisor or affiliate for the first Restaurant and 50% of the initial franchise fee paid for each additional Restaurant to be developed under the MUDA (assuming three Restaurants). If you enter into a MUDA, you are required to develop at least three Restaurants.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Paul Dzubnar or Mary Jule Erickson at 1342 Grand Avenue, St. Paul, MN 55105 and (651) 203-3100.

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 contracts carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: May 29, 2024

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	<b>Item 19</b> 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 <b>Item 20</b> or <b>Exhibit F</b> .
<b>How much will I need to invest?</b>	<b>Items 5</b> and <b>6</b> list fees you will be paying to the franchisor or at the franchisor’s direction. <b>Item 7</b> lists the initial investment to open. <b>Item 8</b> describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	<b>Item 21</b> or <b>Exhibit B</b> includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	<b>Item 20</b> summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Crooked Pint Ale House business in my area?</b>	<b>Item 12</b> and the “territory” provisions in the Franchise Agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	<b>Items 3</b> and <b>4</b> tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Crooked Pint Ale House franchisee?</b>	<b>Item 20</b> or <b>Exhibit F</b> lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in **Exhibit 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 Minnesota. 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 Minnesota than in your own state.
- 2. Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

<b>ITEM</b>	<b>PAGE</b>
ITEM 1 - THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	1
ITEM 2 - BUSINESS EXPERIENCE .....	2
ITEM 3 - LITIGATION.....	3
ITEM 4 - BANKRUPTCY .....	3
ITEM 5 - INITIAL FEES .....	3
ITEM 6 - OTHER FEES .....	4
ITEM 7 - ESTIMATED INITIAL INVESTMENT.....	9
ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	14
ITEM 9 - FRANCHISEE'S OBLIGATIONS .....	17
ITEM 10 - FINANCING .....	19
ITEM 11- FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .....	19
ITEM 12 - TERRITORY .....	26
ITEM 13 - TRADEMARKS.....	28
ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	29
ITEM 15 - OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	29
ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	30
ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	31
ITEM 18 - PUBLIC FIGURES.....	36
ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS .....	36
ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION.....	40
ITEM 21- FINANCIAL STATEMENTS .....	42
ITEM 22 - CONTRACTS.....	42
ITEM 23 - RECEIPTS.....	42

### EXHIBITS

A.	LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
B.	FINANCIAL STATEMENTS
C.	FRANCHISE AGREEMENT
D.	MULTI-UNIT DEVELOPMENT AGREEMENT
E.	CONFIDENTIAL DISCLOSURE AGREEMENT AND RECEIPT
F.	LIST OF FRANCHISEES
G.	FORM OF RELEASE AGREEMENT
H.	STATE ADDENDA
I.	THIRD PARTY SUPPLIER AGREEMENTS
J.	OPERATING MANUAL TABLE OF CONTENTS
K.	STATE EFFECTIVE DATES
L.	RECEIPTS

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

To simplify the language in this Franchise Disclosure Document (“FDD”), “we” or “us” mean Crooked Pint, LLC, the Franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” also may mean its owners.

**The Franchisor, Parents, Predecessors and Affiliates**

We are a Minnesota limited liability company that was formed on June 15, 2011. We maintain our principal business office at 1342 Grand Avenue, St. Paul, Minnesota 55105. Our telephone number is (651) 2033100. We do business under the names “Crooked Pint” and “Crooked Pint Ale House.” We have not operated a business similar to the one being franchised. We began offering franchises in May 2012.

Hightop Brands, LLC is a Minnesota limited liability company formed as Hightop Hospitality, LLC on January 1, 2018, and then changed its name to Hightop Brands, LLC on April 27, 2018, and is our parent entity (“HB” or “Parent”). We have three affiliates that need to be included in this Franchise Disclosure Document. Green Mill Restaurants, LLC (“GMR”), which is a Minnesota limited liability company formed on September 2, 2010, is the owner of the “Green Mill” marks and restaurant concept. GMR has not operated a business similar to the type being franchised, nor has it offered Crooked Pint Ale House Restaurants. GMR and its predecessor have offered Green Mill Restaurant franchises since 1991. It has not offered franchises in other lines of business. The second affiliate is GMR, Inc., a Minnesota corporation formed in November 2010. GMR, Inc. provides management and administrative services to us. It has not operated Crooked Pint Ale House restaurants and it has not offered franchises in any line of business. The third affiliate is Green Mill On The Go, LLC (“GMOTG”), a Minnesota limited liability company formed on June 9, 2022. GMOTG has not operated a business similar to the type being franchised, nor has it offered Crooked Pint franchises. GMOTG has offered Green Mill on the Go franchises since June 9, 2022, which were previously offered by GMR since July 2021. It has not offered franchises in other lines of business. Our Parent, GMR, GMR, Inc. and GMOTG all have the same principal business address as ours.

The names and addresses of our agents for service of process are listed on **Exhibit A**.

We or any affiliate may, in the future, own other restaurants and/or offer restaurant franchises which operate under tradenames, logos and service marks other than Crooked Pint Ale House, but may be similar to and, depending upon their location, may compete with your Crooked Pint Ale House Restaurant. We may periodically offer to manage restaurants in addition to Crooked Pint Ale House Restaurants which, depending upon their location, may compete with your Crooked Pint Ale House Restaurant.

**The Franchise**

We grant you the right to operate a Crooked Pint Ale House Franchised Restaurant (the “Restaurant”) under the terms of a Franchise Agreement (“Franchise Agreement”). Your Restaurant will have a casual/fast casual restaurant urban pub theme and will offer on-premise dining and carry-out and offer for sale a wide assortment of beer, burgers, sandwiches, entrees and other products and beverages (“Menu Items”). We also may permit franchisees to offer delivery or catering services. You must prepare the Menu Items in accordance with our specified recipes and serve in accordance with our specified standards.

Regardless of which Mark you operate under, you must operate your Restaurant under the unique Crooked Pint Ale House system (“System”). The System is characterized by distinctive layout, service style, design, signs, decor, furnishings, recipes, procedures and techniques, all of which we may change. Crooked Pint Ale House Restaurants range in size from 2,500 to 7,000 square feet with seating capacity for 100 to 260

people.

We also offer qualified franchisees the right to develop multiple Restaurants under the terms of a MUDA or Multi-Unit Development Agreement. If you sign a MUDA, you will sign our then-current form of Franchise Agreement for each Restaurant developed under your MUDA.

### The Market and Competition

Your Restaurant will offer food products to the general public and the sales are not seasonal. The market for the Restaurant is highly competitive. Your competitors include other restaurant businesses, particularly those offering similar food products and alcoholic beverages, including national or regional franchise systems and other chains. We believe that the market for delivery, carry-out and on-premises pub environment dining is developing.

### Licenses and Permits

Laws exist in every state that govern the food service industry (including health, sanitation and safety regulations regarding food storage, preparation and safety) and the sale of liquor. You must comply with these laws and other laws that apply to businesses generally. In addition to laws and regulations that apply to businesses generally, your Restaurant will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act; storage, preparation and sale of food products, including meat products, and sale of alcoholic beverages; and health, sanitation and safety regulations relating to food service, as well as any state or local executive orders that may limit in-restaurant seating and related matters during the COVID-19 pandemic. It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities, including an alcoholic beverage vendor's license and to comply with all PCI (Payment Card Industry) Data Security standards. You should consult with your attorney concerning all laws and regulations that may affect your Restaurant operations.

## **ITEM 2** **BUSINESS EXPERIENCE**

### Member, Chairman of the Board, President and Chief Executive Officer – Paul Dzubnar

Mr. Dzubnar has served as our Chairman of the Board and Chief Executive Officer since our inception in June 2011. He has also served as GMR's Director, Chairman of the Board and Chief Executive Officer since June 2010. Mr. Dzubnar was the President and Chief Operating Officer for GMR's predecessor, Green Mill Restaurants, Inc. ("GMR Predecessor") from September 2007 to June 2010, and was a shareholder of the GMR Predecessor from October 2003 through May 2010.

### Vice President of Finance – Jaclyn Davern

Ms. Davern has served as our Vice President of Finance since April 2022. Ms. Davern has worked for Crooked Pint, GMR, and HB in the accounting department since 2004. Ms. Davern also served as a Controller since February 2009.

### Member and Secretary – Michael Drummer

Mr. Drummer has served as our Secretary since June 2011. He has also served as GMR's Director and Secretary since June 2010. Mr. Drummer's principal occupation is land development and construction, and also owns tree farms and a landscape business. Mr. Drummer also has held an interest in the entities that own the Green Mill restaurants in Eagan (April 2007 - 2017), Lakeville (February 2005 - 2014), Rochester

(August 2006 – April 2016), St. Cloud (August 2010 - present), St. Paul (June 2010 - present), and Minneapolis, Minnesota (December 2010 - December 2016), and Crooked Pint Ale Houses in Fargo and Grand Forks, North Dakota (October 2008 - present).

Chief Operating Officer – Timothy Kreiser

Mr. Kreiser has served us and GMR as Chief Operating Officer since January 1, 2018. Mr. Kreiser served as GMR's Vice President of Operations from June 2013 through December 2017. Mr. Kreiser served as Director of Operations for us and GMR from June 2010 through May 2013.

Member and Chief Marketing Officer – John Hinz

Mr. Hinz has been a member and Chief Marketing Officer since July 2012. He has also served as a member and Chief Marketing Officer of GMR since July 2012.

Director of Training – Ashley MacDonald

Ms. MacDonald has served as our Director of Training since August 2016. From June 2010 through July 2016, served as General Manager and Regional Manager for GMR, and she also served as Corporate Trainer of GMR Predecessor from May 2008 through May 2010.

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

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

**ITEM 5**  
**INITIAL FEES**

The following is a description of our standard initial fees: Initial Franchise Fee:

You pay an Initial Franchise Fee of \$45,000 when you sign a Franchise Agreement. The Initial Franchise Fee is a lump sum payment, fully earned upon receipt, and is not refundable. We will use the Initial Franchise Fee in part to cover the direct and indirect costs associated with you purchasing and opening a Restaurant including training, manuals, opening assistance, legal fees and general overhead. The Initial Franchise Fee is generally uniform for all new franchisees who will operate just one Restaurant. In 2023 we did not collect any Initial Franchise Fees.

Development Fee.

If you sign a MUDA, the Initial Franchise Fee is \$45,000 for each Restaurant. Upon signing the MUDA, you pay a lump sum, non-refundable Development Fee equal to \$22,500 (1/2 of the Initial Franchise Fee) for each Restaurant to be opened under the MUDA. \$22,500 of the Development Fee is credited against the Initial Franchise Fee for each Restaurant upon the signing of the Franchise Agreement. The balance of \$22,500 is paid upon signing of the individual Franchise Agreement. In 2023 we did not collect any Development Fees.

Grand Opening Advertising:

At least 30 days before the opening of your Crooked Pint Ale House Restaurant, you must pay us a Grand Opening Allowance in the amount of \$25,000. We will use this Grand Opening Allowance for purposes of providing and conducting an advertising, public relations and promotional program in connection with the grand opening of your Crooked Pint Ale House Restaurant. We will determine in our sole business judgment when, where and how to spend the funds on your behalf. Within 30 days after the grand opening of your restaurant, we will provide you with an accounting as to the expenditure of the funds and refund to you any portion of the Grand Opening Allowance that was not expended by us on your behalf.

Opening Team Expenses:

You will reimburse us (or our affiliates) for the travel expenses and the prorated salaries and benefits for the trainers (the “Opening Team Expenses”) who, as part of the Initial Training Program, will assist on site at your Restaurant for the two week period before your Store opening and the two week period after (see Item 11). These expenses will total between \$15,000 and \$20,000. Upon completion of the trainers’ assistance, we (or our affiliates) will send you an invoice for the actual amount of Opening Team Expenses due from you to us or our affiliate (as applicable). You must pay this invoice within 30 days.

**ITEM 6**  
**OTHER FEES**

Type of Fee (1)	Amount	Due Date	Remarks
Royalty Fee (5)	4% of Gross Sales (2)(3)	Paid by electronic funds transfer by the 10th day of each month for the previous month or accounting period (4)	
Advertising Fee (5)	Up to 3% of Gross Sales (2)	Paid by electronic funds transfer by the 10th day of each month or accounting period for the previous month (4)	Currently 1 1/2% of Gross Sales (6)
Local Advertising (6)	1/2% of Gross Sales (2)	Periodically	If we designate a local advertising cooperative, your local advertising expenditure can be used for the cooperative advertising contribution. (7)

Grand Opening Allowance	\$25,000	Paid to us at least 30 days before opening your Restaurant.	You must perform a grand opening if you relocate the Restaurant or reopen the Restaurant after having it closed for 30 days or more.
Audits	Cost of audit plus interest at the maximum rate allowable by law (not to exceed 11/2% per month)	Immediately upon receipt of bill	You pay for cost of audit only if it shows an understatement of your Gross Sales, Royalty Fees, or Advertising Fees by 1.25% or more from data reported to us.
Transfer Fee (8)	\$12,500	Upon application for consent to transfer	You must pay a \$5,000 deposit at the time you submit the transfer application. We have the right to increase the deposit above \$5,000 and up to \$12,500 if we believe our costs and expenses will exceed \$5,000. We will refund the \$5,000 (or any increased deposit amount) less our costs and expenses (including our time) if the transfer is not completed. If the transfer proceeds, the \$7,500 balance is due to us prior to closing of the transfer and the entire \$12,500 transfer fee becomes nonrefundable at that time.
Remodeling (9)	\$300,000 to \$650,000 (10)	As remodeling occurs (not more often than once every 7 years)	Remodeling does not include general maintenance, routine maintenance, painting, replacing worn carpet, replacing worn furniture, and refreshing.
Renewal Fee (10)	\$20,000	30 days prior to the end of the expiring term	

Late Fee	\$150 for each delinquent report or payment	Automatically upon next Electronic Transfer of Funds	
Insurance (11)	\$20,000-\$40,000 for annual premiums	When premiums are due	See Items 7 and 8 for more information on insurance.
Quality Control Inspections (12)	\$1,500 annually for SMG inspections	Paid to us annually in the first period of every year for SMG and monthly for our inspections and samplings.	In addition to the \$1,500 for SMG inspections, you must reimburse us for our costs, including food and beverage costs, associated with conducting quality control inspections or samplings.
Additional Training (13)	Our then-standard rate for training (currently \$1,000 for your on-site general manager and \$750 each for your kitchen manager, assistant kitchen manager, and dining room manager) together with actual employment related travel, lodging and meal expenses of any trainees. Additional Training fees payable to us for assistant kitchen manager and dining room manager, only if you request, and we agree, to conduct such management training on your behalf.	Unspecified for payment to us. Balance is payable as required by entities providing travel, lodging, meals and associated services to trainees.	Any new on-site general manager and kitchen manager must complete the management training program we administer; in addition, any new assistant kitchen manager, and dining room manager must successfully complete our management training program, which you may administer directly to such employees.
Indemnification	Varies	Upon Demand	You must indemnify us against certain losses and expenses under the Franchise Agreement.

Technology Fee (Infinity Service provided by Ingage I.T.)	3.99% of Gross Sales run through credit card processing system (processing revenue), with a monthly minimum of \$3,400. In addition, there is a \$229.99 monthly KDS connection fee	As of the date of the FDD, paid by electronic funds transfer by the 10th day of each month for the previous month or accounting period to INGAGE I.T. (4)	Includes Credit Card Processing Fees as well as Point of Sale equipment and maintenance, gift card processing, MSP, online ordering, wi-fi, KDS, and loyalty programs (14)
Academy Fee	\$1,200 annually for hands on and eLearning training access	Paid to us annually in the first period of every year	Yearly fee covers online access to both hands on and eLearning training materials, video, testing, and forms.

Notes:

(1) You pay all fees to us unless otherwise noted. All fees are uniformly imposed and non-refundable unless otherwise noted with respect to the transfer fee deposit discussed in this Item 6 and in Note 8 below.

(2) Gross Sales includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant, including any vending or similar activities in your Restaurant or on its premises as well as all use or license fees. Gross Sales does not include sales tax. In addition, you will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, the Royalty Fee, the Advertising Fee and other fees that are referenced in your agreements with us, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts) with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

(3) The Royalty Fee for the first half of the initial term of the Franchise Agreement will be an amount equal to 4% of Gross Sales. The Royalty Fee for the second half of the initial term of the Franchise Agreement will be an amount equal to the greater of (i) 4% of Gross Sales or (ii) the Royalty Fee being charged by us under our form of franchise agreement being used by us at any time during the second half of the initial term (or, if no form of franchise agreement is being used by us on such date, the Royalty Fee being charged by us under our latest form of franchise agreement), provided that the Royalty Fee may not be increased by more than 1/2% at any time during the initial term of the Agreement. The amount of the Royalty Fee for any renewal term will be that provided in the franchise agreement executed for such renewal term.

(4) If there are insufficient funds from which to pay the fee when due, the amount due will bear interest at the highest applicable legal rate up to a maximum of 1 1/2% per month from the date due.

(5) If you fail to open your restaurant in accordance with the terms of your Franchise Agreement, you may request an extension to your opening date. It is our right, but not our obligation, to grant you an extension. If we grant an extension, you must pay estimated Royalties and Advertising Fees from the date you were scheduled to open, according to your Franchise Agreement. The estimated fees will

be based on the prior year's average gross sales of all restaurants in the system or, if no such restaurants are available, any other reasonable methodology we select.

(6) The Advertising Fee is paid to us for deposit in an Advertising Fund. The expenses for local advertising must be paid by you directly to the vendors. We reserve the right to increase the Advertising Fee upon 60 days written notice to you, up to a maximum of 3% of Gross Sales, provided, however, that we may not increase the Advertising Fee by more than 1/2% per year. See Item 11 for more information on advertising.

(7) As further described in Item 11, we may designate a local advertising market and require you to contribute to, and participate in, an advertising cooperative. Each Restaurant in the market, including our company and affiliate-owned (excluding Special Sites), will be a member of the advertising cooperative. Each Restaurant will have one vote per Restaurant. The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per Restaurant, and must be at least 1/2%.

(8) The transfer fee for a Restaurant is reduced if part of a simultaneous multiple restaurant transfer - \$12,500 for the first Restaurant, \$2,500 for the second through the tenth Restaurants with no additional transfer fee beyond the tenth Restaurant. If, however, our costs and expenses in reviewing and processing the transfer, including attorneys' fees, exceed the applicable transfer fee, then in addition to the transfer fee you agree to cover those additional costs and expenses (including our time).

(9) You pay remodeling costs directly to approved third party vendors or contractors. You will not be required to remodel more than once every 7 years.

(10) Six months before the end of the term of your Franchise Agreement, if you want to renew the term of your Franchise Agreement, you must have complied with your remodeling obligations and, in addition, you must perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Restaurant to conform to the standards then applicable to new Crooked Pint Ale House Restaurants, regardless of the cost of such modernizations and/or replacements, unless we determine that you should relocate your Restaurant because your Authorized Location no longer meets our then-current site criteria, in which case you must relocate the Restaurant (Sections 4.B, 5.D and 5.E of the Franchise Agreement).

(11) This estimate includes all risk coverage, business interruption insurance, comprehensive general liability insurance, liquor liability coverage, commercial automobile liability and other forms of required insurance. You pay insurance premiums directly to third party insurers. You must deliver to us at commencement of your Restaurant operations and annually a proper certificate evidencing the existence of the required insurance coverage including naming Crooked Pint, LLC as an additional insured. See Item 8 for more information on insurance.

(12) We have the right to evaluate the operation of your Restaurant at any time. As of the date of the Franchise Disclosure Document, you must use Service Management Group (SMG), as they are our designated supplier for customer surveys on food, service, value, problem resolution, and more. We have retained SMG to provide us with quantitative surveys collecting structured and unstructured customer feedback about single location level experiences.

(13) If we schedule your pre-opening on site training and the Restaurant is not ready for opening as scheduled, resulting in a delay to the scheduled opening date, you are responsible for the costs to change/adjust travel and lodging arrangements, potential lost wages, and/or additional time for our representatives in connection with the delay and all other related expenses.

(14) You are required to use ITmation Corporation (dba "Ingage I.T.") as the exclusive provider for the following services at your Restaurant: credit card processing, gift card processing, managed service

provider (“MSP”) services, online ordering, wi-fi, KDS, and loyalty programs (collectively referred to as “Infinity Service”). A copy of the form Ingage I.T. Service Agreement is included as part of **Exhibit I**. In order to qualify for the Infinity Service, you agree to implement a “cash discount” method of payment for customers and related requirements. The Technology Fee of 3.99% of Gross Sales run through your Restaurant’s credit card processing system (processing revenue), with any minimum due within 10 days of notice. The Technology Fee is paid directly to Ingage I.T. In the event the Service Agreement is terminated for any reason other than a material breach by Ingage I.T., you agree to pay an early termination fee equal to: (i) if termination occurs during the initial term of the Service Agreement, the cost of the Property (as defined in Addendum A to your Service Agreement) times a fraction the numerator which shall equal the number of whole or partial calendar months left in the initial term and the denominator which shall equal the number of months in the initial term plus an amount equal to a percentage multiplied by the average credit and debit card sales for each month in the initial term remaining in the Service Agreement, and (ii) if termination occurs after the initial term, the cost of any new Property installed within the last 12 months under the Service Agreement plus an amount equal to a percentage multiplied by the average credit and debit card sales for each month of the renewal term remaining in the Service Agreement. In addition to Ingage I.T, you are required to use our designated supplier Restaurant 365 for our approved accounting and inventory management software at a current monthly cost of \$281. All technology-related fees are subject to change from time to time. A copy of the form Restaurant 365 Agreement also is included as part of **Exhibit I**.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

The following is an estimate of the total costs to construct and open a typical CROOKED PINT ALE HOUSE Restaurant in a leased strip shopping center location:

<b>Type of Expenditure (1)</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is to be Made</b>
Initial Franchise Fee	\$45,000	Lump Sum	Due in full upon execution of the Franchise Agreement	Us
Training-Related Expenses (2)	Approximately \$60,000 to \$70,000	As Arranged	During Training	Us, Employees, or Our Affiliates, Hotels and Restaurants
Rent Security Deposit and First Month’s Rent (3)	Approximately \$0 to \$22,000	As Incurred	As Negotiated with Landlord	Landlord

Leasehold Improvements (4)	Approximately \$650,000 to \$850,000	As negotiated with Contractors, Architects and Engineers	Before Opening	Contractors, Architects and Engineers
Equipment and Trade Fixtures (5)	Approximately \$264,000 to \$867,000	As Arranged	As Negotiated with Suppliers	Suppliers
Signage	Approximately \$18,000 to \$40,000	As Arranged	As Negotiated with Contractor	Contractor
Opening Inventory and Smallwares (6)	Approximately \$50,000 to \$65,000	As Arranged	As Negotiated with Suppliers	Suppliers
Insurance (7)	\$5,000 - \$10,000	As Arranged, but typically up to 25% down	As Negotiated with the Insurance Company	Insurance Company
Initial Advertising and Promotional Costs (8)	\$25,000	Lump Sum	Due in full 30 Days Before Opening	Us
Miscellaneous Start- Up costs	Approximately \$8,000 to \$12,200	As Arranged	As Negotiated with Vendors or Suppliers	Vendors or Suppliers

Liquor License (9)	Approximately \$4,000 to \$10,000	As Incurred	Before Opening	Licensing Authority
Quality Control Inspection Fee	\$1,500 annually	As Arranged	Annually in the first period of every year for SMG and monthly for our inspections and samplings	Us
Academy Fee	\$1,200 annually	As Arranged	Annually in the first period of every year	Us
Additional Funds - 3 months (10)	Approximately \$50,000 to \$75,000	As Arranged	As Negotiated with Vendors, Suppliers and Employees	Vendors, Suppliers and Employees
Initial Advertising and Promotional Costs (8)	\$25,000	Lump Sum	Due in full 30 Days Before Opening	Us
Miscellaneous Start- Up costs	Approximately \$8,000 to \$12,200	As Arranged	As Negotiated with Vendors or Suppliers	Vendors or Suppliers
Liquor License (9)	Approximately \$4,000 to \$10,000	As Incurred	Before Opening	Licensing Authority

Quality Control Inspection Fee	\$1,500 annually	As Arranged	Annually in the first period of every year for SMG and monthly for our inspections and samplings	Us
Academy Fee	\$1,200 annually	As Arranged	Annually in the first period of every year	Us
Additional Funds - 3 months (10)	Approximately \$50,000 to \$75,000	As Arranged	As Negotiated with Vendors, Suppliers and Employees	Vendors, Suppliers and Employees
<b>TOTAL</b>	<b>\$1,181,700 - \$2,093,900</b>			

Notes:

(1) Except for rental security deposits, utility deposits and the Initial Franchise Fee in the circumstances described in Items 5 and 11 of this Disclosure Document, generally none of these expenditures by you are refundable under any circumstances. Also, we do not offer direct or indirect financing to our franchisees for any of these expenditures.

(2) See Items 6 and 11 of this Disclosure Document. We do not charge you a fee to attend our initial training program, although you will bear all costs for you and your required employees to attend such training. Of the total amount for “Training-Related Expenses” referenced in the above chart, you can expect that approximately \$15,000 to \$20,000 may be payable to us or our affiliates for Opening Team Expenses, as noted in Items 5 and 11.

(3) You will need 4,000 to 7,000 square feet for your Crooked Pint Ale House Restaurant. Typically, Crooked Pint Ale House Restaurants are located in strip centers, are physically connected to hotels, or are in a freestanding building on a pad site in a mall or other retail area. The rental and related charges will vary substantially depending upon the location, but the fixed rent will generally range from \$10,000 to \$17,000 per month. You may also be required under the terms of your lease to pay your landlord common area maintenance fees, property taxes and percentage rent based upon the sales from your Crooked Pint Ale House Restaurant. The rental security deposit may under certain circumstances, be refundable in whole or in part under the terms of your lease.

(4) Depending upon your arrangement with your landlord, if any, you may be required to pay for remodeling, decorating and leasehold improvements costing from \$650,000 to \$850,000. The landlord may contribute to some of these costs or make financing available to you.

(5) You must purchase or lease the equipment and trade fixtures necessary to operate your Crooked Pint Ale House Restaurant. It is estimated that the purchase price of the equipment and trade fixtures will range from \$264,000 to \$867,000, depending upon whether the equipment is new or used, transportation costs and other factors. The equipment includes the hardware and software for the POS System and related components for the Infinity Service described in Items 6, 8 and 11 and the Ingage I.T. Service Agreement, including Addendum A. The estimated value of the Infinity Service hardware and software for the opening of the Restaurant is approximately \$38,400 to \$43,400. There is no charge for these initial Infinity Service items other than the 3.99% Technology Fee for the Infinity Service, plus an on-boarding fee paid directly to Ingage I.T. in an amount between \$2,500 to \$5,000, which is included in the estimate included in Item 7.

(6) Opening Inventory includes items such as food, beverage and paper product inventory, dishes, glassware, silverware and smallwares.

(7) You must purchase and pay for comprehensive general liability insurance, commercial motor vehicle liability insurance, products liability insurance, personal property insurance, worker's compensation insurance, liquor liability insurance and such other insurance as we may reasonably require and/or as may be required by applicable law. If you fail to maintain the required insurance, we may, but are not required to, obtain any or all of the insurance that you must obtain and maintain. You must reimburse us for all costs and expenses that we incur upon demand.

(8) At least 30 days before your Crooked Pint Ale House Restaurant opens for business, you must pay us a Grand Opening Allowance in the amount of \$25,000. We will use the Grand Opening Allowance solely for the purpose of conducting an advertising and promotional program for the grand opening of your Crooked Pint Ale House Restaurant. We will return to you any portion of the Grand Opening Allowance not used on your behalf within 30 days after your grand opening.

(9) In some municipalities, you may be required to purchase a previously issued liquor license from its current owner. Depending upon supply and demand, you may be required to pay substantially more than the amount indicated.

(10) This estimates the funds you will need during the initial 3-month phase of your Crooked Pint Ale House Restaurant. In addition to having a reserve for unforeseen contingencies, it is estimated that you will expend this for initial wages and fringe benefits, insurance premiums and other operating costs. Your working capital requirements may increase or decrease, depending upon the location and size of your Crooked Pint Ale House Restaurant, number of employees, labor rates, minimum wage laws, costs of goods and supplies, various utility deposits, other economic factors and whether you will own or lease the furniture, fixtures, equipment and signs. These figures are estimates and we cannot guarantee that \$50,000 to \$75,000 will be sufficient or that substantial additional working capital will not be required.

In the event you construct a free standing building for your Crooked Pint Ale House Restaurant or otherwise purchase a building for your Crooked Pint Ale House Restaurant, you should anticipate that your initial investment will be substantially higher.

We have prepared these estimates based upon our and our affiliated entities respective experiences (more than 25 years), including information that we have collected from franchisees. Except as expressly indicated otherwise, these estimates cover your initial cash investment up to the opening of your Crooked Pint Ale House Restaurant. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. Similarly, the above estimates do not include the cost of acquiring the land or preparing the site for your Crooked Pint Ale House Restaurant. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary materially from Crooked Pint Ale House Restaurant to Crooked Pint Ale House Restaurant and cannot be predicted

by us for your Crooked Pint Ale House (and which may extend for longer than the 3-month “initial phase” described in Note 10). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets, which you may liquidate or against which you may borrow, to cover any other expenses and operating losses that you may sustain, whether during your start-up and development stage, or beyond.

The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, which in turn will depend upon certain factors, including the demographics and economic conditions in the area in which your Crooked Pint Ale House Restaurant is located, the presence of other bars and restaurants in the vicinity of your proposed Crooked Pint Ale House Restaurant, your ability to operate efficiently and in conformance with our recommended method of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

**ESTIMATED INITIAL INVESTMENT  
(Multi-Unit Development Agreement)**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is to be Made</b>
Estimated Initial Investment for First Restaurant (1)	\$1,181,700 - \$2,093,900	As outlined in table above	As outlined in table above	As outlined in table above
Development Fee (2)	\$67,500 - \$225,000	Lump Sum	At time of signing of Multi- Unit Development Agreement	Us
<b>Total (3)</b>	<b>\$1,249,200- \$2,318,900</b>			

(1) This amount reflects the total estimated initial investment needed to open your first Restaurant as outlined in Item 7 above, including the \$45,000 Initial Franchise Fee. If you sign a Multi-Unit Development Agreement, you will pay us a Development Fee as described below.

(2) The amount of the Development Fee will depend on how many Restaurants you agree to open.

(3) You should be aware that your initial investment for your second and subsequent Restaurants likely will be higher than the above estimates for your first Restaurant due to inflation and other economic factors that may vary over time.

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

In order to ensure a uniform image and uniform quality of products and services throughout the Crooked Pint Ale House system, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us or our affiliates, we must accept the location of your

Restaurant (see Item 11). We also have the right, but not the obligation, to review and to approve or disapprove any lease for the Restaurant premises. You and the landlord must execute the form of Lease Addendum attached to the Franchise Agreement. You must construct and equip your Restaurant in accordance with our then-current approved design, specifications and standards.

In addition, it is your responsibility to insure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (including hardware and software for a restaurant point-of-sale system, our restaurant accounting and inventory software, and audio/video equipment), signage, fixtures, furnishings, products, ingredients, credit card processor, supplies and advertising materials that meet our specifications and standards.

We provide you with a list of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved inventory products, fixtures, furniture, equipment, signs, stationary, paper products, supplies and other items or services necessary to operate the restaurant (“Approved Supplies List”). The Approved Supplies List may specify the specific manufacturer of a specific product or piece of equipment. As further detailed below, from time to time we, an affiliate, or a third party vendor or supplier may be the only approved supplier for certain products or services. For example, as of the date of this Disclosure Document:

(1) Coca-Cola North America is the sole supplier of certain beverages and related equipment and supplies; (2) US Foodservice is the sole source of supply for certain foods, beverages, supplies and smallwares, and other products and services; (3) EcoLab is the sole supplier of certain cleaning products, supplies and equipment leases; (4) Don Farleo Advertising & Design Co. is the sole supplier of certain advertising, marketing, web design and promotional items; (5) SMG is the sole supplier of our customer survey program; (6) Restaurant 365 is the sole supplier of our Accounting and Inventory software; and (7) Ingage I.T. is the sole supplier of our Point of Sale hardware and software, MSP, on-line ordering, KDS, Wi-Fi, Loyalty Programs, Gift Card and credit card processing (a copy of the current Ingage I.T. agreements are included as **Exhibit I**). In addition, we or our affiliates are the sole source of Opening Team trainers, related labor, and other training materials, all of which you must use in connection with the opening of your restaurant. You will pay the then-current price in effect for all purchases you make from us or an affiliate. These lists also may include other specific products without reference to a particular manufacturer, or they may set forth the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable.

One of our officers owns stock in a publicly held company which is our designated supplier of soft drinks.

Except for products and services that are available from a single source, you must notify us in writing if you want to offer for sale at the Restaurant any brand of product, or to use in the operation of the Restaurant any brand of food ingredient or other material, item or supply that is not then approved by us, or to purchase any product from a supplier that is not then designated by us as an approved supplier. If requested by us, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality standards. We generally will notify you of supplier approval or disapproval within 60-90 days of our receipt of all the information and samples we request. You must pay all costs of the inspection and evaluation and the actual cost of the test. The supplier also may be required to sign a supplier agreement. We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We may supply you with uniforms, promotional materials, menus and other materials utilizing our registered logo at our cost plus a markup for handling. Although you currently are not required to purchase such goods from us, the goods purchased must comply precisely with our specifications and may, as a

practical matter, be unavailable from other sources. We reserve the right to derive income from your purchase of such goods or services. As of the date of this Disclosure Document, neither we nor any of our affiliates are approved suppliers of any other goods, fixtures or services other than any promotional material and services we elect to provide pursuant to the Franchise Agreement.

We apply the following general criteria in approving a proposed supplier: 1) ability to provide services or to make product in conformity with our unique and special specifications; 2) willingness to protect the secrets behind the uniqueness of a product without dissemination to others; 3) production and delivery capability; 4) reputation and integrity of supplier; 5) financial condition and insurance coverage of the supplier; and 6) ability to provide the product and/or service to at least 80% of the then existing Crooked Pint Ale House Restaurants.

You must purchase and maintain in full force and effect, at your sole expense and from a company we accept, insurance that insures both you and us, our affiliates and any other persons we designate by name. The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) property insurance on the Restaurant, restaurant improvements and all fixtures, equipment, supplies and other property used in the operation of the Restaurant (including, but not limited to, fire, Replacement Cost, extended coverage, vandalism and malicious mischief); (ii) business interruption insurance that covers your loss of income and our Royalty Fees; (iii) comprehensive general liability insurance with a minimum limit of \$1,000,000 (including, but not limited to, coverage for personal injury, products and contractual liability); (iv) umbrella insurance with a minimum limit of \$3,000,000 that is required to sit over auto liability, employers liability, liquor liability, and general liability; (v) \$1,000,000 liquor liability insurance; (vi) commercial automobile liability insurance on all owned, hired, rented and non-owned vehicles; (vii) workers' compensation and employer's liability insurance covering all of your employees; and (viii) such other insurance as we may from time to time reasonably require, under one or more policies of insurance containing coverage, from time to time prescribed by us. All policies must be issued by an insurance carrier rated "A" or better by Alfred M. Best & Company, Inc. In addition, the required liability insurance must (i) name Crooked Pint, LLC and affiliates (collectively, "Franchisor Entities") as additional insureds; (ii) provide severability of interests and/or separation of insureds coverage; and (iii) be primary and non-contributory with any insurance policy carried by the Franchisor Entities. The policies shall provide that we must receive at least 30 days' prior written notice of termination, expiration, cancellation, modification or reduction in coverage of any such policy. All liability policies and workers compensation insurance must include a waiver of subrogation.

You must deliver to us at commencement and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show compliance with all required insurance specifications. We also may request copies of all policies. We may from time to time modify the required minimum limits and require additional insurance coverage, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Crooked Pint Ale House system, standards of liability and higher damage awards. If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice. Your obligation to obtain and maintain the insurance described herein shall not be limited in any way by reason of any insurance we procure and maintain.

Although not required, we recommend that you consider the following insurance coverage typically found in restaurant operations: Employment Practices Liability; Food Contamination-Loss of Income; Food

Contamination-Trade Name Restoration; Employee Benefit Liability; Employee Dishonesty; Flood; Earthquake; Back-up of Sewer & Drain; Money & Securities; Interior & Exterior Glass; Machinery & Equipment Breakdown; Utility Interruption-Loss of Income; Inland Marine; and Cyber Liability.

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Restaurant.

Except for the required purchases described in this Item 8, you are not required to purchase or lease any other goods or services for the operation of the Restaurant from us, our affiliates or from designated sources.

We and our affiliates reserve the right to receive payments or other consideration from suppliers in connection with your purchase of goods, products and services as described in this Item 8, as well as in connection with any future purchase of any goods, products or services. Most of these payments are calculated on an amount based on products sold to you and to our affiliate-owned restaurants. We will retain and use such payments as we deem appropriate or as required by the vendor or by manufacturers. Our revenues from all required purchases and leases of products and services to franchisees from suppliers for the year ended December 31, 2023, totaled \$558,052 or 25.8% of our total revenues of \$2,159,320 as noted in the financial statements included as an exhibit to this Franchise Disclosure Document. In addition, suppliers contributed \$74,257 to the Advertising Fund.

In addition to the rebates, discounts and allowances described above in this Item 8, it is possible that we may derive rebates or other income from your purchase of goods or services from other vendors, suppliers and/or food processors. In addition, it is possible that the current discounts, rebates and/or allowances may be terminated and/or amended from time to time.

We do not currently participate in any purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees but not on behalf of individual franchisees. We do not provide material benefits (for example, renewal or granting additional franchises) to you based on your purchase of particular products or services or use of particular suppliers.

You can expect items purchased or leased in accordance with our specifications will represent approximately 80% of total purchases you will make to begin operations of the business and over 80% of the ongoing costs to operate the business.

#### **ITEM 9-FRANCHISEE’S OBLIGATIONS**

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

	<b>Obligation</b>	<b>Section in Franchise Agreement (“FA”), Multi-Unit Development Agreement (“MUDA”) and Ingage I.T’s Infinity Services Agreement (“ISA”)</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	FA: Sections 2.A and 5.A MUD: Section 4	Items 7 and 11
b.	Pre-opening purchases/leases	FA: Sections 5.A, 5.F and 6.C MUD: None	Items 5, 6, 7 and 8

c.	Site development and other pre-opening requirements	FA: Sections 5.A and 5.B MUD: Sections 2 and 4 ISA: Sections II and III	Items 7, 8 and 11
d.	Initial and ongoing training	FA: Sections 7.B and 7.C MUD: None ISA: Section VI	Items 5, 6 and 11
e.	Opening	FA: Sections 2.C and 5.A MUD: Section 4	Items 5 and 11
f.	Fees	FA: Sections 9.A-C MUD: Section 3 ISA: Addendum A	Items 5, 6 and 7
g.	Compliance with standards and policies/Operations Manual	FA: Sections 6.A-P MUD: Section 5	Items 6, 7, 8, 11, 14 and 16
h.	Trademarks and proprietary information	FA: Sections 3.A-E and 6.J MUD: Section 6B	Items 13 and 14
i.	Restrictions on products/services offered	FA: Sections 2.D and 2.E MUD: None	Items 6, 7, 8, 11, and 16
j.	Warranty and customer services requirements	FA: Sections 2.E and 6.L MUD: None	Items 6 and 11
k.	Territorial development and sales quotas	FA: Sections 2.B and 2.D MUD: Section 2	Item 12
l.	Ongoing product/service purchases	FA: Sections 6.A-C MUD: None ISA: Sections II and III	Items 6, 7 and 8
m.	Maintenance, appearance and remodeling requirements	FA: Sections 5.B-E MUD: None	Items 8 and 11
n.	Insurance	FA: Section 10.D MUD: None ISA: Section X	Items 6, 7 and 8
o.	Advertising	FA: Sections 8.A-F and 9C MUD: None	Items 6, 7 and 11
p.	Indemnification	FA: Section 10.B MUD: None ISA: Section 13.4	None
q.	Owner's participation/management/staffing	FA: Sections 7.A-E MUD: None	Items 11 and 15
r.	Records/reports	FA: Sections 9.D, 9.G and 9.H MUD: None	Item 11

s.	Inspections/audits	FA: Sections 5.C, 6.G and 9.H MUD: None	Items 6 and 11
t.	Transfer	FA: Sections 11.A-G MUD: Section 8 ISA: Section 15.8	Items 6 and 17
u.	Renewal	FA: Sections 4.A-B MUD: None	Items 6 and 17
v.	Post-termination obligations	FA: Sections 14.A-C MUD: None	Item 17
w.	Non-competition covenants	FA: Section 10.D MUD: None	Item 17
x.	Dispute resolution	FA: Sections 12.A and 12.B MUD: Section 9 ISA: Section 15.6	Item 17
y.	Other	Not Applicable	Not Applicable

**ITEM 10**  
**FINANCING**

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations.

**ITEM 11**  
**FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

Pre-Opening Assistance:

Before you open your Restaurant, we will:

1. Provide you with site selection criteria and general building and design requirements for your Restaurant (Franchise Agreement, Sections 5.A and B).
2. Provide you with either a written copy or an electronic copy of the manuals (or electronic access to the manuals) that detail the specifications and procedures incidental to the operation of the Restaurant (Franchise Agreement, Section 6.I).
3. Approve all new restaurant opening promotional materials and advertising to be used by you that comply with our then-current standards (Franchise Agreement, Sections 8.B and F).
4. Provide the training programs described below (Franchise Agreement, Sections 7.B and C).

Ongoing Assistance:

During the operation of your Restaurant, we will:

1. Maintain the Advertising Fund (Franchise Agreement, Section 8.A).
2. Provide updates to the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 7.C).
3. Make periodic visits to your Restaurant as we reasonably determine to be necessary to provide consultation and guidance. We have the right to require that your Control Person be present during these visits. Our representatives who visit your Restaurant may prepare written reports outlining any suggested changes or improvements in the operation of your Restaurant or detailing any defaults which become evident. We will give a copy of this written report to you. We shall advise you of any problems arising out of the operation of your Restaurant as disclosed by the report or by our inspection (Franchise Agreement, Section 6.G).
4. Provide refresher training courses as we determine necessary and require you to attend. We may provide these training programs without charge; however, you must pay all expenses for you and your employees, including training materials, travel and living expenses (Franchise Agreement, Section 7.C).

#### Our Obligations Under the Multi-Unit Development Agreement

A developer signs the Franchise Agreement for the first Restaurant at the time the MUDA is signed. Our obligations under the Franchise Agreement apply to a developer. Each time a developer signs another Franchise Agreement, our obligations are activated for the new Restaurant to be established. We do not have any separate obligations under the MUDA.

#### Marketing

We are currently collecting Advertising Fees at the rate of 1<sup>1</sup>/<sub>2</sub>% of Gross Sales, but we reserve the right to collect up to 3% of your Gross Sales for deposit into the advertising and development fund (the “Fund”).

We own and administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We may use the Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other payments made to employees or any other individual or entity providing services to the Fund, and administrative costs and salaries for marketing support personnel and operating expenses; (2) broadcast or print advertising; (3) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, radio, film and television commercials, videotapes, direct mail pieces and other print advertising); (4) any marketing or related research and development; and (5) advertising and marketing expenses, including product and food research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, internet access provider costs, subscriptions to industry newsletters or magazines.

We determine the use of the monies in the Fund. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Restaurant is located. During our 2023 fiscal year, we spent the Advertising Fund as follows:

Advertising Agency	18%
Production/Printing	13%

Media Placement/Online	33%
Web Design	1%
Development	3%
Social Media	6%
Administration/Other	26%

We will pay the same Advertising Fee for company and affiliate owned restaurants (except for Special Sites) as similarly situation franchised restaurants. We will prepare an annual accounting of the Fund and will make it available for your review upon your request. We may use outside advertising agencies. We may be reimbursed for administrative costs and overhead incurred in administering the Fund. We will not make any expenditure from the Fund primarily to help us sell franchises, but we may use the funds to develop, administer and maintain our web site and to attend regional and national trade shows to promote our name and system.

In addition to the Advertising Fee, you also must spend at least  $\frac{1}{2}\%$  of your Gross Sales on local advertising and promotion. You may only use your own advertising material if we have approved it before its use. You must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation.

We have the right to establish and maintain local advertising cooperatives, based on designated marketing areas. If a local or regional advertising cooperative is formed or organized in your market, you will be required to participate and contribute. The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per Restaurant, and must be at least  $\frac{1}{2}\%$ . The  $\frac{1}{2}\%$  required spending on local advertising and promotion described in the previous paragraph may be used as your contribution to the cooperative. Each Crooked Pint Ale House Restaurant within an advertising cooperative, including Crooked Pint Ale House Restaurants owned by us or our affiliates, will be a member of the cooperative and have one vote per restaurant. Each advertising cooperative will be required to adopt governing bylaws that meet our approval and that we may require the cooperative to amend from time to time. We will provide each advertising cooperative with a sample form of bylaws that the cooperative must use and we must approve, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this paragraph. The advertising cooperatives must submit to us its meeting minutes upon our request. All advertising cooperatives must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. The members of each cooperative and their elected officers will be responsible for the administration of the advertising cooperative. We reserve the right to administer the cooperatives' funds and require payment from its members via electronic funds transfer. Each advertising cooperative must engage the services of a professional media buyer or advertising agency, as we determine the need exists, that meets with our approval and has expertise in the industry and in the particular market. Also, we may require that each advertising cooperative have an independent certified public accountant prepare annual financial statements, which if required, will be available to us and to all franchisee members of the cooperative. We have the right to require advertising cooperatives to be formed, changed, dissolved or merged.

#### Grand Opening Allowance

At least 30 days before the grand opening of your Crooked Pint Ale House Restaurant, you must pay a Grand Opening Allowance to us in the amount of \$25,000. We will use the Grand Opening Allowance for the purpose of conducting an advertising, public relations and promotional program in connection with the grand opening of your restaurant. We will spend this Grand Opening Allowance in such manner as we deem to be in the best interest of your Crooked Pint Ale House Restaurant. Within 30 days after the opening of your Crooked Pint Ale House Restaurant, we will provide you with an accounting of the use of the allowance and will refund any portion of the allowance which has not been spent. Pending the expenditure

or return of the Grand Opening Allowance, it will be held in a separate non-interest bearing account.

### Information System

You must record all sales on information systems that we have approved and report your Gross Sales daily via our intranet. You must enroll in the Ingage Infinity Service Program. Under this program Ingage I.T. will be your exclusive technology provider for POS, Merchant Services, Gift Processing, MSP, Online Ordering, Wi-Fi, KDS, Loyalty and all other connected services related to or in conjunction with those services (“Infinity Service”). Under Infinity Service, Ingage I.T. agrees to supply the required hardware and software to operate the Infinity Service Program. At no cost to you, and concurrent with the commencement of your Term, Ingage I.T. will provide training necessary for selected personnel to operate the Infinity Service during the Term as well as standard Remote & On-Site Support.

The current form of Ingage I.T. Agreement is included as part of **Exhibit I**. Initial cost of equipment for an average sized Crooked Pint Ale House totals approximately \$38,400 to \$43,400 and is covered by the Technology Fee of 3.99% assessed on all credit card sales. It includes maintenance, hardware, updating, and upgrading for all services other than KDS QSR Automations Monthly Subscription Fee. Fees charged by Ingage I.T. include a one-time Onboarding Fee, which for an average sized Crooked Pint Ale House will total between \$2,500 to \$5,000, a Travel Fee of \$2,100 and an ongoing monthly KDS QSR Subscription Fee of \$299.99 as of the date of this Disclosure Document.

You must also purchase, at your expense, such other computer or information processing equipment as may be required by us for use in your Crooked Pint Ale House Restaurant, which as of the date of this Disclosure Document includes Restaurant 365 (our approved accounting and inventory management software) at a current monthly cost of \$281. We require the 4-4-5 Period Accounting method in conjunction with Restaurant 365. There are no contractual limitations in the Franchise Agreement on the frequency and cost of the upgrading or updating of the computer hardware or software which we may require you to make.

We may independently access the information system and retrieve, analyze, download and use all software, data and files stored or used on the information system. We may access the information system through our intranet, in your Restaurant, or from other locations. You must store all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must maintain a phone line and a separate modem dedicated for the sole use of allowing our information system to interface and communicate with your information system and you may need to purchase software designated by us for this to occur. You also must have your restaurant connected to the internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent internet email account. You understand that the data storage, phone line, modem, communication software, internet access, internet email account and all additional hardware and software needed to implement and maintain these services is at your cost.

### Site Selection

You select the site for the Restaurant within the area designated in the Franchise Agreement. We provide you with site selection criteria. You must verify to us that your site complies with our site selection criteria. We do not select or endorse your site. However, within 45-60 days from the date you submit all required information, we will notify you in writing whether or not we have any objections to the site you proposed. You may not proceed to develop a Restaurant on the site unless we have accepted/approved of the site in writing. Our identification of, or acceptance/approval of, a site does not constitute a guarantee, recommendation or assurance as to the success of the site or your Restaurant, instead our acceptance of the site simply means that the site meets our then-current site selection standards or guidelines. The site selection factors considered by us in deciding whether or not to object to the location may include the following: (a) demographics; (b) traffic patterns; (c) visibility; (d) business mix; (e) ability to obtain liquor

license; (f) ability to reflect image to be portrayed by Crooked Pint Ale House businesses; and (g) adequacy of signs and image.

For future restaurants developed under a MUDA, we will use our then-current standards for site selection.

You must execute and provide to us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the selected and accepted site within 120 days from the date of execution of the Franchise Agreement. If you fail to have your “site under control” (execute the lease or the purchase agreement within the periods set forth in this Section), we will have the right to terminate the Franchise Agreement without opportunity to cure (Franchise Agreement, Section 13.B.2).

#### Typical Length of Time Before You Open Your Restaurant

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of your business is approximately 12-15 months. Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement and your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install fixtures, equipment, and signs, decorate the Restaurant, meet local requirements, obtain inventory, obtain liquor permit, and similar factors.

If you have not selected a site at the time the Franchise Agreement is signed, you have 90 days to do so or we may terminate the Franchise Agreement. You must begin operations by the Required Open Date (as defined by your MUDA or Franchise Agreement). If you fail to begin operations by the Required Open Date, we may terminate the Franchise Agreement (Franchise Agreement, Sections 2.C and 13.B.2).

Furthermore, you must start substantial construction of your Restaurant at least 150 days before the deadline to open your Restaurant if your Restaurant will be in a free standing location or at least 120 days before the deadline to open your Restaurant if your Restaurant will be in a non-free standing location. Failure to meet these deadlines may result in termination of your Franchise Agreement. In addition, on or before the deadlines to start construction you must submit to us, if requested, executed copies of any loan documents and any other document that proves that you have secured adequate financing to complete the construction of your Restaurant by the date you are obligated to have your Restaurant open and in operation, plus a notice identifying the name of your general contractor. In the event that you fail to comply with any of these obligations, we will have the right to terminate the Franchise Agreement (Franchise Agreement, Sections 5.B and 13.B.2). In addition, we may require you to provide us weekly development and construction progress reports in the form we designate from the date you begin development until the date you open the Restaurant. For instance, you may be required to contact the designated project manager and provide construction manual checklists and digital photos during construction on a weekly basis. We may require you to spend an additional amount on overtime in order to begin operations by the Required Open Date should you fall behind your construction schedule in either of the following instances: (i) you fail to have a complete structural, mechanical, electrical and plumbing rough-in cover-up inspection by 70 days prior to opening for a free-standing building and 40 days prior to opening for a non-free standing building; or (ii) you fail to have “permanent power” by 25 days prior to receipt of certificate of occupancy. The overtime must be spent for after-hours electrical inspections, installations, and connections to building and/or build-out space.

#### Manuals

In lieu of an operations manual, the operational standards and procedures are provided to you in the Academy. You will be provided with access to the Academy upon full execution of the Franchise Agreement. A screen capture of the table of contents for the Academy is provided in **Exhibit J**.

## Training

Not more than 120 days but not less than 30 days before the opening of your Restaurant, we will provide the following initial in-restaurant training and familiarization course to train at least four people from your management team (including your Control Person, Unit General Manager and your assistant managers) which the attendees must complete to our satisfaction:

### Training Program

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-job Training</b>	<b>Location</b>
Crooked Pint Ale House Objectives	2 Hours		Mpls./St. Paul, Minnesota area
Front of House Operations	15-20 Hours	160-280 Hours	Mpls./St. Paul, Minnesota area
Back of House Operations	10-15 Hours	40-120 Hours	Mpls./St. Paul, Minnesota area
Human Resources	4-6 Hours		Mpls./St. Paul, Minnesota area
Accounting	8-25 Hours		Mpls./St. Paul, Minnesota area
Marketing	2-4 Hours		Mpls./St. Paul, Minnesota area
Building Maintenance and Procedures	1-3 Hours		Mpls./St. Paul, Minnesota area
<b>TOTAL HOURS</b>	<b>Up to 75</b>	<b>Up to 400</b>	

Our pre-opening management training consists of preliminary training at our offices in St. Paul, Minnesota, and on-the-job training at an affiliated Crooked Pint Ale House Restaurant. We offer training periodically as the need requires. Such training is conducted approximately one to three months prior to the opening of your Crooked Pint Ale House Restaurant and it normally lasts two to six weeks depending on the management position.

You, your Control Person, Unit General Manager and your Assistant Managers (i.e., kitchen manager, assistant kitchen manager, and dining room manager) must successfully complete such training prior to the opening of your Crooked Pint Ale House Restaurant. You, your Control Person, Unit General Manager and your Assistant Managers must also attend such additional regional sales, training, or orientation seminars as we may reasonably request. You will be responsible for travel, lodging, meals, and other expenses which you incur in attending or having You, your Control Person, Unit General Manager and your Assistant Managers attend all such sales, training, and orientation programs. Neither You, your Control Person, Unit General Manager nor your Assistant Managers will be paid by or receive any other compensation from us for attending such programs. Any training we provide to any of your employees will be limited to training or guidance regarding the delivery of approved products and services to customers in a manner that reflects the customer service standards of the System. You are, and will remain, the sole employer of your

employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your employees receive adequate training.

Although there is no tuition or other costs payable to us for training You, your Control Person, Unit General Manager and your Assistant Managers, you must (1) reimburse us (or our affiliate, as applicable) for Opening Team Expenses described in Items 5 and below in this Item 11, and (2) pay our then-prescribed rates for the training of additional managers (should you wish to train more managers than required). The total fee payable to us for the training of a manager or assistant manager depends upon a variety of factors, including the prior experience of the person being trained. Currently, we are charging a flat fee of \$1,000 for training each additional on-site general manager and \$750 for training each additional kitchen manager, assistant kitchen manager, or dining room manager. These charges are subject to periodic change by us.

The Crooked Pint Ale House Restaurant training program (both classroom and hands-on) is currently administered by Tim Kreiser and Ashley MacDonald. Mr. Kreiser has over 14 years in the industry. As noted in Item 2, Mr. Kreiser has been our Chief Operations Officer since January 2018, and has held a variety of positions with GMR and its predecessor since 2006. Ms. MacDonald has over 12 years in the industry. She has served as our Director of Training since August 2016, and has served GMR and its predecessor in a variety of roles since 2008. The training program generally covers all major facets of the management and operation of a Crooked Pint Ale House Restaurant. Managers are first given a presentation on our objectives. Managers are then given detailed, in-the-field personal instruction in food preparation, inventory and handling, restaurant sanitation, equipment maintenance and inventory, personnel training, hygiene, record-keeping and cash control, purchasing, and other restaurant functions. Managers are also required to complete approximately four to eight weeks of on-the-job training at an affiliated Crooked Pint Ale House Restaurant in the Minneapolis-St. Paul, Minnesota area. Persons who assist in providing training will have at least six months experience in some aspect of operating a Crooked Pint Ale House Restaurant.

The instructional materials for our training programs consists of our policies and procedures manual, our operation manuals, and our new store opening manual.

You must employ your kitchen manager, assistant kitchen manager, and dining room manager two to eight weeks prior to opening your Crooked Pint Ale House Restaurant. We will assist you with the training of such managers and assistant managers. You are responsible for the travel, lodging, meals and other expenses incurred in connection with such training. **YOU MAY NOT OPEN YOUR RESTAURANT UNTIL ALL SUCH MANAGERS AND ASSISTANT MANAGERS HAVE SUCCESSFULLY COMPLETED ANY TRAINING PROGRAMS OFFERED BY US FOR SUCH MANAGERS AND ASSISTANT MANAGERS.**

Under our current training programs, the duration of the required training for your managers and assistant managers is as follows:

<u>Position</u>	<u>Duration</u>
On Site General Manager	6 – 8 weeks
Kitchen Manager	3 – 5 weeks
Assistant Kitchen Manager	2 weeks
Dining Room Manager	2 - 3 weeks

The failure of your managers and assistant managers to successfully complete the training programs offered by us will delay the opening of your restaurant.

In addition to the training provided by us, you may be required to hire four to six additional trainers who are employed by us, our affiliates or other Crooked Pint Ale House franchisees and who have been certified

by us to assist in the training of your management and other employees (the “Opening Team”) during the two-week period before and two week period after the opening of your Crooked Pint Ale House Restaurant. In addition to reimbursing the employer of the Opening Team in an amount equal to the fully burdened labor rate of such trainers, you are required to reimburse all Opening Team members for their actual employment related travel, lodging and meal expenses incurred in connection with the training of your employees (the “Opening Team Expenses”).

We require you to have on duty at all times while your Crooked Pint Ale House Restaurant is open for business, at least one employee who has been Serv-Safe® certified as to the food safety aspects of handling food. Further, at all times, your organization must employ at least three employees in each Restaurant who have completed to our satisfaction the initial training and familiarization course. If at any time your organization is not in compliance, you will be required to designate a replacement employee who must begin training within four weeks of hire.

Although not required by the Franchise Agreement, we may also assist you in providing on-the-job training of your employees on your Crooked Pint Ale House Restaurant premises at the time of the restaurant opening. We will provide one (1) person who will assist you in training your Crooked Pint Ale House Restaurant personnel in the preparation of the restaurant for opening and in methods of preparation and serving menu items. Such management training assistance may take from five to fifteen days. Such training requires approximately forty hours of each employee's time. Although not required to do so by the Franchise Agreement, our management personnel may also assist you in training additional personnel, or in providing refresher courses to existing personnel at the time of periodic visits. Such refresher courses will not be mandatory and will be at no cost to you other than costs associated with the attending employees.

You must comply with the applicable provisions of the wage and hour laws applicable to your employees while they are being trained by us, including those provisions requiring the payment of overtime wages.

Your Control Person must attend any annual meeting, convention or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics, at your own expense.

## **ITEM 12** **TERRITORY**

You receive the right to operate a Crooked Pint Ale House Restaurant at a specific location described in the Franchise Agreement. We will not during the term of your franchise operate or grant others the right to operate any other Crooked Pint Ale House Restaurant within a specified geographic area (“Designated Area”), except as generally described in this Item 12 and more fully set forth in the Franchise Agreement. However, the consumer service area, trade area or Designated Area of another Crooked Pint Ale House Restaurant may overlap with your Designated Area. Because of the rights we reserve, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control.

The criteria used for determining the boundaries of the Designated Area include: the population base; density of population; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; restaurant co-tenants, traffic generators, driving times; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas. As a result of these considerations, a Designated Area will have a general trade area with a population base of, or anticipated population growth to, approximately 15,000 to 40,000. We determine the Designated Area and incorporate it into a written description or a map attached to the Franchise Agreement or in a separate correspondence from us to the franchisee. Subject to the right of first refusal detailed in the Franchise Agreement, we and our affiliates have the right to operate or franchise

within the Designated Area one or more facilities selling, for dine in, take out and/or delivery, all or some of the Menu Items, using the Trademarks or any other trademarks, service marks or trade names, without compensation to any franchisee, provided, however, that such facilities shall not have an interior area larger than 2,400 square feet and shall not have seating capacity for more than 48 people (“Limited Seating Facility”).

Also, we and our affiliates have the right outside of the Designated Area to grant other franchises or operate company or affiliate owned Crooked Pint Ale House Restaurants or offer, sell or distribute any products or services associated with the System under the Trademarks or any other trademarks, all without compensation to any franchisee. In addition, we and any of our current or future affiliates have the right to operate, manage, franchise, license or lease other restaurant concepts (including but not limited to Green Mill restaurants) anywhere, including within the Designated Area under trademarks different than those licensed to you under the Franchise Agreement.

In addition, we and our affiliates have the right to offer, sell or distribute, within and outside of the Designated Area, through any distribution channel or methods, any frozen, pre-packaged items or other products or services associated with the System or identified by the Trademarks, or any other trademarks, except for retail food service Menu Items that are cooked or prepared to be served to the end user or customer for consumption at the retail location, unless sold at the limited seating facilities referenced in the first sentence of the paragraph above. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the internet.

Special Sites are excluded from the Designated Area and we have the right to develop, license or franchise the following Special Site locations: (1) military bases; (2) public transportation facilities, including airports and other transportation terminals; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; and (6) community and special events. We are not required to pay you if we exercise any of the rights specified above inside your Designated Area.

You must not offer catering and delivery services unless we authorize in writing. Further, we may require that you offer catering services; if you refuse to do so, we and our affiliates may engage in catering services for customers located within the Designated Area without compensation to you. Although we do not encourage other franchisees to cater or deliver in another franchisee’s designated territory, we have no obligation to enforce these prohibitions against any franchisee. We and our affiliates have the right to offer delivery services under different trademarks within and outside of your Designated Area, without compensation to you.

Continuation of your Designated Area does not depend on the achievement of a certain sales volume, market penetration or other contingency. You do not receive the right to acquire additional franchises within or outside of your Designated Area unless you sign another franchise agreement with us. We may modify your Designated Area upon renewal. If we do modify it upon renewal, the Designated Area will have a population base of approximately 15,000 to 40,000.

We may restrict you from soliciting or accepting orders from outside your Designated Area, and you do not have the right to use other channels of distribution to make sales outside your Designated Area.

#### Multi-Unit Development Agreement

The rights described above regarding what we and our affiliates can do for a single Restaurant are generally the same if you sign a Multi-Unit Development Agreement. In addition, we may terminate the Multi-Unit Development Agreement if you (i) fail to exercise options to enter into Franchise Agreements with us within

any period on the Development Schedule; (ii) fail to comply with any other terms and conditions of the Multi-Unit Development Agreement; (iii) make or attempt to make a transfer or assignment in violation of the Multi-Unit Development Agreement; or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties. For future restaurants developed under a Multi-Unit Development Agreement we will use our then-current standards for site selection and territories to approve sites and designate territories.

**ITEM 13  
TRADEMARKS**

The Franchise Agreement licenses you to use the service mark Crooked Pint Ale House, as well as other trademarks, service marks, trade names and commercial symbols (collectively, the “Marks”). The following is a summary of our trademark registrations and applications with the United States Patent and Trademark Office (“USPTO”); all of which are on the Principal Register:

PRINCIPAL TRADEMARKS	REGISTRATION / APPLICATION DATE	REGISTRATION / SERIAL NUMBER
	<b>Reg:</b> December 6, 2011	4068093
<b>CROOKED PINT</b>	<b>Reg:</b> May 22, 2012	4147836

We also claim common law trademark rights for all of the Marks. We have filed or intend to file all required affidavits and renewals for the Marks listed above.

**Appendix A** to your Franchise Agreement identifies the Marks that you are licensed to use. **Appendix A** will include the Crooked Pint Ale House service mark and our other Marks. We have the right to change **Appendix A** from time to time. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks including the adoption of new Marks, new Menu Items, new products, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office (USPTO), the Trademark Trial and Appeal Board (TTAB), the trademark administrator of any state, or any court. There are no pending material proceedings involving the Marks before the UPSTO, the TTAB, any state trademark administrator, or any state or federal court.

There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Marks.

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the Proprietary Marks, so long as you were using the Proprietary Marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense.

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

There are no patents or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for our Crooked Pint Ale House Franchise Agreement, operations, marketing and training manuals, website and for various sales promotional and other materials published from time to time. There are no pending patent applications material to the franchised business.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the manuals. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the manuals and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the manuals at your cost.

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

## **BUSINESS**

During the term of the Franchise Agreement, you (if franchisee is an individual), your Control Person or your Unit General Manager must devote full time and best efforts to the management of the Restaurant. Your “Control Person” is the individual who has the authority to actively direct your business affairs regarding the Restaurant, is responsible for overseeing the general management of the Restaurant and has authority to sign all contracts.

You, your Control Person or your Unit General Manager must provide direct on-premises supervision to the Restaurant. The Control Person, the Unit General Manager and the Assistant Managers identified in Item 11 must complete our initial training program. You must always have at least three managers per restaurant that have completed training to our satisfaction, and must always have on duty one staff member who has been Serv-Safe® certified as to the food safety aspects of handling food.

Neither these three managers nor the Serv-Safe® certified employee have any equity interest in you. If any manager fails to satisfactorily complete the training program, you may designate a different individual, who must then satisfactorily complete the training program. The use of a Unit General Manager in no way relieves you or your Control Person of your obligations to comply with the Agreement and to insure that the Restaurant is properly operated. We have the right to require that the Control Person and the Unit General Manager be at the Restaurant for any inspection or evaluation we conduct.

Your Control Person must attend any annual meeting, convention or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics, at your own expense. Your Unit General Manager(s) may attend, at your own expense, such annual meeting, convention or conference only if we grant you our prior written approval. However, your Unit General Manager(s) must attend any required training meetings for Unit General Managers, at your own expense. In addition, we reserve the right to require that you and/or your Control Person attend any additional meetings that we deem appropriate under special circumstances, provided, however, that we will not require more than one additional meeting every year and we will give you written notice of any such meeting at least 10 days prior to the meeting.

All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept. If we so require, your managers and supervisory personnel and other employees receiving training from us must execute covenants not to compete in a form that we approve.

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

Item 8 of this disclosure document describes our requirements for approved supplies and suppliers. You must offer for sale at the Restaurant all of the Menu Items and food and beverage products that we periodically require and you may not offer at the Restaurant any unapproved products or menu items or use the premises for any purpose other than the operation of a Restaurant. We have the unlimited right to change the types of authorized products and services you may offer.

You must not install or maintain on the premises of the Restaurant any newspaper racks, video games, jukeboxes, gaming machines, gum machines, games, rides, vending machines, automated teller machines or other similar devices without our prior written approval. Pool tables, gambling and gaming machines or games of chance are not allowed without prior written approval. If you install any such devices without our prior written approval, you must remove them within three days from receiving written notice from us.

You may not offer any delivery service or engage in catering services without our prior written approval. You also may not offer for sale any Menu Items or Proprietary Products through the internet or other online programming or advertising. *See* Item 12. We do not otherwise impose any restriction or conditions that limit your access to customers.

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

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

<b>THE FRANCHISE RELATIONSHIP</b>			
	<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 4.A  Sections 2 and 4 and Appendix B to the Multi-Unit Development Agreement	Term is 20 years.  Term depends on the number of Stores to be developed under the Multi-Unit Development Agreement as specifically set forth in Appendix B.
b.	Renewal or extension of the term	Section 4.B	Renewal for two additional terms (first renewal term is 10 years; second renewal term is 5 years; if you relocate your Restaurant upon renewal, you may renew your license for 20 years).  No renewal rights under the Multi-Unit Development Agreement.
c.	Requirements for franchisee to renew or extend	Section 4.B	You give us written notice of your decision to renew at least 6 months but not more than 12 months before the end of the expiring term; you sign our then-current form of franchise agreement; you have complied with the modernization requirements for your Restaurant; you are not in default and have satisfied your obligations on a timely basis; if leasing, you have written proof of your ability to remain in possession of the Restaurant premises throughout the renewal term; you comply with our training requirements; you pay us, at least 30 days prior to the end of the expiring term, a \$20,000 renewal fee; and you sign a release.  If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.

d.	Termination by franchisee	Section 13.C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach and, if not cured, wait 60 days from the original notice of breach before terminating the Franchise Agreement.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable.
f.	Termination by franchisor with cause	Sections 2.A, 13.A and 13.B Section 6B of the Multi-Unit Development Agreement	We can terminate the Franchise Agreement (and Multi-Unit Development Agreement) only if you default or fail to comply with your obligations.
g.	“Cause” defined – curable defaults	Sections 13.A and B Section 6B of the Multi-Unit Development Agreement	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h below. You have 30 days to cure defaults not listed in h below.



i.	Franchisee's obligations on termination/non-renewal	Section 14.A-C Section 8 of the Multi-Unit	<p>Obligations include complete de-identification and payment of amounts due, assignment of lease upon our demand and telephone numbers, return of manuals and proprietary materials and right to purchase assets of the Restaurant (also see o and r below).</p> <p>You lose all remaining rights to develop Restaurants. Other obligations include those obligations noted above if existing Franchise Agreements also are terminated. We also may have the right to purchase assets of the Restaurants (see o. below).</p>
j.	Assignment of contract by franchisor	Section 11.G Section 9A of the Multi-Unit Development Agreement	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	Section 11.A Section 9B of the Multi-Unit Development Agreement	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11.A of the Franchise Agreement and Section 9B of the Multi-Unit Development Agreement.
l.	Franchisor approval of transfer by franchisee	Section 11.B Section 9B of the Multi-Unit Development Agreement	We have the right to approve all transfers but will not unreasonably withhold approval.

m.	Conditions for franchisor approval of transfer	Sections 11.B-D, G Section 9B of the Multi-Unit Development Agreement	<p>Transferee meets all of our then-current requirements for one of the franchise development programs then being offered, transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, transferee executes then-current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, full compliance of your obligations under all Franchise Agreements and Multi-Unit Development Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies (also see r below); provided that certain transfer conditions do not apply to transfers to immediate family members or among Principal Owners.</p> <p>You cannot transfer rights under the Multi-Unit Development Agreement unless you transfer all of Your rights and interests under all Franchise Agreements.</p>
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 11.F	We can match any offer for your Restaurant assets and, in the case of a proposed stock sale, we can purchase your Restaurant assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Franchisor's option to purchase franchisee's business	Section 14.B	Upon termination, we have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Restaurant, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements, liquor license and inventory. Qualified appraiser(s) will determine price as set forth in the Franchise Agreement.
p.	Franchisee's death or disability	Section 11.E	You can transfer your franchise right to your heir or successor in interest like any other transfer, but if assignee is your spouse or child, no transfer fee is required.
q.	Non-competition covenants during the term of the franchise	Section 10.D	No direct or indirect involvement in the operation of any restaurant or food business other than one authorized in the Franchise Agreement (with an exception for existing business other than casual or fast casual restaurants).
r.	Non-competition covenants after the franchise is terminated or expires	Section 10.D	No direct or indirect involvement in a competing business for 2 years (i) at the premises of the former Restaurant, (ii) within 5 miles of the former Restaurant or (iii) within 5 miles of any other business or restaurant using the System

s.	Modification of the agreement	Section 15.B Section 11E of the Multi-Unit Development Agreement	No modifications generally, but we have the right to change operations manual, list of authorized trademarks and menu.
t.	Integration/merger clause	Section 15.B Section 11C of the Multi-Unit Development Agreement	Only the terms of the Franchise Agreement are binding (subject to state law).  Any other representations or promises not in the Franchise Agreement or this Disclosure Document may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 12 Section 10 of the Multi-Unit Development Agreement	Except for certain claims, all disputes must be mediated and arbitrated in the city where our headquarters is located when the proceedings are conducted (subject to state law).
v.	Choice of forum	Section 15.I Section 11F of the Multi-Unit Development Agreement	Litigation must be in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota (subject to state law).
w.	Choice of law	Section 15.H Section 11F of the Multi-Unit Development Agreement	Applicable law is that of the state where your Restaurant is located (subject to state law).

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (i) a franchisor provides the actual records of an existing outlet you are considering buying; or (ii) 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.

Table 1 below represents the sales of franchisee-operated Crooked Pint Ale House Restaurants that were in operation the entire fiscal year ending on December 31, 2022 (the “Measurement Period”). As of December 31, 2022, we had 13 franchised Restaurants open and operating during the Measurement Period under the Crooked Pint name and 11 in 2021. We obtained these sales figures from information provided to us by our franchisees for the periods noted. We have not included the franchised restaurants that operate under a name

other than Crooked Pint or those restaurants that were not open for the full Measurement Period.

In April 1920 the COVID-19 virus pandemic impacted local, regional and national economies. New laws, rules and governmental orders were issues in response to the virus outbreak. Crooked Pint Ale House businesses were generally deemed essential businesses under such governmental orders and were therefore generally able to continue operating. Some of the businesses closed during the 2020 and 2021 Reporting Period (as noted below), other businesses closed for a temporary period and have since reopened (as noted below) and others may have reduced operating hours, limited seating capacity or furloughed some employees. As of the date of this Disclosure Document, we do not intend to make any changes to our business model as a result of the COVID-19 pandemic.

Tables 2, 3 and 4 show average food costs, beverage costs, and labor costs historically and for the 13 franchised Restaurants that were open and operating during the entire Measurement Period as of December 31, 2022.

The information in the Tables below is based on historical data concerning the franchise system’s outlets and was prepared using financial information provided to us by the franchisees. The franchisees’ financial information is not audited.

A prospective franchisee who is purchasing the assets of an existing restaurant should review the actual financial results of the restaurant(s) being purchased.

**TABLE 1**  
**Average Restaurant Sales**

For the franchisee-owned Restaurants open for the Measurement Periods Ended December 31, 2021, December 31, 2022, and December 31, 2023:

<b>MONTHLY AVERAGE SALES</b>			
Year	<b>2021</b>	<b>2022</b>	<b>2023</b>
Minneapolis	212,097	258,206	226,522
Apple Valley	194,209	209,004	176,285
Rochester	N/A	N/A	77,163
Chaska	249,370	311,134	249,522
Maplewood	149,186	192, 839	207,377
Duluth	193,527	190, 558	171,887
Grand Forks	121,942	122,980	110, 426*
Sioux Falls	219,649	258,105	263, 126
Fargo	117,763	110,522	104,174
Faribault	75,751	90,047	86,623
Waite Park	100,589	97,200	85,823
Onalaska	207,414	241,594	223, 309
Glendale – Not open full year	N/A	99,890	65,689
<b>Average</b>	<b>\$167,409</b>	<b>\$181,840</b>	<b>\$111, 620</b>
<b>Median</b>	<b>\$193,868</b>	<b>\$191,699</b>	<b>\$171,887</b>

Notes:

(1) The number of Restaurants represents traditional Crooked Pint Ale House Restaurants open for the entire year for periods ended December 31, 2021, December 31, 2022, and December 31, 2023.

(2) “Sales” includes the total revenues and receipts from the sale of all products, services and merchandise sold in the restaurant whether under any of the Trademarks or otherwise, including any vending or similar activities in the restaurant or on its premises as well as all license and use fees. Sales excludes sales tax.

(3) \* This location had a fire and was only open for seven months.

**TABLE 2**  
**Average Cost of Goods – Food**

	<b>Year</b>	<b>Total Average Food Cost</b>	<b>Total Median Food Cost</b>
<b>Number of Restaurants</b>	2021	29.45%	29.60%
	2022	31.59%	32.50%
	2023	32.41%	33.58%
<b>Total:</b>	12 (2021) 13 (2022) 15 (2023)		

Notes:

(1) Food costs can vary greatly depending on your ability to maintain portion controls and manage regular inventory counts.

(2) The average food cost is shown as a percentage of gross sales.

(3) Food costs include the cost of food purchased and a credit of 28.5% of coupon redemptions.

**TABLE 3**  
**Average Cost of Goods – Beverages**

<b>Number of Restaurants</b>	<b>Year</b>	<b>Total Average Beverage Cost</b>	<b>Total Median Beverage Cost</b>
	2021	24.89%	25.09%
	2022	23.93%	25.15%
	2023	26.29%	27.32%
<b>Total:</b>	12 (2021) 13 (2022) 15 (2023)		

Notes:

- (1) Beverage costs can vary greatly depending on your ability to maintain portion controls and manage regular inventory counts.
- (2) The average beverage cost is shown as a percentage of gross sales.
- (3) Beverage costs include the cost of liquor, beer, wine, and all non-alcoholic beverages.

**TABLE 4**  
**Average Direct Labor**

<b>Number of Restaurants</b>	<b>Year</b>	<b>Total Average Labor Cost</b>	<b>Total Median Labor Cost</b>
	2021	30.38%	29.70%
	2022	33.25%	33.58%
	2023	35.80%	36.38%
<b>Total:</b>	12 (2021) 13 (2022) 15 (2023)		

Notes:

- (1) The average labor cost is shown as a percentage of gross sales.

(2) Does not include franchisee salary or draw, worker's compensation, insurance, payroll tax, or medical assistance. It does include manager salaries.

Additional Notes:

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

The information set forth above reflects only a limited number of expenses associated with the ongoing operations of a Crooked Pint Ale House Restaurant. You will incur many other types of expenses in operating a Crooked Pint Ale House Restaurant, among them being: (1) royalty fee; (2) advertising fee; (3) occupancy costs (rent, common area maintenance, tax and insurance due to landlord); (4) debt service, interest, bank charges and other finance charges; (5) insurance; (6) professional fees (accounting, payroll & legal services); and (7) operating costs (kitchen supplies, utilities, repair and maintenance, small wares, licenses & permits, credit card & gift card fees, laundry, telephone, office supplies and janitorial services).

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

Except as provided in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our CEO, Mr. Paul Dzubnar, 1342 Grand Avenue, St. Paul, Minnesota 55105 at (651) 203-3100, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20-OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
System-wide Outlet Summary for Years 2021 to 2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start Of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	13	14	+1
	2022	14	16	+2
	2023	14	15	+1
Company - Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	<b>2021</b>	<b>13</b>	<b>14</b>	<b>+1</b>
	<b>2022</b>	<b>14</b>	<b>16</b>	<b>+2</b>
	<b>2023</b>	<b>14</b>	<b>15</b>	<b>+1</b>

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

State	Year	Number of Transfers
Minnesota	2021	0
	2022	0
	2023	2
Total	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>2</b>

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

State <sup>2</sup>	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
AZ	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MN	2021	9	0	0	0	0	0	9
	2022	9	2	0	0	0	0	11
	2023	11	1	0	0	0	0	12
ND	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	2
SD	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
WI	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>Total</b>	<b>2021</b>	<b>13</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>
	<b>2022</b>	<b>14</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>
	<b>2023</b>	<b>16</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>17</b>

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

	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
--	------	------------------------------	----------------	------------------------------------	----------------	----------------------------	------------------------

Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
	0	0	0
Total	0	0	0

A list of our franchisees is disclosed in **Exhibit F**.

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

We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with the Crooked Pint Ale House franchise system. Likewise, we are not aware of any independent trademark specific franchisee organization, nor has any such organization asked to be included in this disclosure document.

**ITEM 21  
FINANCIAL STATEMENTS**

Our fiscal year ends on December 31. Attached as **Exhibit B** are our audited financial statements for the fiscal years ended December 31, 2021, 2022, and 2023.

**ITEM 22  
CONTRACTS**

This disclosure document includes a sample of the following contracts:

- Exhibit C** – Franchise Agreement
- Exhibit D** – Multi-Unit Development Agreement
- Exhibit E** – Confidential Disclosure Agreement and Receipt
- Exhibit G** – Form Release Agreement
- Exhibit I** – Third Party Supplier Agreements (Ingage I.T. and Restaurant 365)

**ITEM 23  
RECEIPTS**

Attached to this disclosure document as **Exhibit L** is a detachable acknowledgment of receipt.

**EXHIBIT A**

**LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS**

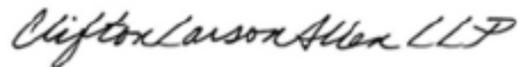
<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 <sup>th</sup> Floor Department 414 Bismarck, ND 58505-0510 (701) 328-2910	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 <sup>th</sup> Floor Department 414 Bismarck, ND 58505-0510
<b>SOUTH DAKOTA</b>	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501
<b>WISCONSIN</b>	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-04448	Wisconsin Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

**EXHIBIT B**  
**Financial Statements**

## **NDEPENDENT AUDITORS' ACKNOWLEDGMENT**

Crooked Pint, LLC  
St. Paul, Minnesota

We agree to the inclusion in the Franchise Disclosure Document dated May 29, 2024, issued by Crooked Pint, LLC ("Franchisor") of our report dated April 17, 2024 on our audit of the financial statements of Franchisor as of December 31, 2023 and 2022 and for the years then ended, and our report dated April 21, 2023 on our audit of the financial statements of Franchisor as of December 31, 2022 and 2021, and for the years then ended.



**CliftonLarsonAllen LLP**

Owatonna, Minnesota  
May 29, 2024

**CROOKED PINT, LLC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](http://CLAconnect.com)

**CROOKED PINT, LLC  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEETS</b>	<b>3</b>
<b>STATEMENTS OF OPERATIONS</b>	<b>4</b>
<b>STATEMENTS OF MEMBERS' EQUITY</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>



## INDEPENDENT AUDITORS' REPORT

Board of Governors  
Crooked Pint, LLC  
St. Paul, Minnesota

### ***Opinion***

We have audited the accompanying financial statements of Crooked Pint, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crooked Pint, LLC as of December 31, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crooked Pint, LLC 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 these 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 Crooked Pint, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Board of Governors  
Crooked Pint, LLC

***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 auditors' 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 Crooked Pint, LLC'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 Crooked Pint, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Owatonna, Minnesota  
April 17, 2024

**CROOKED PINT, LLC  
BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022**

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,216,134	\$ 1,218,284
Ad Council Assets	346,400	219,748
Accounts Receivable (Including Related Parties - See Note 3)	207,563	309,298
Due from Related Parties	87,842	135,778
Total Current Assets	1,857,939	1,883,108
Total Assets	\$ 1,857,939	\$ 1,883,108
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable - Trade	\$ 20,522	\$ 53,660
Ad Council Liabilities	346,400	219,748
License Fee Payable	102,228	70,855
Accrued Expenses	37,170	14,298
Current Portion of Deferred Franchise Fees	13,200	14,875
Total Current Liabilities	519,520	373,436
<b>DEFERRED FRANCHISE FEES</b>		
	175,337	189,120
Total Liabilities	694,857	562,556
<b>MEMBERS' EQUITY</b>		
Members' Units	200	200
Members' Equity	1,162,882	1,320,352
Total Members' Equity	1,163,082	1,320,552
Total Liabilities and Members' Equity	\$ 1,857,939	\$ 1,883,108

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>REVENUES</b>		
Royalty, Advertising, and Franchise Fees	\$ 1,506,521	\$ 1,458,420
Management Fee Income	94,747	92,918
Administrative Allowance	558,052	490,455
Total Revenues	2,159,320	2,041,793
<b>OPERATING EXPENSES</b>	2,053,190	1,472,071
<b>INCOME FROM OPERATIONS</b>	106,130	569,722
<b>OTHER INCOME (EXPENSE)</b>		
Interest Income	36,827	2,898
Other Income	(427)	50,450
Total Other Income	36,400	53,348
<b>NET INCOME</b>	\$ 142,530	\$ 623,070

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC  
STATEMENTS OF MEMBERS' EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Members' Units</u>	<u>Members' Equity</u>	<u>Total</u>
<b>BALANCE - DECEMBER 31, 2021</b>	\$ 200	\$ 1,247,282	\$ 1,247,482
Net Income	-	623,070	623,070
Distributions	-	<u>(550,000)</u>	<u>(550,000)</u>
<b>BALANCE - DECEMBER 31, 2022</b>	200	1,320,352	1,320,552
Net Income	-	142,530	142,530
Distributions	-	<u>(300,000)</u>	<u>(300,000)</u>
<b>BALANCE - DECEMBER 31, 2023</b>	<u>\$ 200</u>	<u>\$ 1,162,882</u>	<u>\$ 1,163,082</u>

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 142,530	\$ 623,070
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Current Assets:		
Accounts Receivable	101,735	105,994
Due from Related Parties	47,936	35,891
Other Receivables	-	16,550
Prepays	-	3,605
Increase (Decrease) in Current Liabilities:		
Accounts Payable - Trade	(33,138)	48,061
Accrued Expenses	22,872	6,652
Deferred Franchise Fees	15,915	55,397
Net Cash Provided by Operating Activities	297,850	895,220
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distributions	(300,000)	(550,000)
Net Cash Used by Financing Activities	(300,000)	(550,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,150)	345,220
Cash and Cash Equivalents - Beginning of Year	1,218,284	873,064
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,216,134	\$ 1,218,284

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Crooked Pint, LLC (the Company) is the owner of the Crooked Pint Ale House mark and has the exclusive right to sell Crooked Pint Ale House and related trademarked franchises. The Company has transactions with various entities who share common ownership. Significant related party transactions include revenue from franchised stores that share common ownership and payroll and management fees from other related entities. See Note 2 for all related party transactions.

**Adoption of New Accounting Standards**

At the beginning of 2023, the Company adopted FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Substantially all cash is deposited in one financial institution. At times, amounts on deposit may be in excess of the Federal Deposit Insurance Corporation insurance limit.

**Accounts Receivable**

The Company provides an allowance for credit losses using the allowance method. The allowance represents an estimate of expected credit losses based upon specific review of all significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing rates, based upon the age of the receivable, historical experience and current and expected future economic conditions. Services are sold on an unsecured basis. Payment is required up to 30 days after receipt of the invoice. Accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for credit losses was \$-0- at December 31, 2023 and 2022.

**Revenue Recognition**

Revenue from contracts with customers consist primarily of royalties, advertising fund contributions, and initial, transfer, and renewal franchise fees. Our performance obligations under franchise agreements consist of a) a franchise license, b) pre-opening services, such as training, and c) ongoing services, such as management of the advertising fund, development of training materials, and menu items and restaurant monitoring. These performance obligations are highly interrelated, so we do not consider them to be individually distinct and, therefore, account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the term of each franchise agreement.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Royalties, including franchisee contributions to the advertising fund, are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee prior to the restaurant opening or at the time of a renewal of an existing franchise agreement. Our franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, under ASC 606, initial, transfer, and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

The timing of revenue recognition, billings, and cash collections results in receivables and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and were \$207,563, \$309,298, and \$415,293 at December 31, 2023, 2022, and 2021, respectively. The Company receives advances from customers on franchise fees that exceed costs incurred and revenue earned to date, resulting in contract liabilities. Contract liabilities were \$188,537, \$203,995, and \$219,453 at December 31, 2023, 2022, and 2021, respectively.

Revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of each year was \$15,458.

The following table represents a disaggregation of revenue from contracts with customers:

	<u>2023</u>	<u>2022</u>
Royalties	\$ 1,076,635	\$ 1,109,011
Advertising Funds	414,428	333,951
Initial Franchise Fees	15,458	15,458

**Consideration from Vendors**

The Company has entered into food and beverage supply agreements with certain major vendors. Pursuant to the terms of the agreements, rebates are provided to the Company from the vendors based upon the dollar volume of purchases for franchised restaurants. These rebates are recognized throughout the year and are classified as other income on the statements of operations.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising Costs**

The Company administers the Crooked Pint Restaurants Advertising Fund (the Ad Fund) for which a percentage of gross sales is collected from Crooked Pint franchisees to be used for various forms of advertising for the Crooked Pint brand. The Company administers and directs the development of all advertising and promotion programs in the Ad Fund for which it collects advertising contributions, in accordance with the provisions of its franchise agreements. The Company has a contractual obligation with regard to these advertising contributions. The Company consolidates and reports all assets and liabilities of the Ad Fund as restricted assets of the Ad Fund and restricted liabilities of the Ad Fund within current assets and current liabilities, respectively in the balance sheets. The assets and liabilities of the Ad Fund consist primarily of cash, receivables, accrued expenses, and any cumulative surplus related to the Ad Fund. Pursuant to the Company's franchise agreements, use of Ad Fund contributions is restricted to advertising, public relations, merchandising, and administrative expenses to increase sales and further enhance the public reputation of the brand.

Ad Fund contributions and expenditures are reported on a gross basis in the statements of operations, which are largely offsetting and, therefore, do not impact our reported net income. The Company incurred advertising costs of \$145,660 and \$237,951 for the years ended December 31, 2023 and 2022, respectively.

**Income Taxes**

The Company, with the consent of its members, has elected to be taxed under sections of the federal and state income tax laws which provide that, in lieu of corporate income taxes, the Company's income, deductions, and credits are reported by its members. Accordingly, no provision is made for income taxes in the financial statements.

The Company has evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2023 and 2022.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 17, 2024, the date the financial statements were available to be issued.

**NOTE 2 RELATED PARTY TRANSACTIONS**

Service fees and management fees paid to Green Mill Restaurants, LLC, related through common ownership, were \$- and \$387,000 for the years ended December 31, 2023 and 2022, respectively.

The Company leases employees from entities related through common ownership. Amounts totaled \$968,255 and \$368,697 for the years ended December 31, 2023 and 2022, respectively.

The Company leases office space from entities related through common ownership. Amounts totaled \$32,400 and \$35,100 for the years ended December 31, 2023 and 2022, respectively.

At December 31, 2023 and 2022, the Company had accounts receivable from other entities related through common ownership totaling approximately \$159,000 and \$303,000, respectively. Royalties charged to these entities were \$193,000 for the years ended December 31, 2023 and 2022.

The Company forgave royalties totaling \$306,000 and \$188,000 from related entities during the year ended December 31, 2023 and 2022, respectively.

In addition to the amounts included in accounts receivable, the Company had amounts due from related parties of \$87,842 and \$135,778 at December 31, 2023 and 2022, respectively. These items are settled annually and do not bear interest.

Hightop Brands, LLC (a related party) holds the licensing rights that the Companies sell under the Crooked Pint franchise name. A licensing fee is paid upon receipt of a franchise fee based upon a predetermined schedule. The license holder also shares in royalties collected from the operating franchises in the form of a licensing fee also based on predetermined percentages. The companies incurred licensing fee expense of \$266,835 and \$277,580 for the years ended December 31, 2023 and 2022, respectively. License fees payable were \$102,228 and \$70,855 for the years ended December 31, 2023 and 2022, respectively.

The Company owed related parties for other payables totaling \$19,600 and \$44,000 at December 31, 2023 and 2022, respectively.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 3 EMPLOYEE RETENTION CREDIT**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The Company complied with the conditions of Employee Retention Credit (ERC), funding from the Federal Government in the amount of \$53,954 in compliance with the program.

Grants related to this program are classified as other income and other receivable until received. The Company recognized \$53,954 of other income related to performance requirements being met and costs being incurred in compliance with the program during the year ended December 31, 2022.

The Internal Revenue Service may review funding eligibility and usage of funds for compliance with the program requirements based on dollar thresholds and other factors. The amount of the liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAglobal.com/disclaimer](http://CLAglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' ACKNOWLEDGMENT

Crooked Pint, LLC  
St. Paul, Minnesota

We agree to the inclusion in the Franchise Disclosure Document dated April 21, 2023, issued by Crooked Pint, LLC ("Franchisor") of our report dated April 18, 2023 on our audit of the financial statements of Franchisor as of December 31, 2022 and 2021 and for the years then ended, and our report dated April 15, 2022 on our audit of the financial statements of Franchisor as of December 31, 2021 and 2020, and for the years then ended.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Owatonna, Minnesota  
April 21, 2023

**CROOKED PINT, LLC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://CLAconnect.com)

**CROOKED PINT, LLC  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEETS</b>	<b>3</b>
<b>STATEMENTS OF OPERATIONS</b>	<b>4</b>
<b>STATEMENTS OF MEMBERS' EQUITY</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>



## INDEPENDENT AUDITORS' REPORT

Board of Governors  
Crooked Pint, LLC  
St. Paul, Minnesota

### ***Opinion***

We have audited the accompanying financial statements of Crooked Pint, LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crooked Pint, LLC as of December 31, 2022 and 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crooked Pint, LLC 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 these 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 Crooked Pint, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

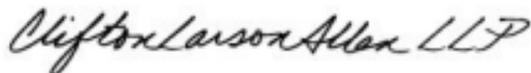
***Auditors' Responsibilities for the Audit of the Financial Statements***

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 auditors' 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 Crooked Pint, LLC'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 Crooked Pint, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.



**CliftonLarsonAllen LLP**

Owatonna, Minnesota  
April 18, 2023

**CROOKED PINT, LLC  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,218,284	\$ 873,064
Ad Council Assets	219,748	274,499
Accounts Receivable (Including Related Parties - See Note 3)	309,298	415,293
Due from Related Parties	135,778	171,669
Other Receivables	-	16,550
Prepaid Expenses	-	3,605
Total Current Assets	<u>1,883,108</u>	<u>1,754,680</u>
Total Assets	<u>\$ 1,883,108</u>	<u>\$ 1,754,680</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable - Trade	\$ 53,660	\$ 5,599
Ad Council Liabilities	219,748	274,499
License Fee Payable	70,855	-
Accrued Expenses	14,298	7,646
Current Portion of Deferred Franchise Fees	13,200	14,875
Total Current Liabilities	<u>371,761</u>	<u>302,619</u>
<b>DEFERRED FRANCHISE FEES</b>	<u>190,795</u>	<u>204,578</u>
Total Liabilities	562,556	507,197
<b>MEMBERS' EQUITY</b>		
Members' Units	200	200
Members' Equity	<u>1,320,352</u>	<u>1,247,283</u>
Total Members' Equity	<u>1,320,552</u>	<u>1,247,483</u>
Total Liabilities and Members' Equity	<u>\$ 1,883,108</u>	<u>\$ 1,754,680</u>

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Royalty, Advertising, and Franchise Fees	\$ 1,458,420	\$ 1,163,015
Management Fee Income	92,918	99,653
Administrative Allowance	490,455	401,363
Total Revenues	<u>2,041,793</u>	<u>1,664,031</u>
<b>OPERATING EXPENSES</b>	<u>1,472,071</u>	<u>923,928</u>
<b>INCOME FROM OPERATIONS</b>	569,722	740,103
<b>OTHER INCOME (EXPENSE)</b>		
Interest Expense	-	-
Interest Income	2,898	84
Other Income	50,450	235,870
Total Other Income	<u>53,348</u>	<u>235,954</u>
<b>NET INCOME</b>	<u>\$ 623,070</u>	<u>\$ 976,057</u>

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC  
STATEMENTS OF MEMBERS' EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Members' Units</u>	<u>Members' Equity</u>	<u>Total</u>
<b>BALANCE - DECEMBER 31, 2020</b>	\$ 200	\$ 271,226	\$ 271,426
Net Income	-	976,057	976,057
Distributions	-	-	-
<b>BALANCE - DECEMBER 31, 2021</b>	200	1,247,283	1,247,483
Net Income	-	623,070	623,070
Distributions	-	(550,000)	(550,000)
<b>BALANCE - DECEMBER 31, 2022</b>	<u>\$ 200</u>	<u>\$ 1,320,353</u>	<u>\$ 1,320,553</u>

*See accompanying Notes to Financial Statements.*

**CROOKED PINT, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 623,070	\$ 976,057
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Paycheck Protection Program Loan Forgiveness	-	(196,800)
(Increase) Decrease in Current Assets:		
Accounts Receivable	105,995	(237,918)
Due from Related Parties	35,891	(80,590)
Other Receivables	16,550	6,827
Prepays	3,605	(1,242)
Increase (Decrease) in Current Liabilities:		
Accounts Payable - Trade	48,061	(127,293)
Accrued Expenses	6,652	1,515
Deferred Franchise Fees	55,397	30,125
Net Cash Provided by Operating Activities	<u>895,221</u>	<u>370,681</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Debt	-	-
Proceeds from Payroll Protection Program Loans	-	114,800
Distributions	(550,000)	-
Net Cash Used by Financing Activities	<u>(550,000)</u>	<u>114,800</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	345,221	485,481
Cash and Cash Equivalents - Beginning of Year	<u>873,064</u>	<u>387,583</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,218,285</u>	<u>\$ 873,064</u>

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Crooked Pint, LLC (the Company) is the owner of the Crooked Pint Ale House mark and has the exclusive right to sell Crooked Pint Ale House and related trademarked franchises. The Company has transactions with various entities who share common ownership. Significant related party transactions include revenue from franchised stores that share common ownership and payroll and management fees from other related entities. See Note 3 for all related party transactions.

**Adoption of New Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company has elected to adopt the package of practical expedients available in the year of adoption. The Company has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets.

The standard had no material impact on the balance sheets, income statements, or statements of cash flows.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Substantially all cash is deposited in one financial institution. At times, amounts on deposit may be in excess of the Federal Deposit Insurance Corporation insurance limit.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

The Company provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Services are sold on an unsecured basis. Payment is required up to 30 days after receipt of the invoice. Accounts past due more than 90 days are individually analyzed for collectibility. An allowance is provided for accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for bad debts was \$-0- at December 31, 2022 and 2021.

**Revenue Recognition**

Revenue from contracts with customers consist primarily of royalties, advertising fund contributions, and initial, transfer, and renewal franchise fees. Our performance obligations under franchise agreements consist of a) a franchise license, b) pre-opening services, such as training, and c) ongoing services, such as management of the advertising fund, development of training materials, and menu items and restaurant monitoring. These performance obligations are highly interrelated, so we do not consider them to be individually distinct and, therefore, account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the term of each franchise agreement.

Royalties, including franchisee contributions to the advertising fund, are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee prior to the restaurant opening or at the time of a renewal of an existing franchise agreement. Our franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, under ASC 606, initial, transfer, and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

The timing of revenue recognition, billings, and cash collections results in receivables and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and were \$309,298, \$415,293, and \$177,375 at December 31, 2022, 2021, and 2020, respectively. The Company receives advances from customers on franchise fees that exceed costs incurred and revenue earned to date, resulting in contract liabilities. Contract liabilities were \$203,995, \$219,453, and \$189,328 at December 31, 2022, 2021, and 2020, respectively.

The following table represents a disaggregation of revenue from contracts with customers:

	<u>2022</u>	<u>2021</u>
Royalties	\$ 1,109,011	\$ 863,401
Advertising Funds	333,951	284,739
Initial Franchise Fees	15,458	14,875

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Consideration from Vendors**

The Company has entered into food and beverage supply agreements with certain major vendors. Pursuant to the terms of the agreements, rebates are provided to the Company from the vendors based upon the dollar volume of purchases for franchised restaurants. These rebates are recognized throughout the year and are classified as other income on the statements of operations.

**Advertising Costs**

The Company administers the Crooked Pint Restaurants Advertising Fund (the Ad Fund) for which a percentage of gross sales is collected from Crooked Pint franchisees to be used for various forms of advertising for the Crooked Pint brand. The Company administers and directs the development of all advertising and promotion programs in the Ad Fund for which it collects advertising contributions, in accordance with the provisions of its franchise agreements. The Company has a contractual obligation with regard to these advertising contributions. The Company consolidates and reports all assets and liabilities of the Ad Fund as restricted assets of the Ad Fund and restricted liabilities of the Ad Fund within current assets and current liabilities, respectively in the balance sheets. The assets and liabilities of the Ad Fund consist primarily of cash, receivables, accrued expenses, and any cumulative surplus related to the Ad Fund. Pursuant to the Company's franchise agreements, use of Ad Fund contributions is restricted to advertising, public relations, merchandising, and administrative expenses to increase sales and further enhance the public reputation of the brand.

Ad Fund contributions and expenditures are reported on a gross basis in the statements of operations, which are largely offsetting and, therefore, do not impact our reported net income. The Company incurred advertising costs of \$237,951 and \$284,740 for the years ended December 31, 2022 and 2021, respectively.

**Income Taxes**

The Company, with the consent of its members, has elected to be taxed under sections of the federal and state income tax laws which provide that, in lieu of corporate income taxes, the Company's income, deductions, and credits are reported by its members. Accordingly, no provision is made for income taxes in the financial statements.

The Company has evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2022 and 2021.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 18, 2023, the date the financial statements were available to be issued.

**NOTE 2 LONG-TERM DEBT**

On April 16, 2020, the Company received a first draw loan from a bank in the amount of \$82,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). On January 16, 2021, the Company received a second draw loan from a bank in the amount of \$114,800 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loans bear interest at a fixed rate of 1.0% per annum and are unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest was deferred until the date on which the amount of forgiveness is remitted to the SBA to the lender or, if the Company failed to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts subject to forgiveness based on compliance with program requirements and approval by the SBA.

The Company is following ASC 470, *Debt*, to account for the initial receipts related to the PPP loans. On March 17, 2021, the SBA processed the Company's first draw PPP loan forgiveness application and notified the bank the PPP Loan qualified for full forgiveness on the 2020 PPP Loan. Loan proceeds were received by the bank from the SBA on this date. On December 17, 2021, the SBA processed the Company's second draw PPP Loan forgiveness application and notified the bank the PPP Loan qualified for full forgiveness on the 2021 PPP Loan. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Company was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in other income during the years ended December 31, 2021 and 2020, respectively.

The SBA may review funding eligibility and usage of funds for compliance with the program requirements based on dollar thresholds and other factors. The amount of the liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 3 RELATED PARTY TRANSACTIONS**

Service fees and management fees paid to Green Mill Restaurants, LLC, related through common ownership, were \$387,000 and \$89,250 for the years ended December 31, 2022 and 2021, respectively.

The Company leases employees from entities related through common ownership. Amounts totaled \$368,697 and \$388,416 for the years ended December 31, 2022 and 2021, respectively.

The Company leases office space from entities related through common ownership. Amounts totaled \$35,100 and \$32,400 for the years ended December 31, 2022 and 2021, respectively.

At December 31, 2022 and 2021, the Company had accounts receivable from other entities related through common ownership totaling approximately \$303,000 and \$370,000, respectively. Royalties charged to these entities were \$193,000 and \$261,000 for the years ended December 31, 2022 and 2021, respectively.

The Company forgave royalties totaling \$188,000 from related entities during the year ended December 31, 2022.

In addition to the amounts included in accounts receivable, the Company had amounts due from related parties of \$135,778 and \$171,669 at December 31, 2022 and 2021, respectively. These items are settled annually and do not bear interest.

Hightop Brands, LLC (a related party) holds the licensing rights that the Companies sell under the Crooked Pint franchise name. A licensing fee is paid upon receipt of a franchise fee based upon a predetermined schedule. The license holder also shares in royalties collected from the operating franchises in the form of a licensing fee also based on predetermined percentages. The companies incurred licensing fee expense of \$277,580 and \$-0- for the years ended December 31, 2022 and 2021, respectively.

The Company owed related parties \$121,000 at December 31, 2022.

**NOTE 4 EMPLOYEE RETENTION CREDIT**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The Company complied with the conditions of Employee Retention Credit (ERC), funding from the Federal Government in the amount of \$53,954 and \$39,330 in compliance with the program.

Grants related to this program are classified as other income and other receivable until received. The Company recognized \$53,954 and \$39,330 of other income related to performance requirements being met and costs being incurred in compliance with the program during the years ended December 31, 2022 and 2021, respectively.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 4 EMPLOYEE RETENTION CREDIT (CONTINUED)**

The Internal Revenue Service may review funding eligibility and usage of funds for compliance with the program requirements based on dollar thresholds and other factors. The amount of the liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAglobal.com/disclaimer](http://CLAglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' ACKNOWLEDGMENT

Crooked Pint, LLC  
St. Paul, Minnesota

We agree to the inclusion in the Franchise Disclosure Document dated June 16, 2022, issued by Crooked Pint, LLC ("Franchisor") of our report dated April 15, 2022 on our audit of the financial statements of Franchisor as of December 31, 2021 and 2020 and for the years then ended, and our report dated March 5, 2021 on our audit of the financial statements of Franchisor as of December 31, 2020 and 2019, and for the years then ended.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Owatonna, Minnesota  
June 22, 2022



CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details.

**CROOKED PINT, LLC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](http://CLAconnect.com)

**CROOKED PINT, LLC  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEETS</b>	<b>3</b>
<b>STATEMENTS OF OPERATIONS</b>	<b>4</b>
<b>STATEMENTS OF MEMBERS' EQUITY</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>



## INDEPENDENT AUDITORS' REPORT

Board of Governors  
Crooked Pint, LLC  
St. Paul, Minnesota

### ***Opinion***

We have audited the accompanying financial statements of Crooked Pint, LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crooked Pint, LLC as of December 31, 2021 and 2020, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crooked Pint, LLC 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 these 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 Crooked Pint, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

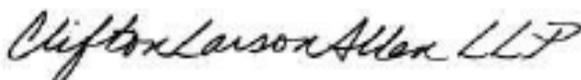
***Auditors' Responsibilities for the Audit of the Financial Statements***

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 auditors' 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 Crooked Pint, LLC'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 Crooked Pint, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.



**CliftonLarsonAllen LLP**

Owatonna, Minnesota  
April 15, 2022

**CROOKED PINT, LLC  
BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 873,064	\$ 387,583
Ad Council Assets	274,499	124,609
Accounts Receivable (Including Related Parties - See Note 3)	415,293	177,375
Due from Related Parties	171,669	91,079
Other Receivables	16,550	23,377
Prepaid Expenses	3,605	2,363
Total Current Assets	1,754,680	806,386
Total Assets	\$ 1,754,680	\$ 806,386
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable - Trade	\$ 5,599	\$ 132,892
Ad Council Liabilities	274,499	124,609
Accrued Expenses	7,646	6,131
Current Portion of Deferred Franchise Fees	13,200	14,875
Total Current Liabilities	300,944	278,507
<b>LONG-TERM DEBT</b> (Less Current Portion)	-	82,000
<b>DEFERRED FRANCHISE FEES</b>	206,253	174,453
Total Liabilities	507,197	534,960
<b>MEMBERS' EQUITY</b>		
Members' Units	200	200
Members' Equity	1,247,283	271,226
Total Members' Equity	1,247,483	271,426
Total Liabilities and Members' Equity	\$ 1,754,680	\$ 806,386

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>REVENUES</b>		
Royalty, Advertising, and Franchise Fees	\$ 1,163,015	\$ 793,941
Management Fee Income	99,653	65,249
Administrative Allowance	401,363	251,587
Total Revenues	1,664,031	1,110,777
<b>OPERATING EXPENSES</b>	923,928	937,323
<b>INCOME FROM OPERATIONS</b>	740,103	173,454
<b>OTHER INCOME (EXPENSE)</b>		
Interest Expense	-	(121)
Interest Income	84	400
Other Income	235,870	38,008
Total Other Income	235,954	38,287
<b>NET INCOME</b>	\$ 976,057	\$ 211,741

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**STATEMENTS OF MEMBERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>Members'</u> <u>Units</u>	<u>Members'</u> <u>Equity</u>	<u>Total</u>
<b>BALANCE - DECEMBER 31, 2019</b>	\$ 200	\$ 259,485	\$ 259,685
Net Income	-	211,741	211,741
Distributions	-	(200,000)	(200,000)
<b>BALANCE - DECEMBER 31, 2020</b>	200	271,226	271,426
Net Income	-	976,057	976,057
Distributions	-	-	-
<b>BALANCE - DECEMBER 31, 2021</b>	<u>\$ 200</u>	<u>\$ 1,247,283</u>	<u>\$ 1,247,483</u>

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 976,057	\$ 211,741
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Paycheck Protection Program Loan Forgiveness	(196,800)	-
(Increase) Decrease in Current Assets:		
Accounts Receivable	(237,918)	(25,821)
Due From Related Parties	(80,590)	(56,540)
Other Receivables	6,827	(16,423)
Prepays	(1,242)	4,545
Increase (Decrease) in Current Liabilities:		
Accounts Payable - Trade	(127,293)	129,104
Accrued Expenses	1,515	(15,484)
Deferred Franchise Fees	30,125	(35,019)
Net Cash Provided by Operating Activities	370,681	196,103
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Debt	-	(8,017)
Proceeds from Payroll Protection Program Loans	114,800	82,000
Distributions	-	(200,000)
Net Cash Provided (Used) by Financing Activities	114,800	(126,017)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	485,481	70,086
Cash and Cash Equivalents - Beginning of Year	387,583	317,497
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 873,064	\$ 387,583

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Crooked Pint, LLC (the Company) is the owner of the Crooked Pint Ale House mark and has the exclusive right to sell Crooked Pint Ale House and related trademarked franchises. The Company has transactions with various entities who share common ownership. Significant related party transactions include revenue from franchised stores that share common ownership and payroll and management fees from other related entities. See Note 3 for all related party transactions.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Substantially all cash is deposited in one financial institution. At times, amounts on deposit may be in excess of the Federal Deposit Insurance Corporation insurance limit.

**Accounts Receivable**

The Company provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Services are sold on an unsecured basis. Payment is required up to 30 days after receipt of the invoice. Accounts past due more than 90 days are individually analyzed for collectibility. An allowance is provided for accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for bad debts was \$-0- at December 31, 2021 and 2020.

**Revenue Recognition**

Revenue from contracts with customers consist primarily of royalties, advertising fund contributions, and initial, transfer and renewal franchise fees. Our performance obligations under franchise agreements consist of a) a franchise license, b) pre-opening services, such as training, and c) ongoing services, such as management of the advertising fund, development of training materials and menu items and restaurant monitoring. These performance obligations are highly interrelated so we do not consider them to be individually distinct and, therefore, account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the term of each franchise agreement.

Royalties, including franchisee contributions to the advertising fund, are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee prior to the restaurant opening or at the time of a renewal of an existing franchise agreement. Our franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, under ASC 606, initial, transfer and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

The following table represents a disaggregation of revenue from contracts with customers:

	<u>2021</u>	<u>2020</u>
Royalties	\$ 863,401	\$ 551,953
Advertising Funds	284,739	206,969
Initial Franchise Fees	14,875	35,019

**Consideration from Vendors**

The Company has entered into food and beverage supply agreements with certain major vendors. Pursuant to the terms of the agreements, rebates are provided to the Company from the vendors based upon the dollar volume of purchases for franchised restaurants. These rebates are recognized throughout the year and are classified as other income on the statements of operations.

**Advertising Costs**

The Company administers the Crooked Pint Restaurants Advertising Fund (the Ad Fund) for which a percentage of gross sales is collected from Crooked Pint franchisees to be used for various forms of advertising for the Crooked Pint brand. The Company administers and directs the development of all advertising and promotion programs in the Ad Fund for which it collects advertising contributions, in accordance with the provisions of its franchise agreements. The Company has a contractual obligation with regard to these advertising contributions. The Company consolidates and reports all assets and liabilities of the Ad Fund as restricted assets of the Ad Fund and restricted liabilities of the Ad Fund within current assets and current liabilities, respectively in the balance sheets. The assets and liabilities of the Ad Fund consist primarily of cash, receivables, accrued expenses, and any cumulative surplus related to the Ad Fund. Pursuant to the Company's franchise agreements, use of Ad Fund contributions is restricted to advertising, public relations, merchandising, and administrative expenses to increase sales and further enhance the public reputation of the brand.

Ad Fund contributions and expenditures are reported on a gross basis in the statements of operations, which are largely offsetting and, therefore, do not impact our reported net income. The Company incurred advertising costs of \$284,740 and \$206,969 for the years ended December 31, 2021 and 2020, respectively.

**Income Taxes**

The Company, with the consent of its members, has elected to be taxed under sections of the federal and state income tax laws which provide that, in lieu of corporate income taxes, the Company's income, deductions, and credits are reported by its members. Accordingly, no provision is made for income taxes in the financial statements.

The Company has evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2021 and 2020.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 15, 2022, the date the financial statements were available to be issued.

**NOTE 2 LONG-TERM DEBT**

On April 16, 2020, the Company received a first draw loan from a bank in the amount of \$82,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). On January 16, 2021, the Company received a second draw loan from a bank in the amount of \$114,800 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loans bear interest at a fixed rate of 1.0% per annum and are unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest was deferred until the date on which the amount of forgiveness is remitted to the SBA to the lender or, if the Company failed to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts subject to forgiveness based on compliance with program requirements and approval by the SBA.

The Company is following ASC 470, *Debt*, to account for the initial receipts related to the PPP loans. On March 17, 2021, the SBA processed the Company's first draw PPP loan forgiveness application and notified the bank the PPP Loan qualified for full forgiveness on the 2020 PPP Loan. Loan proceeds were received by the bank from the SBA on this date. On December 17, 2021, the SBA processed the Company's second draw PPP Loan forgiveness application, and notified the bank the PPP Loan qualified for full forgiveness on the 2021 PPP Loan. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Company was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in other income during the years ended December 31, 2021 and 2020, respectively.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2 LONG-TERM DEBT (CONTINUED)**

The SBA may review funding eligibility and usage of funds for compliance with the program requirements based on dollar thresholds and other factors. The amount of the liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

**NOTE 3 RELATED PARTY TRANSACTIONS**

Service fees and management fees paid to Green Mill Restaurants, LLC, related through common ownership, were \$89,250 and \$178,000 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2020, \$120,000 of this was included in accounts payable.

The Company leases employees from entities related through common ownership. Amounts totaled \$388,416 and \$410,023 for the years ended December 31, 2021 and 2020, respectively.

The Company leases office space from entities related through common ownership. Amounts totaled \$32,400 for the years ended December 31, 2021 and 2020.

At December 31, 2021 and 2020, the Company had accounts receivable from other entities related through common ownership totaling approximately \$370,000 and \$130,000, respectively. Royalties charged to these entities were \$261,000 and \$205,000 for the years ended December 31, 2021 and 2020, respectively.

In addition to the amounts included in accounts receivable, the Company had amounts due from related parties of \$171,669 and \$91,079 at December 31, 2021 and 2020, respectively. These items are settled annually and do not bear interest.

**NOTE 4 RECENT ACCOUNTING PRONOUNCEMENTS**

**Lease Accounting**

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the entity's financial statements.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 5 RISKS AND UNCERTAINTIES**

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 may impact various parts of its 2021 operations and financial results, including the ability to collect royalties from franchises that are facing uncertainties. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.



Board of Governors  
Crooked Pint, LLC  
St. Paul, Minnesota

We have audited the financial statements of Crooked Pint, LLC, (the Company) for the years ended December 31, 2021, and have issued our report thereon dated April 15, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### **Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Crooked Pint, LLC are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### **Accounting estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

##### **Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Significant unusual transactions***

We identified no significant unusual transactions.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated April 15, 2022.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. We were informed by management that there were no consultations with other accountants.

***Other information in documents containing audited financial statements***

Other information is being included in documents containing the audited financial statements and the auditors' report thereon. Our responsibility for such other information does not extend beyond the financial information identified in our auditors' report. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in such documents. As required by professional standards, we read the Franchise Disclosure Document (the other information) in order to identify material inconsistencies between the audited financial statements and the other information. We did not identify any material inconsistencies between the other information and the audited financial statements.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

This information is intended solely for the use of the members and management of Crooked Pint, LLC, and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Owatonna, Minnesota  
April 15, 2022



Board of Governors  
Crooked Pint, LLC  
St. Paul, Minnesota

In planning and performing our audit of the financial statements of Crooked Pint, LLC (the Company) as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. The following material weakness was identified and communicated in the prior year; remedial action has not yet been taken:

#### **Oversight of the financial reporting process**

The board of directors and management share the ultimate responsibility for the Company's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The Company engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the Company's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the Company has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are completed accurately. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and the knowledge of the Company's activities and operations.

**Oversight of the financial reporting process (continued)**

The Company's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the Company's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The following significant deficiencies were identified and communicated in the prior year; remedial action has not yet been taken:

**Lack of segregation of duties**

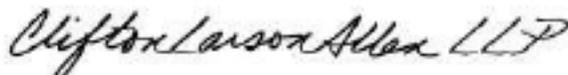
A limited number of people have the primary responsibility for the accounting and financial duties. As a result, some of those aspects of internal accounting controls which rely on an adequate segregation of duties are, for practical purposes, missing. This condition increases the possibility that errors or irregularities may occur and not be detected on a timely basis. We recognize that the Company is not large enough to make the employment of additional persons for the purpose of segregation of duties practicable from a financial standpoint, but we are required, under our professional responsibilities, to call the situation to your attention. We also recognize that the need for additional segregation of duties in certain areas would not necessarily result in more effective controls as the involvement of the owners in the day-to-day operation of the Company currently provides a control feature.

**Journal entry review**

Presently there is no formal review/approval process of journal entries in place, and as a result an unusual or improper journal entry could be posted and not be detected. We recommend that a formal review/approval process by a designated member of management be implemented for all journal entries. All entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals. In addition, all journal entries should be accompanied by full explanation and by reference to adequate supporting data.

\*\*\*

This communication is intended solely for the information and use of management, its members, and others within the Company, and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Owatonna, Minnesota  
April 15, 2022

**CROOKED PINT, LLC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**S**

**CROOKED PINT, LLC  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEETS</b>	<b>3</b>
<b>STATEMENTS OF OPERATIONS</b>	<b>4</b>
<b>STATEMENTS OF MEMBERS' EQUITY</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>



## INDEPENDENT AUDITORS' REPORT

Board of Governors  
Crooked Pint, LLC  
St. Paul, Minnesota

We have audited the accompanying financial statements of Crooked Pint, LLC, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

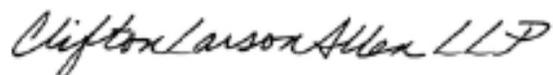
***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crooked Pint, LLC, as of December 31, 2020 and 2019, 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.

***Emphasis of Matter***

***Change in Accounting Principle***

As discussed in Note 1 to the consolidated financial statements, in 2019 the Company adopted new accounting guidance for recognizing revenue from contracts with customers. Our opinion is not modified with respect to that matter.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
March 5, 2021

**CROOKED PINT, LLC  
BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 387,583	\$ 317,497
Ad Council Assets	124,609	100,214
Accounts Receivable	177,375	151,554
Other Receivables	114,456	41,493
Prepaid Expenses	2,363	6,908
Total Current Assets	806,386	617,666
Total Assets	\$ 806,386	\$ 617,666
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable - Trade	\$ 132,892	\$ 3,788
Ad Council Liabilities	124,609	100,214
Accrued Expenses	6,131	21,615
Current Portion of Deferred Franchise Fees	14,875	16,833
Current Portion of Long-Term Debt	-	8,017
Total Current Liabilities	278,507	150,467
<b>LONG-TERM DEBT</b> (Less Current Portion)	82,000	-
<b>DEFERRED FRANCHISE FEES</b>	174,453	207,514
Total Liabilities	534,960	357,981
<b>MEMBERS' EQUITY</b>		
Members' Units	200	200
Members' Equity	271,226	259,485
Total Members' Equity	271,426	259,685
Total Liabilities and Members' Equity	\$ 806,386	\$ 617,666

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Royalty, Advertising, and Franchise Fees	\$ 793,941	\$ 1,308,380
Management Fee Income	65,249	104,020
Other Income	<u>251,587</u>	<u>437,376</u>
Total Revenues	1,110,777	1,849,776
<b>OPERATING EXPENSES</b>	<u>898,915</u>	<u>1,386,382</u>
<b>INCOME FROM OPERATIONS</b>	211,862	463,394
<b>INTEREST EXPENSE</b>	<u>121</u>	<u>686</u>
<b>NET INCOME</b>	<u>\$ 211,741</u>	<u>\$ 462,708</u>

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**STATEMENTS OF MEMBERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Members' Units	Members' Equity	Total
<b>BALANCE - DECEMBER 31, 2018</b>	\$ 200	\$ 466,458	\$ 466,658
Change in Accounting Principle - Note 1	-	(194,681)	(194,681)
Net Income	-	462,708	462,708
Distributions	-	(475,000)	(475,000)
<b>BALANCE - DECEMBER 31, 2019</b>	200	259,485	259,685
Net Income	-	211,741	211,741
Distributions	-	(200,000)	(200,000)
<b>BALANCE - DECEMBER 31, 2020</b>	<u>\$ 200</u>	<u>\$ 271,226</u>	<u>\$ 271,426</u>

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 211,741	\$ 462,708
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
(Increase) Decrease in Current Assets:		
Accounts Receivable	(25,821)	46,332
Other Receivables	(72,963)	(5,260)
Prepays	4,545	(5,758)
Increase (Decrease) in Current Liabilities:		
Accounts Payable - Trade	129,104	(6,360)
Accrued Expenses	(15,484)	11,380
Deferred Franchise Fees	(35,019)	29,666
Net Cash Provided by Operating Activities	196,103	532,708
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Debt	(8,017)	(13,262)
Proceed from Issuance of Long-Term Debt	82,000	-
Distributions	(200,000)	(475,000)
Net Cash Used by Financing Activities	(126,017)	(488,262)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	70,086	44,446
Cash and Cash Equivalents - Beginning of Year	317,497	273,051
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 387,583	\$ 317,497

See accompanying Notes to Financial Statements.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Crooked Pint, LLC (the Company) is the owner of the Crooked Pint Ale House mark and has the exclusive right to sell Crooked Pint Ale House and related trademarked franchises.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Substantially all cash is deposited in one financial institution. At times, amounts on deposit may be in excess of the Federal Deposit Insurance Corporation insurance limit.

**Accounts Receivable**

The Company provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Services are sold on an unsecured basis. Payment is required up to 30 days after receipt of the invoice. Accounts past due more than 90 days are individually analyzed for collectibility. An allowance is provided for accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for bad debts was \$-0- at December 31, 2020 and 2019. Accounts receivable as of December 31, 2018 was \$197,886.

**Revenue Recognition**

Revenue from contracts with customers consist primarily of royalties, advertising fund contributions, and initial, transfer and renewal franchise fees. Our performance obligations under franchise agreements consist of a) a franchise license, b) pre-opening services, such as training, and c) ongoing services, such as management of the advertising fund, development of training materials and menu items and restaurant monitoring. These performance obligations are highly interrelated so we do not consider them to be individually distinct and, therefore, account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the term of each franchise agreement.

Royalties, including franchisee contributions to the advertising fund, are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee prior to the restaurant opening or at the time of a renewal of an existing franchise agreement. Our franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, under ASC 606, initial, transfer and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

The following table represents a disaggregation of revenue from contracts with customers:

	<u>2020</u>	<u>2019</u>
Royalties	\$ 551,953	\$ 866,899
Advertising Funds	206,969	426,148
Initial Franchise Fees	35,019	15,333

**Consideration from Vendors**

The Company has entered into food and beverage supply agreements with certain major vendors. Pursuant to the terms of the agreements, rebates are provided to the Company from the vendors based upon the dollar volume of purchases for franchised restaurants. These rebates are recognized throughout the year and are classified as other income on the statements of operations.

**Advertising Costs**

The Company administers the Crooked Pint Restaurants Advertising Fund (the Ad Fund) for which a percentage of gross sales is collected from Crooked Pint franchisees to be used for various forms of advertising for the Crooked Pint brand. The Company administers and directs the development of all advertising and promotion programs in the Ad Fund for which it collects advertising contributions, in accordance with the provisions of its franchise agreements. The Company has a contractual obligation with regard to these advertising contributions. The Company consolidates and reports all assets and liabilities of the Ad Fund as restricted assets of the Ad Fund and restricted liabilities of the Ad Fund within current assets and current liabilities, respectively in the balance sheets. The assets and liabilities of the Ad Fund consist primarily of cash, receivables, accrued expenses, and any cumulative surplus related to the Ad Fund. Pursuant to the Company's franchise agreements, use of Ad Fund contributions is restricted to advertising, public relations, merchandising, and administrative expenses to increase sales and further enhance the public reputation of the brand.

Ad Fund contributions and expenditures are reported on a gross basis in the statement of operations, which are largely offsetting and, therefore, do not impact our reported net income. The Company incurred advertising costs of \$206,969 and \$426,148 for the years ended December 31, 2020 and 2019, respectively.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Company, with the consent of its members, has elected to be taxed under sections of the federal and state income tax laws which provide that, in lieu of corporate income taxes, the Company's income, deductions, and credits are reported by its members. Accordingly, no provision is made for income taxes in the financial statements.

The Company has evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2020 and 2019.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 5, 2021, the date the financial statements were available to be issued.

**Change in Accounting Principle**

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). ASC 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Company adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. The impact of ASC 606 resulted in a change in recognizing revenue for initial, transfer and renewal franchise fees from upfront recognition to over the term of the agreement. As a result, the Company recorded a cumulative adjustment to retained earnings as of January 1, 2019, to reflect the impact of the new guidance, which resulted in a decrease to opening retained earnings of \$194,681 which corresponded to the deferred franchise fees at December 31, 2018. The Company also changed its policy for reporting advertising fund contributions and expenses on the net method to the gross method. The balance at December 31, 2018 was \$104,823 for ad council assets and liabilities.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle (Continued)**

The modified retrospective method of transition requires the Company to disclose the effect of applying the new guidance on each item included in the 2019 financial statements. Following are the line items from the balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	<u>Prior to Adoption of ASC 606</u>	<u>Impact from Adopting ASC 606</u>	<u>As Reported Under ASC 606</u>
<u>Liabilities</u>			
Deferred Franchise Fees	\$ -	\$ 224,347	\$ 224,347
<u>Equity</u>			
Retained Earnings	483,833	(224,348)	259,485

The following are the line items from the consolidated statement of operations for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	<u>Prior to Adoption of ASC 606</u>	<u>Impact from Adopting ASC 606</u>	<u>As Reported Under ASC 606</u>
<u>Revenue</u>			
Royalty, Advertising, and Franchise Fees	\$ 911,899	\$ 396,481	\$ 1,308,380
<u>Expenses</u>			
Operating Expenses	960,234	426,148	1,386,382
Net Income	492,375	(29,667)	462,708
<u>Cash Flow</u>			
Cash Flow from Operating Activities	503,042	29,666	532,708

**NOTE 2 LONG-TERM DEBT**

The Company had a note payable to a related party, which matured in July 2020. The balance on the note payable as of December 31, 2020 and 2019 was \$-0- and \$8,017, respectively.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 LONG-TERM DEBT (CONTINUED)**

On April 16, 2020, the Company received a loan from Pioneer Bank in the amount of \$82,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 11, 2020 to October 1, 2020, is the time that a business has to spend their PPP Loan funds. The note was forgiven in 2021.

**NOTE 3 RELATED PARTY TRANSACTIONS**

Service fees and management fees paid to Green Mill Restaurants, LLC, related through common ownership, were \$178,000 and \$108,000 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020, \$120,000 of this was included in accounts payable.

The Company leases employees from entities related through common ownership. Amounts totaled \$410,023 and \$645,627 for the years ended December 31, 2020 and 2019, respectively.

The Company leases office space from entities related through common ownership. Amounts totaled \$32,400 and \$24,000 for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, the Company had receivables from other entities related through common ownership totaling approximately \$221,000 and \$143,000, respectively. Royalties charged to these entities were \$205,000 and \$99,000 for the years ended December 31, 2020 and 2019, respectively.

The note payable disclosed in Note 2 is to a Company related through common ownership.

**CROOKED PINT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4 RECENT ACCOUNTING PRONOUNCEMENTS**

**Lease Accounting**

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the entity's financial statements.

**NOTE 5 RISKS AND UNCERTAINTIES**

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 may impact various parts of its 2021 operations and financial results, including the ability to collect royalties from franchises that are facing uncertainties. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Subsequent to year-end, the Company received a loan of \$114,800 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

# Crooked Pint, LLC

Profit and Loss  
January - March, 2022

	TOTAL
Income	
Franchise Fee Income	3,864.51
Management Income	23,934.78
Misc Income	95,045.29
Royalty Income	245,959.10
<b>Total Income</b>	<b>\$368,803.68</b>
<b>GROSS PROFIT</b>	<b>\$368,803.68</b>
Expenses	
1332 Rent	8,100.00
Automobile Expense	6,582.17
Bank Service Charges	487.99
Bonuses	46,250.00
Computer	131.88
Consulting	7,500.00
Dues and Subscriptions	1,737.00
Employee Benefit	2,051.04
Insurance	5,817.00
Insurance - Group Health	2,859.81
License Fee	61,489.78
Management Fee	79,500.00
Meals and Entertainment	390.44
Office supplies	320.67
Payroll Expenses GMR Inc	69,980.32
Postage and Delivery	245.78
Professional Fees	
Accounting	860.00
Legal Fees	1,134.00
<b>Total Professional Fees</b>	<b>1,994.00</b>
Quality Control	50.00
Repairs and Maintenance	607.65
Telephone	400.00
Training	2,981.07
Travel & Lodging	1,961.60
<b>Total Expenses</b>	<b>\$301,438.20</b>
<b>NET OPERATING INCOME</b>	<b>\$67,365.48</b>
Other Income	
Interest Income	10.62
<b>Total Other Income</b>	<b>\$10.62</b>
<b>NET OTHER INCOME</b>	<b>\$10.62</b>
<b>NET INCOME</b>	<b>\$67,376.10</b>

# Crooked Pint, LLC

Balance Sheet  
As of March 31, 2022

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
US Bank Checking	226,028.13
US Bank Savings Account	400,024.84
<b>Total Bank Accounts</b>	<b>\$626,052.97</b>
Accounts Receivable	
Accounts Receivable	475,182.73
<b>Total Accounts Receivable</b>	<b>\$475,182.73</b>
Other Current Assets	
Accounts Receivable - Sweet Pea's	10,000.00
Accounts Receivable Hightop Brands, LLC	158,000.00
Note Receivable Korpi	16,549.69
<b>Total Other Current Assets</b>	<b>\$184,549.69</b>
<b>Total Current Assets</b>	<b>\$1,285,785.39</b>
Other Assets	
Accumulated Amortization	-406.00
Organizational Costs	406.00
Other Asset - Ad Council	274,499.38
Prepaid Expenses	8,987.24
<b>Total Other Assets</b>	<b>\$283,486.62</b>
<b>TOTAL ASSETS</b>	<b>\$1,569,272.01</b>

**EXHIBIT C**  
**Franchise Agreement (including Appendices and Addendum)**

**CROOKED PINT, LLC**

**FRANCHISE AGREEMENT**

**TABLE OF CONTENTS**

<b>SECTION</b>	<b>PAGE</b>
SECTION 1 - DEFINITIONS.....	1
SECTION 2 - GRANT OF LICENSE.....	2
SECTION 3 - TRADEMARK STANDARDS AND REQUIREMENTS.....	4
SECTION 4 - TERM AND RENEWAL.....	5
SECTION 5 - FACILITY STANDARDS AND MAINTENANCE.....	6
SECTION 6 - PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS.....	9
SECTION 7 - PERSONNEL AND SUPERVISION STANDARDS.....	14
SECTION 8 - ADVERTISING.....	16
SECTION 9 - FEES, REPORTING AND AUDIT RIGHTS.....	17
SECTION 10 - YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS.....	20
SECTION 11 - TRANSFER OF FRANCHISE.....	22
SECTION 12 - DISPUTE RESOLUTION.....	26
SECTION 13 - DEFAULT AND TERMINATION.....	27
SECTION 14 - POST-TERM OBLIGATIONS.....	28
SECTION 15 - GENERAL PROVISIONS.....	30

**APPENDICES**

- Trademarks
- Designated Area
- Addendum to Lease
- Electronic Transfer of Funds Authorization Acknowledgement Addendum

## **CROOKED PINT ALE HOUSE FRANCHISE AGREEMENT**

This Franchise Agreement is made this \_\_\_\_ day of 20\_\_ between Crooked Pint, LLC, a Minnesota limited liability company with its principal business located at 1342 Grand Avenue, St. Paul, MN 55105 (“we” or “us”), and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“franchisee” or “you”). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

### **RECITALS**

- A. We have developed a unique urban pub concept for casual/fast casual restaurants that feature a wide assortment of beer, burgers, sandwiches, entrees, other foods, unique food service and other products, beverages and services using certain standards and specifications in an upscale pub environment;
- B. Many of the food and beverage products are prepared according to specified recipes and procedures, some of which include proprietary sauces and mixes;
- C. We own the CROOKED PINT ALE HOUSE® Trademark and other trademarks used in connection with the operation of a Crooked Pint Ale House restaurant; and
- D. You desire to develop and operate a Crooked Pint Ale House restaurant and we, in reliance on your representations, have approved your franchise application.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

### **SECTION 1 - DEFINITIONS**

For purposes of this Agreement, the terms below have the following definitions:

- A. “Control Person” means the individual who has the authority to, and does in fact, actively direct your business affairs in regard to the Restaurant, is responsible for overseeing the general management of the day-to-day operations of the Restaurant and has authority to sign on your behalf on all contracts and commercial documents. Unless we otherwise agree in writing (i) if Franchisee is a natural person, Franchisee must serve as the Control Person, and (ii) if Franchisee is an entity, one of the owners of the entity must serve as the Control Person. The Control Person is identified on the Ownership and Management Addendum attached to this Agreement.
- B. “Gross Sales” includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant whether under any of the Trademarks or otherwise, including any vending or similar activities in your Restaurant or on its premises as well as all license and use fees. Gross Sales excludes sales taxes.
- C. “Menu Items” means the wide assortment of beer, burgers, sandwiches, entrees, and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time.
- D. “Principal Owner” means any person or entity who, now or hereafter, directly or indirectly owns a 10% or greater interest in the franchisee entity when the franchisee is a corporation, limited liability company, partnership, or a similar entity. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person

or entity who directly or indirectly owns less than a 10% interest in the franchisee, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement. In addition, if the franchisee is a partnership entity, then each person or entity who, now or hereafter is or becomes a general partner is a Principal Owner, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one Principal Owner. Your Principal Owner(s) are identified on the Ownership and Management Addendum attached to this Agreement. Every time there is a change in the persons who are your Principal Owners, you must, within 10 days from the date of each such change, update the Ownership and Management Addendum. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

E. “Restaurant” means the Crooked Pint Ale House Restaurant you develop and operate pursuant to this Agreement.

F. “System” means the Crooked Pint Ale House System, which consists of distinctive food and beverage products prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business techniques, methods and procedures together with sales promotion programs, all of which we may modify and change from time to time.

G. “Trademarks” means the Crooked Pint Ale House Trademark and Service Mark that have been registered in the United States and elsewhere and/or the trademarks, service marks and trade names set forth on Appendix A, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Restaurant. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Restaurant from time to time.

H. “Unit General Manager” means the individual who (i) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant and (ii) meets our training requirements. Unless we otherwise agree in writing (a) if Franchisee is a natural person, Franchisee must serve as the Unit General Manager, and (b) if Franchisee is an entity, one of the owners of the entity must serve as the Unit General Manager. The Unit General Manager must be appointed at least 60 days prior to the Restaurant opening and fully trained 20 days prior to the Restaurant opening.

## **SECTION 2-GRANT OF LICENSE**

The following provisions control with respect to the license granted hereunder:

A. Authorized Location. We grant to you the right and license to establish and operate a retail Restaurant identified by the Crooked Pint Ale House Trademarks or such other marks as we may direct, to be located at or a location to be designated within 90 days from the date of this Agreement (the “Authorized Location”). When a location has been designated by you and approved by us, it will become part of this subparagraph 2.A as if originally stated. You acknowledge and agree that our approval of a site does not constitute a warranty of any kind, express or implied, as to the suitability of the site for your Restaurant. You acknowledge and agree that your acceptance of a franchise for the operation of a Restaurant at this Authorized Location is based on your own independent investigation. If an Authorized Location is not designated by you and approved by us within 90 days from the date of this Agreement, we have the right to declare this Agreement null and void without the return of any Initial Franchise Fee or other amounts paid to us. You accept the license and undertake the obligation to operate the Restaurant at the Authorized Location using the Trademarks

and the System in compliance with the terms and conditions of this Agreement.

B. Designated Area. You must locate and operate the Restaurant at an Authorized Location within the area described in Appendix B (the “Designated Area”). We and our affiliates will not locate and operate or grant to anyone else a franchise to locate and operate a Crooked Pint Ale House restaurant within the Designated Area so long as this Agreement is in effect, except as provided in subparagraph 2.D. You do not have any right to sublicense or subfranchise within or outside of the Designated Area and do not have the right to operate more than one Restaurant within the Designated Area.

C. Opening. You agree that the Restaurant will be open and operating by the required open date (“Required Open Date”). You and we agree that the Required Open Date is .  
If you fail to have your Restaurant open and in operation according to the provisions of this subparagraph 2.C, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2.

D. Non-exclusivity; Our Reservation of Rights. The license is limited to the right to develop and operate one Restaurant at the Authorized Location located in the Designated Area, and does not include (i) any right to sell products and Menu Items identified by the Trademarks at any location other than the Authorized Location, except for authorized catering and delivery services as noted in subparagraph 2.E, or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), (ii) any right to sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned restaurants at any time outside of the Designated Area. You acknowledge that the consumer service area or trade area of another Crooked Pint Ale House restaurant may overlap with your Designated Area.

You also acknowledge and agree that we and our current and future affiliates have the right to operate, manage, franchise or license others the right to operate restaurants (including, but not limited to, Green Mill Restaurants) or any other business within and outside the Designated Area under trademarks other than the Crooked Pint Ale House Trademarks, without compensation to any franchisee. Outside of the Designated Area, we and our affiliates have the right to grant other franchises or develop and operate company or affiliate owned Crooked Pint Ale House Restaurants.

We and our affiliates further have the right to offer, sell or distribute, within and outside the Designated Area, through any distribution channel or method, any frozen, pre-packaged items or other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names, except for Prohibited Items (as defined below), through any distribution channels or methods, without compensation to any franchisee. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the internet (or any other existing or future form of electronic commerce). The Prohibited Items are the following items that we will not sell in the Designated Area through other distribution channels or methods: any retail food service Menu Items that are cooked or prepared to be served to the end user or customer for consumption at the retail location (except for limited seating facilities referenced below). For example, soup cooked and served to customers at a grocery store or convenience store would be a Prohibited Item, but the sale of frozen or pre-packaged soup at a grocery store or convenience store would be a permitted form of distribution in the Designated Area.

You acknowledge and agree that certain locations within and outside the Designated Area are by their nature unique and separate in character from sites generally developed as Crooked Pint Ale House restaurants. As a result, you agree that the following locations (“Special Sites”) are excluded from the Designated Area and we have the right to develop, license or franchise such locations: (1) military bases;

(2) public transportation facilities, including, without limitation, airports and other transportation terminals; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; and (6) community and special events.

In addition, you acknowledge and agree that, subject to your right of first refusal as set forth below, we and our affiliates have the right to operate or franchise within and outside the Designated Area one or more facilities selling, for dine in or take out, all or some of the Menu Items, using the Trademarks or any other trademarks, service marks or trade names, without compensation to any franchisee, provided, however, that such facilities shall not have an interior area larger than 2,400 square feet and shall not have seating capacity for more than 48 people (“Limited Seating Facilities”). If we develop a model for a Limited Seating Facility and determine that your Designated Territory is an appropriate market for such a facility, we will provide to you a written offer (“Offer”) specifying the terms and conditions for your development of the Limited Seating Facility. You will have 90 days following your receipt of the Offer to accept the Offer by delivering written notice to us of your acceptance, provided that you are not in default under this Agreement or any other Agreement with us or our affiliates. If you do not provide written notice to us within the time period or if you are in default under this Agreement or any other agreement with us or our affiliates, you will lose the right to develop the Limited Seating Facility and we may develop or franchise others to develop the Limited Seating Facility within your Designated Area. You acknowledge and agree that if you accept the Offer, we may require you to submit a full application, pay an initial fee and sign a new form of franchise agreement.

E. Catering and Delivery. You may not engage in catering and delivery services and activities within or outside of the Designated Area, unless we authorize you in writing, as further described in subparagraph 6.L. We and our affiliate companies will not engage in delivery services and activities using the Trademarks in the Designated Area; however, we have no obligation to enforce similar covenants against any other franchisee and we and our affiliates have the right to engage in delivery services under marks different from the Trademarks both within and outside the Designated Area. Further, we have the right to perform catering services in your Designated Area if you refuse to do so.

### **SECTION 3-TRADEMARK STANDARDS AND REQUIREMENTS**

You acknowledge and agree that the Trademarks are our property. You further acknowledge that your right to use the Trademarks is specifically conditioned upon the following:

A. Trademark Ownership. The Trademarks are our valuable property, and we are the owners of all right, title and interest in and to the Trademarks and all past, present or future goodwill of the Restaurant and of the business conducted at the Authorized Location that is associated with or attributable to the Trademarks. Your use of the Trademarks will inure to our benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Trademark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Restaurant except those set forth in Appendix A or except as we otherwise direct in writing. You may use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, mode and condition of storage, production, preparation and sale, and portion and packaging.

C. Restaurant Identification. You must use the name “Crooked Pint Ale House” as the trade name of the Restaurant and you may not use any other mark or words to identify the Restaurant without our prior written consent. You may not use the phrase “Crooked Pint Ale House,” “Crooked Pint,” or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity. You may use the Trademarks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Trademarks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks. You must post a prominent sign in the Restaurant identifying you as a Crooked Pint Ale House franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Restaurant and that the Crooked Pint Ale House Trademark is owned by our parent company and your use is under a license we have issued to you. All your internal and external signs must comply at all times with our outdoor/indoor guidelines and practices, as they are modified from time to time.

D. Litigation. In the event any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Trademark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us for our fees and expenses.

E. Changes. You may not make any changes or substitutions to the Trademarks unless we direct in writing. We reserve the right to change the Trademarks at any time. Upon receipt of our notice to change the Trademarks, you must cease using the former Trademarks and commence using the changed Trademarks, at your expense. If the changes to the Trademarks result in a required change to outdoor signage, such changes will be subject to the provisions in 5.F.

#### **SECTION 4-TERM AND RENEWAL**

The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement commences on the Effective Date (as defined in Section 15.R) and expires 20 years after the Restaurant opens for business or the Required Open Date, which ever happens first, unless this Agreement is sooner terminated in accordance with Paragraph 13.

B. Renewal Term and Conditions of Renewal. You may renew your license for one (1) additional ten (10) year term, provided that: (i) you have given us written notice of your decision to renew at least 6 months but not more than 12 months prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect no additional renewal term upon expiration and other modifications to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees and a modification to the Designated Area (although in no event will the revised Designated Area have a residential population of the lesser of approximately 15,000 to 40,000 or the residential population that existed as of the Effective Date); (iii) you have complied with the provisions of subparagraph 5.E regarding modernization and you perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Restaurant to conform to the standards then applicable to new Crooked Pint Ale House restaurants, regardless of the cost of such modernizations and/or replacements, unless we determine that you should relocate your Restaurant because your Authorized Location

no longer meets our then-current site criteria, in which case you must comply with the 90 and 270 day relocation requirements of subparagraph 5.D; (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing; (v) if leasing the Restaurant premises (and not subject to relocation under (iii) above), you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period; (vi) you comply with our then-current training requirements; (vii) you pay us, at least 30 days prior to the end of the expiring term, a renewal fee in the amount of \$20,000; and (viii) you and your Principal Owners and guarantors execute a general release of claims in a form we prescribe.

C. Relocation Upon Renewal. If, as a condition of renewal, we require you to relocate your Restaurant pursuant to subparagraph 4.B(iii) above, you may renew your license for 20 years, provided that with respect to the renewal, you meet all conditions stated in subparagraph 4.B.

## **SECTION 5-FACILITY STANDARDS AND MAINTENANCE**

You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of Crooked Pint Ale House restaurants and stores to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Restaurant Facility; Site Under Control. You are responsible for purchasing or leasing a site that meets our site selection criteria. You must obtain our written consent to the site. Prior to granting our consent to a site, you must obtain and submit third-party demographic information and such other analysis and information related to the site and market as we may require. You may not use the Restaurant premises or Authorized Location for any purpose other than the operation of a Crooked Pint Ale House Restaurant during the term of this Agreement. We make no guarantees concerning the success of the Restaurant located on any site to which we consent.

You may not open your Restaurant for business until we have notified you in writing that you have satisfied your pre-opening obligations as set forth in subparagraphs 5.A and 5.B and we have approved your opening date. We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance under subparagraph 12.C for your failure to comply with your obligations.

In the event that you plan to enter into any type of lease for the Restaurant premises, you and your landlord must sign the Lease Addendum attached as Appendix C. We recommend you submit the Lease Addendum to the landlord at the beginning of your lease review and negotiation, although the terms of the Lease Addendum may not be negotiated without our prior approval. If the landlord requires us to negotiate the Lease Addendum, we reserve the right to charge you a fee, which will not exceed our actual costs (including attorneys' fees) associated with the negotiation. You must provide us a copy of the executed lease and Lease Addendum within 5 days of its execution. We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate and enter into the lease for the Restaurant premises.

You must execute, and provide us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the selected and approved site for your Restaurant within 120 days from the date of execution of this Agreement. If you fail to have your "site under control" (execute the lease or the purchase agreement within the periods set forth in this subparagraph), we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2.

B. Construction; Future Alteration. You must construct and equip the Restaurant in strict

accordance with our current approved specifications and standards pertaining to equipment (including required POS system, Kitchen Display System, Restaurant 365 software, and computer system), inventory, signage, fixtures, furnishings, accessory features (including memorabilia) and design and layout of the building. You may not commence construction of the Restaurant until you have received our written consent to your building plans. If your Restaurant is not constructed strictly according to the previously consented building plans, we will not approve your Restaurant for opening. You will have 30 days from the date we deny our approval for opening your Restaurant to correct all the construction problems so that your Restaurant is strictly constructed according to the consented building plans. If you fail to correct the problems within the 30-day period we may immediately terminate this Agreement pursuant to subparagraph 13.B.2. If the Restaurant opening is delayed for the foregoing reasons, you will be responsible for any losses and costs related to such delay.

Without limiting the generality of the prior paragraph, you must promptly after obtaining possession of the site for the Restaurant: (i) retain the services of an architect; (ii) retain the services of a general contractor; (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications (not for construction) consistent with our general atmosphere, image, color scheme and ambience requirements as set forth from time to time in the manuals for a Crooked Pint Ale House restaurant (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating); (iv) purchase or lease and then, in the construction of the Restaurant, use only the approved building materials, equipment, fixtures, electronics and audio visual equipment, furniture and signs; (v) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Restaurant in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; (vi) obtain all customary contractors' sworn statements and partial and final waiver; (vii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act; and (viii) obtain and maintain all required zoning changes, building, utility, health, sanitation, liquor and sign permits and licenses and any other required permits and licenses (if this Agreement is for your first Crooked Pint Ale House restaurant or if in any previous franchise agreement executed between you or any of your affiliates and us, you or any of your affiliates have not met your obligations regarding the build out of any previous Crooked Pint Ale House restaurant, we reserve the right to require you to retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Restaurant). It is your responsibility to comply with the foregoing conditions.

You must use the prototype architectural drawings made available to you by us when working with your architect and general contractor. You, your affiliates or your Principal Owners, or any person related to, or any entity controlled by your Principal Owners may not be your general contractor unless you have requested our approval and we have approved your request.

Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Restaurant to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have received our prior written consent. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

You must begin substantial construction (site work, utility infrastructure and building erection) of the Restaurant at least 150 days before the deadline to open the Restaurant if the Restaurant will be in a free standing location or at least 120 days before the deadline to open the Restaurant if the Restaurant will be in a non-free standing location. We may require you to provide us weekly development and construction

progress reports in the form we designate from the date you begin development until the date you open the Restaurant. For instance, you may be required to contact the designated project manager and provide construction manual checklists and digital photos during construction on a weekly basis. In addition, on or before the deadlines to start construction you must submit to us executed copies of any loan documents and any other document that proves that you have secured adequate financing to complete the construction of the Restaurant by the date you are obligated to have the Restaurant open and in operation. In the event that you fail to begin construction or to secure financing pursuant to this paragraph, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2.

C. Maintenance. The building, equipment, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) employed in the operation of your Restaurant must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives. Within a period of 30-45 days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must effect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage. If, however, any condition presents a threat to customers or public health or safety, you must effect the items of maintenance immediately, as further described in subparagraph 6.G. The items of maintenance generally result from common wear and tear over a period of time, accidents or lack of care. Examples include, but are not limited to, repairing or replacing HVAC equipment, plumbing and electrical systems that are not functioning properly; repairing a leaking roof; repairing or replacing broken operational and audio-visual equipment; refreshing general appearance items such as paint (interior and exterior) and landscaping; replacing worn carpet, furniture and other furnishings; and conducting routine maintenance of areas that affect the appearance of the Restaurant and goodwill of the Trademarks such as the appearance of the outdoor signage, the parking lot and dumpster area.

D. Relocation. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your Designated Area; provided that (i) you have submitted third-party demographic information and such other analysis and information related to the site and market as we may require; (ii) we have consented in writing to the new site; (iii) the new Restaurant is under construction within 90 days after you discontinue operation of the Restaurant at the Authorized Location; and (iv) the new Restaurant is open and operating within 270 days after construction commences, all in accordance with our then-current standards. If you voluntarily decide to relocate the Restaurant, your right to relocate the Restaurant will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Restaurant, have procured a site that we have consented to in writing within 60 days after closing the prior Restaurant, have opened the new Restaurant for business within 180 days of such closure and complied with any other conditions that we reasonably require. You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur.

In the event your Restaurant is destroyed or damaged and you repair the Restaurant at the Authorized Location (rather than relocate the Restaurant), you must repair and reopen the Restaurant at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 270 days of the date of occurrence of the destruction or damage.

You do not have the right to relocate in the event you lose the right to occupy the Restaurant premises because of the cancellation of your lease due to your breach. The termination or cancellation of your lease due to your breach is grounds for immediate termination under subparagraph 13.B.2.

E. Modernization or Remodel. You agree that you will make such capital improvement or modifications necessary to modernize, redecorate and upgrade your Restaurant to reflect the current image of

new Crooked Pint Ale House restaurants as reasonably requested by Franchisor during the term of this Agreement (taking into consideration the cost of the modernization, the life expectancy of the equipment and the then-remaining term of this Agreement). We will not impose any new standards or specifications requiring structural changes or remodeling of your Restaurant more frequently than once every seven (7) years.

You must complete to our satisfaction any changes we require within a reasonable time, not to exceed 12 months from the date you are notified of any required changes, except for outdoor signage as set forth in subparagraph 5.F.

You acknowledge and agree that the requirements of this subparagraph 5.E are both reasonable and necessary to ensure continued public acceptance and patronage of Crooked Pint Ale House restaurants and to avoid deterioration or obsolescence in connection with the operation of the Restaurant. If you fail to make any improvement as required by this subparagraph or perform the maintenance described in subparagraph 5.C, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur.

Except for transfers under Subparagraph 11.G, every other transfer of any interest in this Agreement or your business governed by Paragraph 11 or any renewal covered by Paragraph 4 is expressly conditioned upon your compliance with these requirements at the time of transfer or renewal.

F. Signage. The outdoor signage at your Restaurant must comply with our then-current specifications, which we may modify and change from time to time due to modifications to the System, including changes to the Trademarks. You must make such changes to the outdoor signage as we require. We will pay for 1/3 of the cost to replace your outdoor signage if: (i) your Restaurant's sign is less than 2 years old and (ii) we require that you replace the sign within one year from the date of notification. In any case, your failure to replace the signage within 15 months from the date of notification will constitute a default of this Agreement under Paragraph 13. Any upgrades to the type or size of your outdoor signage will be at your expense.

## **SECTION 6-PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS**

You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Authorized Menu. Your business must be confined to the preparation and sale of only such Menu Items and other food and beverage products as we designate and approve in writing from time to time for sale by your Restaurant. You must offer for sale from the Restaurant all items and only those items listed as Menu Items and other approved food and beverage products. You must offer the full Authorized Menu during all hours of operation. We have the right to make modifications to these items from time to time, and you agree to comply with any modifications. You may not offer or sell any other product or service at the Authorized Location without our prior written consent.

B. Authorized Products and Ingredients. You must use in the operation of the Restaurant and in the preparation of Menu Items and other food and beverage products only the proprietary sauces and mixes and other proprietary and non-proprietary ingredients, recipes, formulas, cooking techniques and processes and supplies, and must prepare and serve Menu Items and products in such portions, sizes, appearance, taste and packaging, all as we specify in our most current product preparation materials or otherwise in writing. We will supply to you a copy of the current product preparation materials prior to opening the Restaurant. You acknowledge and agree that we may change these periodically and that you are obligated to conform to the requirements. All supplies, including containers, cups, plates, wrapping, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity and quality.

You acknowledge that the Restaurant must at all times maintain an inventory of ingredients, food and beverage products and other products, material and supplies that will permit operation of the Restaurant at maximum capacity.

C. Approved Supplies and Suppliers. We will furnish to you from time to time lists of approved supplies or approved suppliers. You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, “approved supplies”) in connection with the design, construction and operation of the Restaurant as set forth in the approved supplies and approved suppliers lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of approved supplies and in some instances, require that you use designated sources or suppliers. You acknowledge and agree that certain approved supplies may only be available from one source, and we or our affiliates may be that source. You will pay the then-current price in effect for all products and supplies that you purchase from us or our affiliates. All inventory products, materials and other items and supplies used in the operation of the Restaurant that are not included in the approved supplies or approved suppliers lists must conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.**

D. Computer, Accounting and Inventory Systems. You must purchase and use any computer system that we develop or select for the Restaurant, including all future updates, supplements and modifications (the “Computer System”). The Computer System may include all hardware and software used in the operation of the Restaurant, including electronic point-of-sale cash registers and back office programs used to record, analyze and report sales, labor, inventory and tax information. The computer software package developed for use in the Restaurant may include proprietary software. You may be required to license the proprietary software from us, an affiliate or a third party and you also may be required to pay a software licensing or user fee in connection with your use of the proprietary software.

Our approved Accounting and Inventory Software is Restaurant 365. With this system we are following the 4-4-5 period accounting method. All right, title and interest in the software will remain with the licensor of the software. The computer hardware component of the Computer System must conform to specifications we develop. We reserve the right to designate a single source from whom you must purchase the Computer System. You must enroll in the **INGAGE INFINITY SERVICE PROGRAM**, the sole technology provider for your POS, Merchant Services, Gift Processing, MSP, Online Ordering, Wi-Fi, **KITCHEN DISPLAY SYSTEM (KDS)**, Loyalty, and all other connected services, all in accordance with the then current **INGAGE I.T. Agreement**. You acknowledge and agree that we will have full and complete access to information and data entered and produced by the Computer System. You must, at all times, have at the Authorized Location internet access with a form of high speed connection as we require and you must maintain: (i) an email account for our direct correspondence with the Control Person; and (ii) a separate email account for the Restaurant. Franchisee will, at its sole expense, obtain and maintain at all times during the term of this Agreement, such accounting and inventory software as may from time to time be required by the Franchisor.

E. Serving and Promotional Items. All sales promotion material, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils and other items, and customer

convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks. We may require you to carry and offer for sale in the Restaurant a representative supply of approved trademarked clothing and other novelty items, including special promotional items that we develop and market from time to time.

F. Health and Sanitation. Your Restaurant must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority. You also must comply with any standards that we prescribe. In addition to complying with such standards, if the Restaurant is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. In the event you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance.

G. Evaluations. We or our authorized representative have the right to enter your Restaurant at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in the storage, production, handling and serving. If we determine that any condition in the Restaurant presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Restaurant until the situation is remedied to our satisfaction. You must reimburse us for all costs associated with our sampling, inspection and evaluation of the Restaurant, its premises and your compliance with this Agreement, including the costs of food and other expenses we incur. In addition, and to protect the goodwill associated with the Trademarks, Franchisor has entered into an agreement with Service Management Group (SMG). SMG will provide Franchisees with quantitative surveys collecting structured and unstructured customer feedback about single location-level experiences. Franchisee shall pay Franchisor a predetermined annual fee for this service. Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of the Business or to assume any responsibility for your obligations under this Agreement.

H. Period of Operation. Subject to any contrary requirements of local law, your Restaurant must be opened to the public and operated with the full Authorized Menu at least 12 hours each day of the year, although you have the option to close your Restaurant, with prior notification to us, 5 days per year, although never 2 consecutive days (with the exception of Christmas Eve and Christmas Day). Any variance from this provision must be authorized by us in writing. You acknowledge and agree that if your Restaurant is closed for a period of 2 consecutive days or 5 or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of force majeure, as defined in subparagraph 16.M, preventing you temporarily from complying with the foregoing, will suspend compliance for the duration of such interference.

I. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our manuals or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility and sanitation. We will revise the manuals and these standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of restaurants operating under the Trademarks. Any required standards exist to protect our interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters

that are reserved to you. The required standards generally will be set forth in the Operations Manual or other written materials. The Operations Manual also may include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards.

You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines. You must use your best efforts to promote and increase the sales and service of Menu Items and to effect the widest and best possible distribution throughout the Designated Area.

You acknowledge having received one copy of the manuals on loan from us for the term of this Agreement. You acknowledge and agree that the manuals and other system communications may only be available on the internet or other online or computer communications. The manuals at all times are our sole property. You must at all times treat the manuals, and the information they contain, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the manuals and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the manuals are kept current and up to date, and in the event of any dispute as to the contents of said manuals, the terms of the master copy of the manuals that we maintain are controlling.

J. Confidential Information. You, the Principal Owners, the Unit General Manager, your guarantors, officers, directors, members, managers, partners, employees or agents, or any other individual or entity related to, or controlled by, you may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us any Confidential Information. For purposes of this Agreement, "Confidential Information" means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Restaurant, as well as the content of this Agreement and any other document executed in connection with this Agreement. Any and all Confidential Information, including, without limitation, proprietary ingredients, sauces and mixes, secret formulas and recipes, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the Restaurant. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, the Principal Owners, the Unit General Manager and all employees. You must provide executed copies of these agreements to us upon our request. Notwithstanding the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Restaurant as well as to your landlord.

K. Vending Services. If you install or maintain on the premises any newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that do not meet with our approval, you must remove them within three days from receiving written notice from us. Pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed unless you receive our prior written approval. Any income from vending services in the Restaurant or on its premises, regardless of which person or entity collects the money, and regardless of whether we authorized you to install them, must be included in Gross Sales for purposes of your Royalty Fee and Advertising Fee. Upon our written approval, the money derived from services provided by charitable organizations or services that are for customer convenience, such as pay phones or cash machines, will not

be included in Gross Sales.

L. Catering and Delivery Services. If you want to offer catering or delivery service to customers, you must obtain our prior written approval, which we will not withhold unreasonably, although we reserve the right to require you to offer catering service to customers located within the Designated Area. If you refuse or otherwise fail to perform catering services, we will have the right to perform catering services to customers located within the Designated Area without compensation to you. Any catering or delivery services must meet our written standards.

You also must charge the same price for products offered by the Restaurant whether delivered or catered by or sold in the Restaurant. Any income from catering or delivery services must be included in Gross Sales for purposes of your Royalty Fee and Advertising Fee.

M. Compliance with Law; Licenses and Permits. You must at all times maintain your premises and conduct your Restaurant operations in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, including a liquor license that permits alcohol sales 7 days a week (full liquor Monday through Saturday and either full liquor or at least beer only on Sundays), permits and certificates relating to your Restaurant. If your Restaurant is open and operating and a change occurs in applicable state or local law that does not permit liquor sales on Sundays, it will not be deemed a breach of this Agreement. In the event your liquor license is suspended or revoked, in addition to our right to terminate this Agreement pursuant to subparagraph 13.B, we reserve the right to charge you the Royalty Fee on the Gross Sales you would have received on the lost liquor sales during the license suspension. We will estimate the Gross Sales based on the prior year's Gross Sales for the suspension period, or another method as we may determine. You must adhere to and cause any service provider of third party-provided payment applications to adhere to cardholder data security standards according to the then current PCI (Payment Card Industry) Data Security Standards. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the POS System or other technology used in the operation of your Restaurant, including all data protection or security laws as well as PCI compliance. You are responsible for any costs related to compliance with such standards and/or related audits and must provide us with evidence of such compliance at our request. You must also provide prompt notice to us of any potential or actual data security breach relating to cardholder data.

You acknowledge that you are an independent business and responsible for control and management of your Restaurant, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your Crooked Pint Ale House business or Restaurant, including any notices of health code violations or liquor license violations.

N. Participation in Internet Web Sites or Other Online Communications. You must, at your expense, participate in our Crooked Pint Ale House web site on the internet, our intranet system or other online communications as we may require. For instance, you must submit to us daily reports via our intranet system, as further described in subparagraph 9.H. We have the right to determine the content and use of our web site and intranet system and will establish the rules under which franchisees may or must participate. You may not separately register any domain name containing any of the Trademarks nor participate in any web site that markets goods and services similar to a Crooked Pint Ale House restaurant. You and your employees may not use or reference the Marks in any online communication or web site (including, without limitation, all current and future social media platforms) without our prior approval. We retain all rights relating to our web site and intranet system and may alter or terminate our web site or intranet system. Your general conduct on our web site and intranet system or other online communications and specifically your use of the Trademarks or any

advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our web site or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our web site and intranet system, or otherwise use the Trademarks or System on the internet or other online communications, will terminate when this Agreement expires or terminates.

O. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to the requirements of subparagraph 5.E and any other express limitations set forth in this Agreement.

P. Suggested Pricing Policies. You have the right as to establish the prices you charge for the Menu Items and other food and beverage products you offer and sell at the Restaurant, although we retain the right to establish maximum and minimum prices to be charged by you for sales promotions or as otherwise permitted by applicable law. Any list or schedule of prices we furnish to you may, unless otherwise specifically stated as to the maximum or minimum price, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us.

Q. Innovations. All ideas, concepts, techniques or materials relating to a Crooked Pint Ale House business, including customer data, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or franchisee's owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System, and deemed to be works made for hire for us. You and each of franchisee's owners agree to sign whatever assignment or other documents we may request from time to time to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

R. Tax Payments. You will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, the Royalty Fee, the Advertising Fee and other fees referenced in your agreements with us, whether assessed against us through withholding or other means or whether paid by you directly. In either case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required. You will be notified in writing when we are entitled to reimbursement for the payment of such taxes and, in that event, you will pay us the amount specified within ten (10) days of your receipt of our written notice. The provisions of this subparagraph 6.R do not apply to any of our own federal or Minnesota income tax obligations.

## **SECTION 7-PERSONNEL AND SUPERVISION STANDARDS**

The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision. You must have a Control Person and a Unit General Manager that meet our standards and qualifications at all times during the term of this Agreement. Your Control Person and Unit General Manager must attend and successfully complete all required training, as set forth in subparagraphs 7.B – F. Should any actions (or inactions) of your Control Person or Unit General Manager cause the individual to fail to meet our standards and qualifications or should the action (or inaction) bring or tend to bring any of the Trademarks into disrepute or impair or tend to impair your or your Restaurant's reputation or the goodwill of

the Trademarks, your Restaurant or the Crooked Pint Ale House system, we have the right to require that you replace the Control Person or Unit General Manager with an individual who meets our standards and qualifications within 30 days. Any new Control Person or Unit General Manager must attend and successfully complete our training requirements immediately after being appointed by you. The Control Person and Unit General Manager must ensure that the Restaurant is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibilities to do so.

Your Control Person also must be readily and continuously available to us. In addition to the Control Person and your Unit General Manager, you must employ a kitchen manager, an assistant manager, and a dining room manager (collectively, "Assistant Managers") at all times during the term of this Agreement.

B. Training. You must, at your expense, comply with all of the training requirements we prescribe for the Restaurant to be developed under this Agreement. The Control Person, the Unit General Manager and each of your Assistant Managers must attend training and complete training to our satisfaction. All replacement managers (Unit General Manager and Assistant Managers), as well as any replacement Control Person, must complete training to our satisfaction, and must begin training within 4 weeks of the time of hire. The training requirements may vary depending on our assessment of the experience of the Control Person, the Unit General Manager and the Assistant Managers or other factors specific to the Restaurant. In the event you are given notice of default as set forth in subparagraphs 13.A and B and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you, the Control Person, the Unit General Manager and the Assistant Managers, at your expense, comply with the additional training requirements we prescribe. Any new Control Person, Unit General Manager and Assistant Manager must comply with our training requirements. Under no circumstances may you permit management of the Restaurant's operations by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

C. Opening Team. In addition to the initial training obligations described in subparagraph 7.B above, you may be required to engage four to six trainers, as we determine, who are employed by another franchised, corporate or affiliate-owned Crooked Pint Ale House restaurant to assist you with training the Assistant Managers and other employees during the two week period before and the two week period after the store opening of the Franchised Business. You are solely responsible for reimbursing the employers of the Opening Team for all labor costs (including salary, wages, benefits and payroll taxes) incurred by the employer of such Opening Team in making the trainers available to you. In addition, you are solely responsible for the travel, lodging, meals and other expenses incurred by the Opening Team in traveling to and assisting you with such on-site training.

D. Ongoing Training. We may require the Control Person, the Unit General Manager, the assistant managers and other key employees of the Restaurant to attend, at your expense, ongoing training at our training facility, the Authorized Location or other location we designate. In addition, we may develop and require you to purchase an in-restaurant training program. Any training we provide to any of your employees will be limited to training or guidance regarding the delivery of approved products and services to customers in a manner that reflects the customer service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your employees receive adequate training. Additionally, you are responsible for the yearly academy fee which will cover online access to both hands on and eLearning training materials, video, testing, and forms.

E. Staffing. You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees' cost as you may determine. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the

Trademarks in any way shifts any employee or employment related responsibility from you to us. You alone are responsible for hiring, firing, training, setting hours for and supervising all employees.

F. Attendance at Meetings. You and the Control Person must attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics. If you or the Control Person are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting.

In addition, your Unit General Manager(s) must attend the annual training meeting for Unit General Managers that we may hold or sponsor, at your own expense. We reserve the right to require that you and/or your Control Person attend any additional meetings that we deem appropriate under special circumstances, provided however, that we will not require more than one additional meeting every year and we will give you written notice of any such meeting at least 10 days prior to the meeting.

### **SECTION 8-ADVERTISING**

You agree to actively promote your Restaurant, to abide by all of our advertising requirements and to comply with the following provisions:

A. Advertising Fund. You must pay to us an Advertising Fee as set forth in subparagraph 9.C. All Advertising Fees will be placed in an Advertising Fund that we own and manage. On behalf of our company and affiliate owned restaurants (except for “Special Sites”), we will pay the same Advertising Fee as similarly situated franchised restaurants (based on age and type of location) in the same local marketing area. The Advertising Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Advertising Fund; provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each restaurant or in each advertising market. We have the right to make disbursements from the Advertising Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the Advertising Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. If requested, we will provide you an annual unaudited statement of the financial condition of the Advertising Fund.

B. Required Local Expenditures. You must use your best efforts to promote and advertise the Restaurant and participate in any local marketing and promotional programs we establish from time to time. In addition to the Advertising Fee, you are required to spend  $\frac{1}{2}\%$  of your Gross Sales on approved local marketing and promotion. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Advertising Fund.

C. Approved Materials. You must use only such advertising materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Restaurant or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials or media and activities; provided that they are current, in good condition, in good taste and accurately depict the Trademarks. Any point-of-sale posters or other promotional materials used by you must be current and in good condition. We may make

available at a reasonable cost to you annually or at other reasonable intervals, a sales promotion kit containing new (or replacement) point-of-sale and other promotional materials.

D. Advertising Cooperatives. We have the right to designate local advertising markets and if designated, you must participate in and contribute to the cooperative advertising and marketing programs in your designated local advertising market. If established, you must contribute a minimum of 0.5% of Gross Sales to the local cooperative, which satisfies the local marketing requirement described in subparagraph 8.B. If, however, the cooperative votes to spend a percentage greater than 0.5% per location, you must contribute such amount. Each Crooked Pint Ale House restaurant, including those operated by us, our parent company or our affiliates (except Special Sites) within a designated local advertising area is a member of the local advertising cooperative and each restaurant has one vote on all matters requiring a vote.

Each advertising cooperative will be required to adopt governing bylaws that meet our approval. We will provide each advertising cooperative with a sample form of bylaws, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this paragraph. You will be required to contribute to the cooperative the percentage as designated by a majority vote of the cooperative members. We reserve the right to administer the advertising cooperatives' funds and require payment from its members via electronic funds transfer. The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per Restaurant, and must be at least 0.5%. The members of each cooperative and their elected officers will be responsible for the administration of the advertising cooperative. Each advertising cooperative must engage the services of a professional advertising agency or media buyer that meets with our approval and has expertise in the industry and in the particular market, and we reserve the right to designate a single advertising agency or media buyer from which the cooperative must obtain services. Further, you must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each advertising cooperative will be required to prepare annual financial statements, which must be made available to all members of the cooperative and to us upon request. Also, each advertising cooperative must submit to us its meeting minutes upon our request. We have the right to require advertising cooperatives to be formed, changed, dissolved or merged.

E. Participation in Certain Programs and Promotions. You must participate in all required advertising and promotional programs we establish, unless prohibited by local law. We may require you to use and honor only system-wide gift cards, certificates and checks that we designate and you must obtain all certificates, cards or checks from an approved supplier.

F. New Restaurant Opening Promotion. You must spend at least \$25,000 (the "Grand Opening Allowance") toward advertising and public relations activities in connection with the opening of your Restaurant, in accordance with this paragraph. At least 30 days prior to the opening of your Restaurant, you must remit to us the Grand Opening Allowance for such opening activities, and we will determine in our sole business judgment when, where and how to spend the funds on your behalf. Within 30 days after the grand opening of your Restaurant, we will provide you with an unaudited accounting as to how the Grand Opening Allowance was spent and will refund to you any portion of the Grand Opening Allowance that was not expended by us on your behalf. In addition, you must spend an amount equal to the Grand Opening Allowance on opening advertising and promotions as required by this paragraph every time that you (i) relocate the Restaurant or (ii) reopen the Restaurant after having it closed for 30 days or more.

#### **SECTION 9-FEES, REPORTING AND AUDIT RIGHTS**

You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay to us a nonrefundable Initial Franchise Fee of \$45,000.

The Initial Franchise Fee, payable in full on the date you sign this Agreement, is earned upon receipt and is in consideration for our expenses incurred and services rendered in granting you the franchise rights.

B. Royalty Fee. In addition to the Initial Franchise Fee, during the full term of this Agreement and in consideration of the rights granted to you, you must pay to us a Royalty Fee on a monthly basis or any other accounting period we designate. The Royalty Fee for the first half of the initial term of this Agreement is 4% of Gross Sales. The Royalty Fee for the second half of the initial term of this Agreement will be an amount equal to the greater of (i) 4% of Gross Sales or (ii) the Royalty Fee being charged by us under our form of franchise agreement being used by us at any time during the second half of the initial term of the Agreement (or, if no form of franchise agreement is being use by us on such date, the Royalty Fee being charged by us under our latest form of franchise agreement), provided that the Royalty Fee may not be increased by more than 0.5% at any time during the initial term of the Agreement. The amount of the Royalty Fee for any renewal term shall be that provided in the franchise agreement executed for such renewal term.

C. Advertising Fee. You must pay to us an Advertising Fee in an amount equal to 1½% of Gross Sales on a monthly basis or any other accounting period we designate. We reserve the right to increase this percentage upon 60 days written notice to you, provided, however, that we may not increase the Advertising Fee by more than ½% per year and that the Advertising Fee will not exceed 3% for the initial term of this Agreement. These fees are not held by us in trust and become our property to be spent in accordance with Paragraph 8 of this Agreement.

D. Computations and Remittances. Except for the Initial Franchise Fee, you must compute all amounts due and owing at the end of each month's operation or other accounting period we designate and remittance for the amounts must be made to us on or before the 10<sup>th</sup> day of the following month or accounting period, accompanied by any reports we may require under subparagraph 9.H of this Agreement. We reserve the right to change the reporting day of the week for any or all amounts. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require to verify the accuracy of remittances. You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due. We have the right to apply or cause to be applied against amounts due to us or any of our affiliates any amounts that we or our affiliates may hold from time to time on your behalf or that we or our affiliates owe to you. Further, if you are delinquent in the payment of any amounts owed to us, we have the right to require you to prepay estimated Royalty Fees and Advertising Fees.

E. Electronic Transfer of Funds. You must sign an electronic transfer of funds authorization, attached as Appendix D, to authorize and direct your bank or financial institution to transfer electronically, on a monthly or accounting period basis, directly to our account or our affiliates' and to charge to your account all amounts due to us or our affiliates. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph.

F. Interest Charges; Late Fees. Any and all amounts that you owe to us or to our affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late Royalty Fee and Advertising Fee payments, you must pay to us a service charge of \$150 for each delinquent report or payment that you owe to us under this Agreement. A payment is delinquent for any of the following reasons: (i) we do not receive the payment on or before the date due; or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due. The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment.

G. Financial Planning and Management. You must record daily all sales on a cash register tape or similar device. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly or accounting period profit plan, monthly or accounting period balance sheet and monthly or accounting period statement of profit and loss, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledger, all of which accurately reflect the operations and condition of your Restaurant operations. You must compile, keep and submit to us the books, records and reports on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your Restaurant must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You also must preserve and retain the books, records and reports for not less than 36 months. You must allow us electronic and manual access to any and all records relating to your Restaurant. On or before November 15<sup>th</sup> of each year, you must prepare and submit to us an Annual Budget and Annual Marketing Plan for the upcoming calendar year.

H. Reports and Audit. You must submit your Gross Sales daily via our intranet system. You must verify the accuracy of the Gross Sales figure by the 5<sup>th</sup> day at midnight of each month or accounting period, for the preceding month or accounting period. You must submit to us all reports with respect to the preceding month or accounting period by the dates and in the form and content as we periodically prescribe. The reports we may require include, but are not limited to, the following information for the preceding month or accounting period: (i) amount of Gross Sales and gross receipts of the Restaurant, amount of sales tax and the computation of the Royalty Fee and the Advertising Fee; (ii) quantities of products purchased and the sources from which each were obtained; (iii) if we request, and within the timeframe we establish, copies of your most recent sales tax return, monthly or period cash register sales summary or details and monthly or period balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items; and (iv) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year or 52-week accounting period a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year or 52-week accounting period, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements, including a supplemental schedule of revenue and expenses prepared in the format we may periodically prescribe. We may require that the annual financial statements be reviewed or audited by a certified public accountant. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Restaurant are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers and vendors. In the event that any evaluation or audit reveals any understatement of your Gross Sales, Royalty Fees or Advertising Fees in any month by an individual or combined total of 1.25% or more from data reported to us, then, in addition to any other rights we may have (including collection of amounts owed with respect to any understatement), you must reimburse us for all audit costs including, but not limited to, related professional fees, travel, and room and board expenses. Furthermore, we may conduct additional periodic audits and/or evaluations of your books and records, at your sole expense, as we reasonably deem necessary for up to 3 years thereafter. You acknowledge and agree that if you intentionally understate or underreport Gross Sales, Royalty Fees or Advertising Fees, or if a subsequent audit or evaluation conducted within the 3-year period reveals any understatement or a variance of these fees by an individual or combined total of 1.25% or more, in addition to any other remedies provided in this Agreement, at law or in equity, we have the right to terminate this Agreement in accordance with Subparagraph 13.B.2. To verify the information you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of

analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us from your lack of cooperation shall be reimbursed by you.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as set forth in subparagraph 11.D.8 or where your information is grouped with similar information from other restaurants to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis.

### **SECTION 10-YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS**

You agree to comply with the following terms and conditions:

A. **Payment of Debts.** You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Restaurant or business; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Restaurant or business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

B. **Indemnification.** As between us and you, you are solely responsible for the safety and well-being of your employees and customers. You hereby waive all claims against us for damages to property or injuries to persons arising out of the operation of your Restaurant. You must fully protect, indemnify and hold us and our owners, directors, officers, insurers, successors and assigns and our affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Restaurant (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred.

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, if we incur any cost, liability, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such cost, liability, loss and damage.

We hereby waive all claims against you for damages to property or injuries to persons arising out of the operation of our company or affiliate owned restaurants. We must fully protect, indemnify and defend you and your affiliates and hold you and them harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our company or affiliate owned restaurants (regardless of cause or any concurrent or contributing fault or negligence of you) or any breach by us or our failure to comply with the terms and conditions of this Agreement.

C. **Insurance.** You must purchase and maintain in full force and effect, at your sole expense and from a company we accept, insurance that insures both you and us, our affiliates and any other persons we designate by name. The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a

minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) property insurance on the Restaurant, restaurant improvements and all fixtures, equipment, supplies and other property used in the operation of the Restaurant (including, but not limited to, fire, replacement cost, extended coverage, vandalism and malicious mischief); (ii) business interruption insurance that covers your loss of income and our Royalty Fees; (iii) comprehensive general liability insurance with a minimum limit of \$1,000,000 (including, but not limited to, coverage for personal injury, products and contractual liability); (iv) umbrella insurance with a minimum limit of \$3,000,000 that is required to sit over auto liability, employer's liability, liquor liability, and general liability; (v) \$1,000,000 liquor liability insurance; (vi) commercial automobile liability insurance on all owned, hired, rented and non-owned vehicles; (vii) workers' compensation and employer's liability insurance covering all of your employees; and (viii) such other insurance as we may from time to time reasonable require, under one or more policies of insurance containing coverage, from time to time prescribed by us. All liability policies and worker compensation policies must include a waiver of subrogation. All policies must be issued by an insurance carrier rated "A" or better by Alfred M. Best & Company, Inc. In addition, the required liability insurance must (i) name us and our affiliates (collectively, "Franchisor Entities") as additional insureds; (ii) provide severability of interests and/or separation of insureds coverage; and (iii) be primary and non-contributory with any insurance policy carried by the Franchisor Entities. Further, the policies shall provide that we must receive at least thirty (30) days' prior written notice of termination, expiration, cancellation, modification or reduction in coverage of any such policy.

You must deliver to us at commencement and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show compliance with all required insurance specifications. We also may request copies of all policies.

We may from time to time modify the required minimum limits and require additional insurance coverage, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Crooked Pint Ale House system, standards of liability and higher damage awards. If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice. Your obligation to obtain and maintain the insurance described herein shall not be limited in any way by reason of any insurance we procure and maintain.

D. Non-compete Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term "you" as used in this subparagraph 10.D includes, collectively and individually, your Control Person, all Principal Owners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your Control Person and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subparagraph 10.D.

2. You covenant that during the term of this Agreement you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any restaurant or food business other than one authorized by this Agreement or any other agreement between us and you, except any interest you may have, at the Effective Date of this Agreement, in a restaurant or food business other than a casual or fast casual restaurant. Under no circumstances may you be a member

of a franchisee advisory council, committee, board or other similar group for a restaurant or food business, unless you receive our prior written approval.

3. You covenant that you will not, for a period of 2 years after the expiration or termination of this Agreement, regardless of the cause of termination, or within 2 years of the sale of the Restaurant or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in (i) a casual or fast casual restaurant that sells or offers to dispense prepared food products the same as or similar to the type sold in Crooked Pint Ale House restaurants; or (ii) a casual or fast casual restaurant or bar business:

- a. At the premises of the former Restaurant;
- b. Within a 5-mile radius of the former Restaurant; or
- c. Within a 5-mile radius of the location of any other business or restaurant using the Crooked Pint Ale House System, whether franchised or owned by us or our affiliates.

4. You agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

#### **SECTION 11-TRANSFER OF FRANCHISE**

You agree that the following provisions govern any transfer or proposed transfer:

A. **Transfers.** We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Restaurant. Consequently, neither your interest in this Agreement or you nor in the Restaurant may be transferred or assigned to or assumed by any other person or entity (the “assignee”), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with subparagraph 11.F, and, if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subparagraph 11.C is paid, and the transfer conditions described in subparagraph 11.D are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Paragraph 11:

1. Any change or any series of changes in the percentage of the franchisee entity owned, directly or indirectly, by any Principal Owner which results in any addition or deletion of any person or entity who qualifies as a Principal Owner;
2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity; or
3. For purposes of this subparagraph 11.A, a pledge or seizure of any ownership interests

in you or in any Principal Owner that affects the ownership of 25% or more of you or any Principal Owner, which we have not approved in advance in writing.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subparagraph 11.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subparagraph 11.C, and satisfy the transfer conditions described in subparagraph 11.D. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in, on or upon the location of the Restaurant, or in any communication media or any form of advertising, any information relating to the sale of the Restaurant or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided that all of the conditions described in this Paragraph 11 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in subparagraph 11.F must be made by submission of our form of application for consent to transfer. You also agree to submit other information and documents (including a copy of the proposed purchase or other transfer agreement) we require under our then-current transfer procedures. The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably.

You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subparagraph 11.C.

C. Transfer Fee. The transfer fee is \$12,500. You must submit to us a \$5,000 deposit at the time you submit an application for consent to transfer. We have the right to increase the deposit above \$5,000 and up to \$12,500 if we believe our costs and expenses will exceed \$5,000. We will refund the \$5,000 (or any increased deposit amount) less our costs and expenses (including our time) if the transfer is not completed. If the transfer proceeds, the \$7,500 balance (or any adjusted balance amount) on the transfer fee is due to us prior to the closing of the transfer and the entire \$12,500 transfer fee becomes nonrefundable at that time. Payment of the transfer fee is a condition of transfer under subparagraph 11.D. If the transfer is part of a simultaneous, multiple restaurant transfer, the transfer fee will be modified as follows: the transfer fee for the first restaurant is \$12,500, the transfer fee for the second through tenth restaurants is \$2,500 per restaurant, with no additional transfer fee beyond the tenth restaurant. If, however, our costs and expenses in reviewing and processing the transfer, including attorneys' fees, exceed the applicable transfer fee, then in addition to the transfer fee you agree to cover those additional costs and expenses (including our time).

D. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for any potential new franchisee at the time of the proposed transfer.

2. Payment of Amounts Owed. All amounts owed by you to us or any of our affiliates, your suppliers or any landlord for the Restaurant premises and Authorized Location, or upon which we or any of our affiliates have any contingent liability must be paid in full.

3. Reports. You must have provided all required reports to us in accordance with subparagraphs 9.G and H.

4. Modernization. You must have complied with the provisions of subparagraph 5.E.

5. Guarantee. In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated thereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You, each Principal Owner and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Restaurant or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Execution of Then-Current Franchise Agreement. The assignee executes our then-current form of franchise agreement (modified to reflect that the term is only the remainder of the term under this Agreement and other modifications to reflect that the agreement relates to a transfer), the terms of which may differ from this Agreement, including higher fees and modifications to the Designated Area (although in no event will the revised Designated Area have a residential population of the lesser of approximately 15,000 to 40,000 or the residential population that existed as of the Effective Date).

8. Training. The assignee must, at your or assignee's expense, comply with the training requirements of subparagraph 7.B.

9. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Restaurant and its operations reasonably necessary or appropriate for assignee and/or us to evaluate the Restaurant and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Restaurant and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Restaurant and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

10. Other Franchise Agreements. You must be in full compliance with all your obligations under any and all Franchise Agreements executed between you and us.

11. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies, provided that such conditions will not be more stringent than any conditions otherwise imposed on new franchisees signing the then-current franchise agreement.

E. Death, Disability or Incapacity. If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under subparagraph

11.B, comply with the training requirements of subparagraph 7.B if the Principal Owner also was the Control Person (unless the heir or successor-in-interest finds another Principal Owner to qualify as the Control Person), pay the applicable transfer fee under subparagraph 11.C, and satisfy the transfer conditions under subparagraph 11.D, as in any other case of a proposed transfer, all within 180 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Restaurant still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in subparagraph 11.F.

F. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in you or the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subparagraph 11.E or any transfer described in subparagraph 11.A, you first must offer to sell to us your interest under the same terms. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. In the event the proposed transfer results from a transfer under subparagraphs 11.A.1 through 11.A.3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Restaurant. Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a transfer under subparagraphs 11.A.1 through 11.A.3, insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in subparagraph 14.B (the formula that includes the value of any goodwill of the business) in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party

You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested.

We then have 45 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 45-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Paragraph 11. You may affect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this subparagraph 11.F.

G. Transfer to Immediate Family Members and among Principal Owners. If the transfer is between an original Principal Owner or an individual who has been a Principal Owner for at least five years and an immediate family member of that owner, or if the transfer is among individuals who have each been Principal Owners for at least five years, then the following apply: (i) no transfer fee will be payable to us, although you must reimburse us for our reasonable costs and expenses in an amount not to exceed \$12,500; (ii) we will waive our right of first refusal described in subparagraph 11.F; and (iii) we will not require the execution of the then-current franchise agreement, as required by subparagraph 11.D.7. All other provisions of this Paragraph 11 apply in full force and effect to the type of transfer described in this subparagraph.

H. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement.

## SECTION 12-DISPUTE RESOLUTION

The following provisions apply with respect to dispute resolution:

A. Mediation; Arbitration.

(i) Except for disputes that involve injunctive relief or specific performance actions covered under subparagraph 12.B and prior to either party filing arbitration, the parties agree to mediate any dispute between you and us or any of our or your affiliates, including, without limitation, your owners and guarantors, arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship, or the business. Mediation will be conducted in the county in which our headquarters are then located (currently, St. Paul, Minnesota), or at such other place as may be mutually agreeable to the parties, by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, or if one party refuses to participate in mediation as outlined herein, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential. The parties agree that each party will pay fifty percent (50%) of the total of mediation fees and all costs associated with mediation.

(ii) Except as provided in subparagraph 12.B., all disputes between you and us or any of our or your affiliates, including, without limitation, your owners and guarantors, that are not resolved through mediation as provided above must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration will be heard by a single arbitrator with at least three years' experience in franchising or franchise law and must take place in the county in which our headquarters are then located (currently, St. Paul, Minnesota), or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrator must follow the law and not disregard the terms of this Agreement.

The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrators may not, under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

B. Injunctive Relief. Notwithstanding subparagraph 12.A above, you recognize that the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by either party, the non-breaching party shall be relieved of its obligation to mediate under subparagraph 12.A and will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the court. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we and our affiliates shall be relieved of our obligation to mediate under subparagraph 12.A and shall have right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks; to compel you to compile and submit

required reports to us; or to permit evaluations or audits authorized by this Agreement.

C. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs.

### **SECTION 13-DEFAULT AND TERMINATION**

The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates, actions by you, a Principal Owner, or a guarantor that infringe upon, harm or contest our parent company's rights in any of the Trademarks or the goodwill associated with the Trademarks or impair or tend to impair your reputation, any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise expressly provided in this subparagraph 13.B or elsewhere in the Agreement: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: any material misrepresentation or omission in your franchise application, your voluntary abandonment of this Agreement or the Authorized Location, the loss or revocation of your liquor license or suspensions totaling 90 days over any 5 year period, the loss of your lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to reopen or relocate under subparagraph 5.D, the closing of the Restaurant by any state or local authorities for health or public safety reasons, any unauthorized use of the Confidential Information, insolvency of you, a Principal Owner, the Control Person or guarantor, you, a Principal Owner, the Control Person or guarantor making an assignment or entering into any similar arrangement for the benefit of creditors, any default under this Agreement that materially impairs the goodwill associated with any of the Trademarks, conviction of you, any Principal Owners, the Control Person, or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, or any actions that infringe upon, harm or contest our parent company's rights in any of the Trademarks or the goodwill associated with the Trademarks or impair or tend to impair your reputation, intentionally understating or underreporting Gross Sales, Royalty Fees or Advertising Fees or any understatement or 1.25% variance on a subsequent audit within a 3 year period under subparagraph 9.H, failure to

open the Restaurant by the Required Open Date, failure to execute the lease (including the Lease Addendum) or the Purchase Agreement for the Restaurant by the date stated subparagraph 5.A, failure to start substantial construction of the Restaurant by the date established in subparagraph 5.B, failure to secure financing for the construction of the Restaurant by the date set forth in subparagraph 5.B, violation by you of the provisions of subparagraph 15.P, any unauthorized transfer or assignment in violation of Paragraph 11 or any default by you that is the second same or similar default within any 12-month consecutive period or the fourth default of any type within any 24-month consecutive period.

3. Immediate Termination After No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that violates any health safety or sanitation law or regulation, violates any system standard as to food handling, cleanliness, health and sanitation, or if the operation of the Restaurant presents a health or safety hazard to your customers or to the public (for example, improper cooking or storage procedures used for food products): (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Paragraph will not release or modify your Post-Term obligations under Paragraph 14 of this Agreement.

## **SECTION 14-POST-TERM OBLIGATIONS**

Upon the expiration or termination of this Agreement:

A. Reversion of Rights; Discontinuation of Trademark Use. All of your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct business under the Trademarks at the Authorized Location will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Restaurant (although we will not assume any past due obligations).

You must immediately comply with the post-term non-compete obligations under subparagraph 10.D, cease all use and display of the Trademarks and of any proprietary material (including the manual and the product preparation materials) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Restaurant and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates. You must immediately return to us, at your expense, all copies of the manuals and product preparation materials then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of subparagraph 6.J. You must promptly at your expense and subject to subparagraph 14.B, remove or obliterate all Restaurant signage, displays or other materials (electronic or tangible) in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names

or material confusingly similar to the Trademarks and so alter the appearance of the Restaurant as to differentiate the Restaurant unmistakably from duly licensed restaurants identified by the Trademarks. If, however, you refuse to comply with the provisions of the preceding sentence within 30 days, we have the right to enter the Authorized Location and remove all Restaurant signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs incurred. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

B. Purchase Option. We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Restaurant that are owned by you or any of your affiliates including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold improvements, liquor license and inventory of the Restaurant at a price determined by a qualified appraiser (or qualified appraisers if one party believes it is better to have a real estate appraiser appraise the value of the land and building and a business appraiser appraise the Restaurant's other assets) selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Paragraph within 30 days after the date of the expiration or termination of this Agreement. If the parties cannot agree upon the selection of an appraiser(s), one or both will be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party.

In the event the Agreement is terminated (rather than if it expires), the price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a Crooked Pint Ale House Restaurant and the appraiser will designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc.), but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Trademarks and the System. In the event that the Agreement expires (rather than if it is terminated), the price determined by the appraiser(s) will be the reasonable fair market value of the assets, as stated in the prior sentence, plus the value of any goodwill of the business, attributable to your operation of the Restaurant. In the event of expiration, however, the parties agree that you may elect not to include the land in the appraisal and option to purchase process. In this instance, you may elect to lease the land to us or our designee for a lease term of at least 10 years with two 5-year options to renew and for a primary rate equal to fair market value according to the applicable Building Office Management Association Guidelines, unless otherwise agreed to by the parties.

Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. We and you will each pay one-half of the appraiser's fees and expenses.

Our interest in the assets of the Restaurant that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefore and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

If we do not exercise our option to purchase under this subparagraph, you may sell or lease the

Restaurant premises to a third party purchaser, provided that your agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by us as a third party beneficiary, pursuant to which the purchaser agrees, for a period of 2 years after the expiration or termination of this Agreement, not to use the premises for the operation of a restaurant business that has a menu or method of operation similar to that employed by our company-owned or franchised restaurants.

C. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the Crooked Pint Ale House business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

## **SECTION 15-GENERAL PROVISIONS**

The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify Appendices and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto and the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business. There are no representations or warranties of any kind, express or implied, except as contained herein and in the aforesaid application. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows:

If **intended for us**, addressed to:

President, Crooked Pint, LLC,

1342 Grand Avenue, St. Paul, Minnesota 55105;

If **intended for you**, addressed to:

or at the Authorized Location; or, in either case, as the intended party may change such address by written notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by the Control Person or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

E. References. If the franchisee is 2 or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement include all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All Principal Owners of a franchisee that is a corporation, limited liability company, partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner pursuant to the provisions of Paragraph 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement within 10 days from the date such person or entity becomes a Principal Owner; provided, however, that any person or entity who becomes a Principal Owner shall automatically acquire all the obligations of a Principal Owner under this Agreement at the time such person or entity becomes a Principal Owner. Before approving and entering into any transaction that would make any person or entity a Principal Owner, you must notify such person about the content of this subparagraph.

G. Successors/Assigns. Subject to the terms of Paragraph 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Paragraph 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Authorized Location is located. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Authorized Location is located.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of subparagraph 5.E and other express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is

intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph and, with a complete understanding thereof, agree to be bound in the manner set forth.

J. Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

K. Waiver of Punitive Damages. You and your affiliates and we and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Without limiting the generality of the foregoing, we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved or consented to the product or service or designated or approved the supplier.

M. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, "force majeure" shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised restaurant or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such restaurant or store, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations

and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

O. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you or require you to purchase goods, products and/or services for use in your Restaurant on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

P. Updating Your Franchise Agreement. If at any time during the term of this Agreement you and us enter into a subsequent franchise agreement (the “Subsequent Agreement”) granting you the right to operate another Crooked Pint Ale House restaurant and the terms of the Subsequent Agreement are different from the terms of this Agreement, you will have the right to request that this Agreement be replaced by a franchise agreement containing terms and conditions similar to the Subsequent Agreement (the “New Agreement”), but such right shall be conditioned upon you meeting all the conditions stipulated in subparagraph 4.B of this Agreement, except that you shall pay a fee of only \$2,500; provided, however, that the term under the New Agreement shall be equal to the term left under this Agreement at the time of the execution of the New Agreement. You must exercise the rights granted under this subparagraph within 30 days after the date you execute the Subsequent Agreement.

Q. Effective Date. We will designate the “Effective Date” of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement. However, as described in subparagraph 5.A, you do not have the right to, and may not, open and commence operation of a Restaurant at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Franchise Agreement on the dates written below.

FRANCHISEE: (For an Entity)

FRANCHISEE: (For an Individual)

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

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

\_\_\_\_\_,

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

a \_\_\_\_\_

(Please type or print)

(Please type or print name and type of entity)

Signature: \_\_\_\_\_

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

(Signature of person signing on behalf of entity)

\_\_\_\_\_  
(Please type or print name of person  
signing on behalf of entity)

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

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

(Please type or print)

Its: \_\_\_\_\_

(Please type or print title of person  
signing on behalf of entity)

Signature: \_\_\_\_\_

US:

CROOKED PINT, LLC

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

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

Its: \_\_\_\_\_

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND  
PERSONALLY BY THE TERMS AND CONDITIONS  
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the "Agreement") between Crooked Pint, LLC ("we" or "us") and \_\_\_\_\_ (the "Franchisee"), dated \_\_\_\_\_, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in subparagraph 10.D, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned waive: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

FRANCHISEE: \_\_\_\_\_

PERSONAL GUARANTORS:

\_\_\_\_\_  
Individually  
\_\_\_\_\_  
Print Name  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
City                      State                      Zip Code  
\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Individually  
\_\_\_\_\_  
Print Name  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
City                      State                      Zip Code  
\_\_\_\_\_  
Telephone

---

Individually

---

Print Name

---

Address

---

City State Zip Code

---

Telephone Telephone

---

Individually

---

Print Name

---

Address

---

City State Zip Code

---

OWNERSHIP AND MANAGEMENT ADDENDUM TO  
CROOKED PINT ALE HOUSE FRANCHISE AGREEMENT

1. Control Person. You represent and warrant to us that the following person, and only the following person, is the Control Person:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>	<u>EMAIL</u>
-------------	--------------	----------------	--------------

---

2. Ownership. You represent and warrant to us that the following person(s) and entities, and only the following person(s) and entities, have ownership interests in the franchisee entity:

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>PERCENTAGE OF INTEREST</u>
-------------	---------------------	-------------------------------

---

---

---

3. Change. You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information.

4. Effective Date. This Addendum is effective as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

---

Your Initials

---

Our Initials

**Appendix A to the Franchise Agreement Trademarks**

You have the right to use the following Trademarks in accordance with the terms of the Franchise Agreement (Check One):

- Word Mark: CROOKED PINT ALE HOUSE (Design Mark)  
Registration No.: 4147837  
Registration Date: May 22, 2012

Design Mark:



Registration No.: 4068093  
Registration Date: December 6, 2011

- Word Mark: SWEET PEA'S  
Serial No.: 86,171,534  
Application Date: January 24, 2014

- Word Mark: HARRIET'S INN  
Serial No.: 86,205,732  
Application Date: February 27, 2014

- Word Mark: CROOKED PINT  
Serial No.: 85,343,681  
Application Date: June 10, 2011

- Word Mark: CROOKED PINT ALE HOUSE  
Serial No.: 85,343,684  
Application Date: June 10, 2011

We may amend this Appendix A from time to time in order to make available additional Trademarks or to delete those Trademarks that become unavailable. You agree to use only those Trademarks that are then-currently authorized.

The Trademarks must be used only in the manner that we specify. No deviations will be permitted.

**Appendix B to the Franchise Agreement**  
**The Designated Area**

The Authorized Location for your Restaurant as set forth in Paragraph 2.A of your Franchise Agreement is as follows: \_\_\_\_\_.

As stated in Subparagraph 2.B. of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, the Designated Area in which you will locate and operate the Restaurant is defined as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Designated Area is considered fixed as of the date of the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

\_\_\_\_\_

CROOKED PINT, LLC

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

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

**Appendix C to the Franchise Agreement**  
**Addendum to Lease**

This Addendum to Lease (“Addendum”), dated \_\_\_\_\_, 20\_\_\_\_, is entered into between \_\_\_\_\_ (“Landlord”), and \_\_\_\_\_ (“Tenant”).

RECITALS

- A. The parties have entered into a Lease Agreement, dated \_\_\_\_\_, 20\_\_\_\_, (the “Lease”) pertaining to the premises located at \_\_\_\_\_ (the “Premises”).
- B. Landlord acknowledges that Tenant has agreed to operate a Restaurant at the Premises pursuant to Tenant’s Franchise Agreement (the “Franchise Agreement”) with Crooked Pint, LLC (“Franchisor”) under the name “CROOKED PINT ALE HOUSE” or other name designated by Franchisor (the “Restaurant”).
- C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum to provide Franchisor the opportunity to preserve the Premises as a CROOKED PINT ALE HOUSE branded restaurant as provided herein.

AGREEMENT

Landlord and Tenant agree to amend the Lease as follows:

- 1. Remodeling and Decor. Landlord agrees that Tenant has the right to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Restaurant on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord’s prior and reasonable approval.
- 2. Assignment by Tenant.
  - (a) Tenant does not have the right to sublease or assign the Lease to any third party without Franchisor’s and Landlord’s written approval.
  - (b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to Franchisor, its affiliates or any parent company, during the term of the Lease, including any extensions or renewals, without first obtaining Landlord’s consent. No assignment will be effective, however, until Franchisor or its designated affiliate (the “Franchisor Entity”) gives Landlord written notice of its acceptance of the assignment. Franchisor will be responsible for the lease obligations incurred after the effective date of the assignment.
  - (c) If Franchisor elects to assume the Lease, under this subparagraph or unilaterally assumes the lease as provided for in subparagraph 3(a) or 4(a), Landlord and Tenant agree that (i) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption, and (ii) Franchisor will have the right to sublease the Premises to another franchisee with Landlord’s prior reasonable approval, provided the franchisee meets Franchisor’s then-current standards and requirements for franchisees and agrees to operate the Restaurant as a CROOKED PINT

ALE HOUSE restaurant pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgment of such release by Landlord.

3. Default and Notice.

- (a) Landlord shall send Franchisor copies of all notices of default it gives to Tenant concurrently with giving such notices to Tenant. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults Tenant failed to cure. Franchisor has the right, but not the obligation, to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have 15 days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right for Franchisor or a Franchisor Entity to assume the Lease. Franchisor shall have an additional 15 days from the expiration of Tenant's cure period in which to cure the default or violation.
- (b) All notices to Franchisor must be sent by registered or certified mail, postage prepaid, to the following address:

Crooked Pint, LLC  
1342 Grand Avenue  
St. Paul, MN 55105  
Attention: President

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

- 4. Termination, Non-Renewal, Expiration. If the Franchise Agreement is terminated for any reason during the term of the Lease or any extension thereof, Franchisor has the right, but not the obligation, to unilaterally assume the Lease by giving Landlord written notice. Within 30 days after receipt of such notice, Landlord shall give Franchisor written notice specifying any defaults of Tenant under the Lease.
- 5. Access to Premises Following Expiration or Termination of Lease. Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining possession of the Premises and if a Franchisor Entity does not elect to enter into a new lease for the Premises with Landlord on terms reasonably acceptable to the Franchisor Entity, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, except for any damages caused by Franchisor's willful misconduct or gross negligence, to remove all signs, awnings, and all other items identifying the Premises as a CROOKED PINT ALE HOUSE Restaurant and to make such other modifications (such as repainting) as are reasonably necessary to protect the CROOKED PINT ALE HOUSE marks and system. In the event Franchisor exercises its option to purchase assets of Tenant, Landlord must permit Franchisor to remove all such assets being purchased by Franchisor.

6. Additional Provisions.

- (a) Landlord hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.
- (b) Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Landlord has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor, unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its parent company.
- (c) Franchisor Entity may elect not to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

8. Modification. No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained the written consent of Franchisor.

9. Reaffirmation of Lease. Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease remain in full force and effect and are incorporated by reference and made a part of this Addendum as though copied herein in full. In the event of any conflict between the terms of this Addendum and those in the Lease, the terms of this Addendum shall control.

10. Beneficiary. Landlord and Tenant expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below.

TENANT:

LANDLORD:

\_\_\_\_\_  
By \_\_\_\_\_  
Its \_\_\_\_\_

\_\_\_\_\_  
By \_\_\_\_\_  
Its \_\_\_\_\_

**Appendix D to the Franchise Agreement**  
**Electronic Transfer of Funds Authorization**

Franchisee: \_\_\_\_\_  
Location: \_\_\_\_\_  
Date: \_\_\_\_\_

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes Crooked Pint, LLC or any affiliated entity (collectively, "Franchisor"), to initiate monthly or per period ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Advertising Fees or other amounts that become payable by the undersigned to Franchisor. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Franchisor.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

\*\*\* We also need a VOIDED Check \*\*\*

_____	_____
Bank Name	Account Name
_____	_____
Branch	Street Address
_____	_____
Street Address	City State Zip Code
_____	_____
City State Zip Code	Telephone Number
_____	_____
Bank Telephone Number	By
_____	_____
Bank's Account Number	Its
_____	_____
Customer's Account Number	Date
_____	_____

ADDENDUM TO CROOKED PINT ALE HOUSE FRANCHISE AGREEMENT FOR THE  
STATE OF MINNESOTA

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the Crooked Pint Ale House trademarks, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.
2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 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 nonrenewal of the franchise agreement.
3. The second sentence of Section 12.B of the Agreement is deleted in its entirety and will have no further force and effect and the following is substituted in lieu thereof:

Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to seek an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators.

4. Section 15.J is hereby deleted in its entirety.
5. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Minnesota, provided, that this part will not bar the voluntary settlement of disputes.
6. Minnesota Statutes, Section 80C.21 and Minnesota Rule 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 any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
7. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:

FRANCHISOR:

CROOKED PINT, LLC

\_\_\_\_\_  
By \_\_\_\_\_  
Its \_\_\_\_\_

\_\_\_\_\_  
By \_\_\_\_\_  
Its \_\_\_\_\_

ADDENDUM TO CROOKED PINT ALE HOUSE FRANCHISE AGREEMENT FOR THE  
STATE OF NORTH DAKOTA

This Addendum pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement, the Agreement is amended to include the following:

1. Notwithstanding anything contained in Section 12.A of the Franchise Agreement, any mediation or arbitration proceeding must take place at a location as may be mutually agreed upon by the parties and will not be remote from the Franchisee's place of business.

2. Post-termination covenants not to compete such as those mentioned in Section 10.D of the Franchise Agreement are generally unenforceable in the State of North Dakota.

3. Section 15.J of the Franchise Agreement is deleted as a waiver of all rights to a trial by jury is considered unenforceable in the State of North Dakota.

4. Section 15.K of the Franchise Agreement is hereby revised to delete the waiver of punitive damages which is considered unenforceable in the State of North Dakota.

5. A franchisee may not be required to sign a general release as a condition of renewal under Section 4.B(viii) of the Franchise Agreement.

6. Section 15.I of the Franchise Agreement is revised to include the following language:

"Requiring a franchisee to consent to the jurisdiction of courts in a remote location from the franchisee's business is not enforceable under North Dakota law."

7. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:

FRANCHISOR:

CROOKED PINT, LLC

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

ADDENDUM TO CROOKED PINT ALE HOUSE FRANCHISE AGREEMENT FOR THE  
STATE OF WISCONSIN

This Addendum pertains to franchisees in the State of Wisconsin and is for the purpose of complying with Wisconsin statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, Section 13.B of the Agreement pertaining to "Termination by Us" is extended as follows:

We will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between you and us inconsistent with the Law.

3. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:

FRANCHISOR:

CROOKED PINT, LLC

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

Its: \_\_\_\_\_ Its:

**ACKNOWLEDGMENT ADDENDUM TO CROOKED PINT ALE HOUSE FRANCHISE  
AGREEMENT**

As you know, you and we are entering into a Franchise Agreement for the operation of a CROOKED PINT ALE HOUSE franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

**Acknowledgments and Representations\***

1. Do you understand that the franchise granted is for the right to develop and operate the Restaurant in the Designated Territory, as stated in Subparagraph 2.B, and that, according to Subparagraph 2.D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks; (ii) inside your Designated Territory using any trademarks other than the CROOKED PINT ALE HOUSE Trademark; and (iii) inside the Designated Territory using the CROOKED PINT ALE HOUSE Trademark, for facilities at Special Sites and Limited Seating Facilities (subject to your right of first refusal with respect to Limited Seating Facilities, as detailed in the Franchise Agreement)?

Check one: ( ) Yes ( ) No. If no, please comment:

2. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the Crooked Pint Ale House brand and Trademarks and to assist you in the operation of your Restaurant and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your Business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?

Check One: ( ) Yes ( ) No. If no, please comment:

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

APPROVED ON BEHALF OF  
CROOKED PINT, LLC

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

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

\* Except to the extent we have negotiated changes to the Franchise Agreement that differ from the FDD, nothing in this Acknowledgement Addendum or in any related agreement is intended to disclaim representations made in the Crooked Pint Ale House FDD that was furnished to you.

**EXHIBIT D**  
**Multi-Unit Development Agreement**

**CROOKED PINT®**

Multi-Unit Development Agreement

Between

Crooked Pint, LLC

And

---

---

Name of Developer(s)

---

Street Address

---

City	State	Zip Code
------	-------	----------

---

Phone Number

Effective Date:

---

(To be completed by Us)

**TABLE OF CONTENTS**

<u>SECTION</u>	<u>PAGE</u>
SECTION 1-DEFINITIONS .....	1
SECTION 2-GRANT OF DEVELOPMENT RIGHTS.....	2
SECTION 3-DEVELOPMENT FEE; ROYALTY FEE.....	3
SECTION 4-DEVELOPMENT SCHEDULE .....	3
SECTION 5-TERM .....	5
SECTION 6-YOUR DUTIES .....	5
SECTION 7-DEFAULT AND TERMINATION .....	6
SECTION 8-RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION .....	6
SECTION 9-TRANSFER .....	8
SECTION 10-DISPUTE RESOLUTION .....	8
SECTION 11-MISCELLANEOUS .....	9

**APPENDICES**

DEVELOPMENT AREA  
DEVELOPMENT SCHEDULE ACKNOWLEDGEMENT ADDENDUM STATE ADDENDUM

## **CROOKED PINT MULTI-UNIT DEVELOPMENT AGREEMENT**

This Multi-Unit Development Agreement is made this \_\_ day of , 202\_ between Crooked Pint, LLC, a Minnesota limited liability company (“we” or “us”) and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“Developer” or “you”). If the Developer is a corporation, partnership or limited liability company, certain provisions of the Agreement also apply to your owners and will be noted.

### **BACKGROUND**

1. We have developed a unique system for the development and operation of Crooked Pint Ale House Restaurants.

2. You desire to develop and operate multiple Crooked Pint Ale House Restaurants and we, in reliance on your representations, have approved your franchise application to do so in accordance with this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

### **SECTION 1-DEFINITIONS**

For purposes of this Agreement, the terms below have the following definitions:

A. “Manual” means our confidential: (i) collection of materials which contain specifications, standards, procedures, recipes, policies and recommendations for the operation of CROOKED PINT Restaurants, and (ii) any Intranet, Extranet, or password protected portion of an Internet site, and (iv) any amendments, supplements, derivative works, and replacements, whether embodied in electronic or other media.

B. “Marks” mean the Crooked Pint Ale House Marks and other trademarks, service marks and trade names we adopt, modify and change from time to time, and the trade dress and other commercial symbols used in the Restaurants. Marks also mean the trade dress, which includes the designs, color schemes and image we authorize you to use in the operation of your Restaurants from time to time.

C. “Restaurants” means the Crooked Pint Ale House Restaurants you develop and operate pursuant to this Agreement.

D. “Manager” means the individual who (i) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of one of the Crooked Pint Ale House Restaurants developed pursuant to this Agreement, (ii) meets our restaurant management experience requirements, and (iii) does not participate in the active operation or management of any business other than the Restaurant.

E. “System” means the Crooked Pint Ale House System, which consists of distinctive business features, menu offerings, quality control specifications, and other procedures and service techniques, offered in a setting of distinctive layout, signage, furnishings and materials and using certain distinctive types of facilities, supplies, business techniques, methods and procedures together with sales promotion programs, all of which we may modify and change from time to time.

## **SECTION 2-GRANT OF DEVELOPMENT RIGHTS**

The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate Crooked Pint Ale House Restaurants (the “Restaurants”) in the Development Area described in Appendix A.

B. You are bound by the development schedule (“Development Schedule”) set forth in Appendix B. Time is of the essence for the development of each Restaurant in accordance with the Development Schedule. Each Restaurant must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 4.B below.

C. The rights granted under this Agreement are limited to the right to develop and operate Restaurants located in the Development Areas, and do not include: (i) any right to sell Crooked Pint Ale House products at any location or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce); (ii) any right to sell Crooked Pint Ale House products to any person or entity for resale or further distribution; or (iii) any right to exclude, control or impose conditions on our development or operation of franchised, company or affiliate owned Restaurants at any time, except as expressly set forth in this Agreement. You may not use the name “Crooked Pint Ale House” or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other entity.

You further acknowledge and agree that we and our affiliates have the right to grant other franchises or develop and operate company or affiliate-owned Crooked Pint Ale House Restaurants at any location, except that both parties agree that no Crooked Pint Ale House Restaurant will be located within a ten mile radius of any other Crooked Pint Ale House Restaurant, except as Special Sites as defined below. You acknowledge and agree that we are free to operate or license others to operate restaurants at any location (regardless of proximity to one of your Restaurants) under other Marks including, but not limited to, Green Mill and Town Hall.

You acknowledge and agree that we have the right to operate and franchise others the right to operate Restaurants or any other business under the Marks or any trademarks other than the Crooked Pint Ale House Marks without paying you any compensation. We also have the right to offer, sell or distribute any products or services associated with the System (now or in the future) under the Marks or any other trademarks, service marks or trade names or through any distribution channel or method, all without paying you any compensation. The distribution channels or methods include, without limitation, grocery Restaurants, club Restaurants, convenience Restaurants, wholesale, military installations, or military commissaries.

You acknowledge and agree that we have the sole and exclusive right to develop and franchise Crooked Pint Ale House Restaurants at the following locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; and (6) community and special events (collectively “Special Sites”).

D. This Agreement is not a Franchise Agreement and you have no right to use in any manner the Marks by virtue of this Agreement. You have no right under this Agreement to sublicense or sub-franchise others to operate a business or restaurant or use the System or the Marks.

### **SECTION 3-DEVELOPMENT FEE; ROYALTY FEE**

You must pay a Development Fee as described below.

A. As consideration for the rights granted in this Agreement, you pay us a "Development Fee" of \$\_\_\_\_, representing one-half of the Initial Franchise Fee of \$45,000 for each Restaurant to be developed under this Agreement. The Development Fee is consideration for this Agreement and is non-refundable. The part of the Initial Franchise Fee that is included in the Development Fee is credited against the Initial Franchise Fee payable upon the signing of each individual Franchise Agreement. The balance of the Initial Franchise Fee for each of the Franchised Restaurants is due upon signing the individual Franchise Agreement. The balance of the Initial Franchise Fee for the first Restaurant must be paid at the time of execution of this Agreement, together with the execution by you of the Franchise Agreement for the first Restaurant.

B. You must submit a separate application for each Restaurant to be established by you within the Development Territory as further described in Section 4. Upon our approval of the site of your Restaurant, a separate Franchise Agreement shall be executed for each such Restaurant, at which time the balance of the Initial Franchise Fee is due and owing. Such payment represents the balance of the appropriate Initial Franchise Fee. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement will control the establishment and operation of such Restaurant.

### **SECTION 4-DEVELOPMENT SCHEDULE**

The following provisions control with respect to your development rights and obligations:

A. You must submit a separate application for each Restaurant to be established by you within the Development Area. Upon our consent to the establishment of your Restaurant, a separate Franchise Agreement must be executed for each such Restaurant. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Restaurant.

B. You are bound by and strictly must follow the Development Schedule. By the dates set forth under the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Restaurants described under the Development Schedule. You also must comply with the Development Schedule requirements regarding (i) signing of the leases for the Restaurants, (ii) the opening date for each Restaurant and (iii) the cumulative number of Restaurants to be open and continuously operating for business in the Development Area.

C. You may not develop a Restaurant unless: (i) at least 45 days prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) asking that we send you our then-current franchise disclosure documents, (b) confirming your intention to develop the particular Restaurant, and (c) sending us all information necessary to complete the Franchise Agreement for the particular Restaurant; and (ii) all of the following conditions have been met (these conditions apply to each Restaurant to be developed under this Agreement):

1. Your Submission of Information. You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would

be executed, a franchise application for the proposed Restaurant, financial statements and other information regarding you, the operation of any of your other Restaurants and the development and operation of the proposed Restaurant (including, without limitation, investment and financing plans for the proposed Restaurant) as we may reasonably require.

2. Your Compliance with Our Then-Current Standards for Franchisees. You must receive written confirmation from us that you meet our then-current standards for franchisees, including financial capability criteria for the development of a new Restaurant. You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Restaurants, and preserve and enhance the reputation and goodwill of all Crooked Pint Ale House Restaurants and the goodwill of the Marks. Our confirmation that you meet our then-current standards for the development of a new Restaurant, however, does not in any way constitute a guaranty by us as to your success.

3. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Restaurants.

4. Execution of Franchise Agreement. You and we must enter into our then-current form of Franchise Agreement for the proposed Restaurant. You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations; provided, however, that the initial franchise fee and royalty fee will be as provided in this Agreement. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Restaurant must be in accordance with the terms of the applicable Franchise Agreement.

D. You must construct and equip each Restaurant in accordance with our approved specifications and standards pertaining to equipment, inventory, accounting and inventory software, signage, fixtures, accessory features and design and layout. We may require you to purchase initial design, layout and interior elevation plans for each Restaurant from a designated supplier. You may be required to purchase these and other items from a single source, and that source may be us or our affiliates. You will pay the then-current price in effect for all purchases you make from us or our affiliates. You may not commence construction of a Restaurant until you have received our written consent to your plans. Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of a Restaurant to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have received our prior written consent. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

E. You acknowledge that you have conducted an independent investigation of the prospects for the establishment of Restaurants within the Development Area, and recognize that the business venture contemplated by this Agreement involves business and economic risks and that your financial and business success will be primarily dependent upon the personal efforts of you and your management and employees. We expressly disclaim the making of, and you

acknowledge that you have not received, any estimates, projections, warranties or guaranties, express or implied, regarding potential gross sales, profits, earnings or the financial success of the Restaurants you develop under this Agreement.

F. You recognize and acknowledge that this Agreement requires you to open Restaurants in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Restaurants likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement. You are obligated to execute all the Franchise Agreements and open all the Restaurants on the dates set forth on the Development Schedule, regardless of: (i) the requirement of a greater investment; (ii) the financial condition or performance of your prior Restaurants; or (iii) any other circumstances, financial or otherwise. The foregoing shall not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Restaurants.

#### **SECTION 5-TERM**

Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2.C, the term of this Agreement and all rights granted to you will expire on the date that your last Crooked Pint Ale House Restaurant is scheduled to be opened under the Development Schedule.

#### **SECTION 6-YOUR DUTIES**

You must perform the following obligations:

A. You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

B. You and your owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that your entire knowledge of the operation of a Crooked Pint Ale House Restaurant and the System, including the knowledge or know-how regarding the specifications, recipes, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets. The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors, any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications and any other knowledge or know-how concerning the methods of operation of the Restaurants. You and your owners, officers, directors, shareholders, partners, members and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from the individuals identified in the first sentence of this paragraph and other key employees.

C. You must comply with all federal, state and local laws, rules and regulations.

D. If neither you nor any other person in your organization possesses, in our judgment, adequate experience and skills to allow you to locate, obtain and develop prime locations in the Development Area to allow you to meet your development obligations under this Agreement, we can require that you hire or engage a person with those necessary skills.

#### **SECTION 7-DEFAULT AND TERMINATION**

The following provisions apply with respect to default and termination:

A. The rights granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule.

B. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency; (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority; (iii) you make a general assignment or other similar arrangement for the benefit of your creditors; (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless a supersedeas bond is filed); (v) execution is levied against your business or property; (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed; (vii) you fail to meet the development obligations set forth in the Development Schedule attached as Appendix B; (viii) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you; or (ix) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

#### **SECTION 8-RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:

A. All remaining rights granted to you to develop Restaurants under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any business for which a Franchise Agreement has not been executed by us. We will be entitled to develop and operate, or to franchise others to develop and operate, CROOKED PINT Restaurants in the Development Area, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.

B. You must immediately cease to operate your business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours.

C. You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains the name "CROOKED PINT" or any other Mark of ours, and you must furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement.

D. You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified or other telephone directory listing associated with the Marks and to authorize transfer of same at our direction.

E. All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us as a result of the default. You also must pay to us all damages, costs and expenses, including reasonable attorneys' fees and expenses, that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

F. If this Agreement is terminated solely for your failure to meet the Development Schedule and for no other reason whatsoever, you may continue to operate those existing Restaurants under the terms of the separate Franchise Agreement for each Restaurant. On the other hand, if this Agreement is terminated under any other circumstance, we have the option to purchase from you all the assets used in the Restaurants that have been developed prior to the termination of this Agreement. Assets include leasehold improvements, equipment, furniture, fixtures, signs, inventory, and transferable licenses and permits for the Restaurants.

We have the unrestricted right to assign this option to purchase. We or our assignee will be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to: (i) ownership, condition and title to assets; (ii) liens and encumbrances relating to the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for the assets of the Restaurants will be determined in accordance with the post-termination purchase option provision in the individual Franchise Agreement for each Restaurant (with the purchase price to include the value of any goodwill of the business attributable to your operation of the Restaurant if you are in compliance with the terms and conditions of the Franchise Agreement for that Restaurant). The purchase price will be paid in 12 equal installments. The first installment is due at the closing of the purchase, which must take place no later than 90 days after your receipt of notice of exercise of this option to purchase, at which time you must deliver instruments transferring to us or our assignee: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you; and (ii) all licenses and permits of the Restaurants that may be assigned or transferred. If you cannot deliver clear title to all of the purchased assets, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow. We have the right to set off against and reduce the purchase price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the assets or any obligations assumed by us. You and each holder of an interest in you must indemnify us and our affiliates against all liabilities not so assumed. You must maintain in force all insurance policies required pursuant to the applicable Franchise Agreement until the closing on the sale.

G. All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

## **SECTION 9-TRANSFER**

The following provisions govern any transfer:

A. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity.

B. This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer all of your rights and interests under all Franchise Agreements for Restaurants in the Development Area. Accordingly, the assignment terms and conditions of the Franchise Agreements shall apply to any Transfer of your rights and interests under this Agreement. As used in this Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you.

## **SECTION 10-DISPUTE RESOLUTION**

The following provisions apply with respect to dispute resolution:

A. Mediation; Arbitration.

(i) Except for disputes that involve injunctive relief or specific performance actions covered under Section 10.B and prior to either party filing arbitration, the parties agree to mediate any dispute between you and us or any of our or your affiliates, including, without limitation, your owners and guarantors, arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Restaurants or Authorized Locations, the parties' relationship, or the business. Mediation will be conducted in the county in which our headquarters are then located (currently, St. Paul, Minnesota), or at such other place as may be mutually agreeable to the parties, by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, or if one party refuses to participate in mediation as outlined herein, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential. The parties agree that each party will pay fifty percent (50%) of the total of mediation fees and all costs associated with mediation.

(ii) Except as provided in Section 10.B., all disputes between you and us or any of our or your affiliates, including, without limitation, your owners and guarantors, that are not resolved through mediation as provided above must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration will be heard by a single arbitrator with at least three years' experience in franchising or franchise law and must take place in the county in which our headquarters are then located (currently, St. Paul, Minnesota), or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other

parties. The arbitrator must follow the law and not disregard the terms of this Agreement. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrators may not, under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

B. Notwithstanding Section 10.A above, you recognize that the Restaurants are part of a number of Restaurants identified by the Marks and similarly situated and selling to the public similar products, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of our breach or threatened breach of any of the terms of this Agreement, you will forthwith be entitled to an injunction restraining such breach or to decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding decision is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Marks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

C. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for any Restaurant developed under this Agreement, or the business will be entitled to recover its reasonable attorneys' fees and costs.

D. During the term of this Agreement, if you do not give us written notice of the alleged breach of this Agreement within one year from the date that you have knowledge of circumstances reasonably causing you to believe you may have a claim for a breach of this Agreement by us, then the alleged breach will be deemed to be waived by you in all respects and you will be barred from bringing any legal or other action against us for the alleged breach. Furthermore, upon expiration or termination of this Agreement, you may not assert any claim or cause of action against us arising under, out of, or in any way connected with or related to this Agreement, the relationship between the parties, or your Restaurants unless the claim or cause of action is commenced within one year after the effective date of the expiration or termination of this Agreement. Notwithstanding the preceding two sentences, if the one-year time limitation is prohibited by or invalid under any applicable law, then no suit or action may be commenced or maintained unless it is commenced within the shortest applicable statute of limitations.

#### **SECTION 11-MISCELLANEOUS**

The parties agree to the following provisions:

A. You agree to indemnify, defend, and hold us, our affiliates and our officers, directors, shareholders and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Restaurants, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims"). Franchise Claims include, but are not limited to, those arising from any death, personal injury or property damage (whether caused wholly or in part through our or our affiliates' active or passive negligence), latent or other defects in any Restaurant, or your employment practices. In the event a Franchise Claim is made against us or our affiliates, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost.

B. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses.

C. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business. There are no representations or warranties of any kind, express or implied, except as contained in this Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

D. Except as otherwise provided in this Agreement, any notice, demand or communication provided for must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows:

1. If intended for us, addressed to:

President, Crooked Pint, LLC  
1342 Grand Avenue  
St. Paul, MN 55105

2. If intended for you, addressed to you at

or, in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

E. Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by one of our officers.

F. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law, Waiver and Venue. Subject to our rights under federal trademark laws, the parties' rights under this Agreement, and the relationship between the parties, is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Minnesota, although you expressly and affirmatively acknowledge and agree that any Minnesota franchise or business opportunity law will not apply, unless you are a Minnesota resident or your Restaurants are located in Minnesota. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any other state. This Agreement may be deemed to be

amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations. Subject to Section 11.A, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Federal District Court for the District of Minnesota or in District Court in Minneapolis, Minnesota. Both parties hereto irrevocably admit themselves to, and consent to, the exclusive jurisdiction of said courts. The provision of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, but are not limited to, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

G. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

H. You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

I. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

J. In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, "force majeure" shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder.

K. We will designate the "Effective Date" of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement.

**IN WITNESS WHEREOF**, the parties have executed the foregoing Agreement as of the dates written below.

DEVELOPER:

FRANCHISOR:

CROOKED PINT, LLC

Date:

Date:

By:

By:

Its:

Its:

**APPENDIX A**

**DEVELOPMENT AREA**



**ACKNOWLEDGMENT ADDENDUM TO CROOKED PINT MULTI-UNIT DEVELOPMENT AGREEMENT**

As you know, you and we are entering into Multi-Unit Development Agreement for the development and operation of Crooked Pint Ale House Restaurants. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

**Acknowledgments and Representations\***

1. Do you understand that the franchise granted is for the right to develop and operate the Restaurants in the Development Area, as stated in Section 2.B, and that, according to Section 2.D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine?

Check one: ( ) Yes ( ) No. If no, please comment:

2. Do you understand that the success or failure of the development and operation of your Restaurants will depend in large part upon your skills and experience, your business acumen, your location, the local market for CROOKED PINT Products, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change?

Check one ( ) Yes ( ) No. If no, please comment:

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

APPROVED ON BEHALF OF  
CROOKED PINT, LLC

Signed:

By:  
Print Name:  
Date:

By:  
Print Name:  
Date:

\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO  
CROOKED PINT ALE HOUSE  
MULTI-UNIT DEVELOPMENT AGREEMENT FOR THE  
STATE OF ILLINOIS

Illinois law governs the Franchise Agreement(s).

The initial development fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

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

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

FRANCHISEE:

\_\_\_\_\_

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

FRANCHISOR:

CROOKED PINT, LLC

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

ADDENDUM TO  
CROOKED PINT ALE HOUSE  
MULTI-UNIT DEVELOPMENT AGREEMENT FOR THE  
STATE OF NORTH DAKOTA

This Addendum pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement, the Agreement is amended to include the following:

1. Section 8 of the Multi-Unit Development Agreement is revised to delete Franchisee's agreement to pay termination or liquidated damages.
2. Notwithstanding anything contained in Section 10 of the Multi-Unit Development Agreement, any mediation or arbitration proceeding must take place at a location as may be mutually agreed upon by the parties and will not be remote from the Franchisee's place of business.
3. Section 11 of the Multi-Unit Development Agreement is revised to delete the waiver of rights to a trial by jury which is considered unenforceable in the State of North Dakota.
4. Section 11 of the Multi-Unit Development Agreement is hereby revised to delete the waiver of punitive damages which is considered unenforceable in the State of North Dakota.
5. Section 11 of the Multi-Unit Development Agreement is revised to include the following language:

"Requiring a franchisee to consent to the jurisdiction of courts in a remote location from the franchisee's business is not enforceable under North Dakota law."
6. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:

\_\_\_\_\_

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

FRANCHISOR:

CROOKED PINT, LLC

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

**EXHIBIT E**  
**Confidential Disclosure Agreement and Receipt**

CONFIDENTIAL DISCLOSURE AGREEMENT

We at Crooked Pint, LLC are interested in discussing the possibility of you becoming a franchisee.

It is our intent to share all manuals, recipes, drawings, plans, materials, material sources, methods, techniques, processes, records, business plans, market research and other information (collectively, "Proprietary Information") to enable you to decide if you wish to proceed with a CROOKED PINT ALE HOUSE Restaurant. We wish to maintain the confidentiality of our Proprietary Information. Therefore, you agree not to copy or try to duplicate the Crooked Pint Ale House Restaurant concept.

Your acceptance of the terms of this confidential disclosure agreement indicates that:

- 1) You agree to maintain as confidential the Proprietary Information;
- 2) You agree not to disclose the Proprietary Information to anyone without our prior written approval;
- 3) You agree not to design, manufacture, distribute, or sell or assist others in designing, manufacturing, distributing, or selling products or services of any type relating directly to CROOKED PINT ALE HOUSE Restaurants, services or products without receiving our written approval;
- 4) You agree not to reproduce any of the Proprietary Information and to return to us all Proprietary Information received by you immediately upon our request.

Upon a breach or threatened breach by you of this Agreement, we are entitled to immediate injunctive relief and any other equitable remedies, as well as all available remedies at law.

If these terms are acceptable to you, please indicate your acceptance by signing below.

Accepted and agreed to this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature

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

**EXHIBIT F**  
**List of Franchisees**

Orion Hospitality Group, LLC 15668 Pilot Knob Road Apple Valley, MN 55124 (952) 891-3883	CP Maplewood II, LLC 1734 Adolphus St. Maplewood, MN 55117 (651) 252-6500
CP Duluth, Inc. 1402 W. Arrowhead Road Duluth, MN 55811 (218) 464-4129	CP Waite Park, LLC 58 Division Street Waite Park, MN 56387 (320) 774-3929
Orion Hospitality Group, LLC 125 1 <sup>st</sup> Ave. N.E. Faribault, MN 55021 (507) 497-1272	†GM Fargo, LLC 3340 13 <sup>th</sup> Avenue South Fargo, ND 58103 (701) 298-8000
CP Chaska, Inc.* 3210 Chaska Blvd. Chaska, MN 55318 (952) 361-6794	GM Grand Forks, LLC 1930 S. Columbia Road Grand Forks, ND 58201 (701) 780-9000
CPH Lyndale, Inc. d/b/a Harriet's Inn* 4000 Lyndale Ave. South Minneapolis, MN 55409 (651) 271-2675	Elmwood Hospitality, LLC 2020 W. Russell St. Sioux Falls, SD 57104 (605) 331-2050
CP Rochester, Inc. 2723 Commerce Dr. NW Rochester, MN 55901 (507) 282-4222	J&KB Holdings, LLC dba Crooked Pint Onalaska 9348 WI-16, STE 232 Onalaska, WI 54650 (608) 615-1090
The Appian Way Company LLC 501 South Washington Avenue Minneapolis, MN 55415 (612) 877-6900	Gazh, LLC 6151 N. 99 <sup>th</sup> Ave. Glendale, AZ 85305 (602) 603-5810
Crooked Pint Savage Pertinacity Inc. 14120 State Highway 13 Savage, MN 55378	

**NOT YET OPERATIONAL AT 12/31/23:**  
CPH Lyndale, Inc.- Mankato, MN

**EXHIBIT G**  
**Form of Release Agreement**

**SAMPLE  
FORM OF RELEASE AGREEMENT  
(Subject to Change by Crooked Pint, LLC)**

For and in consideration of the agreements and covenants described below, Crooked Pint, LLC (“Franchisor”) and (“Franchisee”) enter into this Release of Claims (“Agreement”).

**RECITALS**

A. Franchisor and Franchisee entered into a Crooked Pint Ale House Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

**AGREEMENTS**

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

**4. Release of Claims by Franchisor.** Except as noted in this Section 4, and subject to your compliance with the terms and conditions of this Agreement, including the payment of \$\_\_\_\_\_ to Franchisor, for itself, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the “Franchisor Parties”), hereby release and forever discharge Franchisee, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties”) from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties’ failure to comply with those obligations. Further, the Franchisor Parties do not release the Franchisee Parties from any Claims related to Franchisee’s (i) indemnification obligations under Section \_\_\_ of the Franchise Agreement, (ii) non-disclosure obligations under Section \_\_\_ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Section \_\_\_ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

**5. Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties release and forever discharge the Franchisor Parties of and from any and all Claims, for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or

regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations.

**6. Acknowledgment.** The releases of Claims set forth in Section 4 and Section 5 are intended by the Franchisor Parties and the Franchisee Parties (collectively, the "Parties") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Parties further acknowledge and agree that no violation of this Agreement shall void the releases set forth in this Agreement.

**7. Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

**8. Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

**9. Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

**10. Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of .

**11. Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

*[Signature page follows]*

[Signature Page to Release Agreement]

Dated: \_\_\_\_\_, 20\_\_

**CROOKED PINT, LLC**

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

Dated: \_\_\_\_\_, 20\_\_

**FRANCHISEE:**

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

**EXHIBIT H**  
**State Addenda**

ADDENDUM TO CROOKED PINT ALE HOUSE DISCLOSURE DOCUMENT FOR THE  
STATE OF MINNESOTA

This addendum to effectively amends and revises the Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and Article 6 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and Articles 12 and 14 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, 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.”

3. Item 17 of the Disclosure Document, Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 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 agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document, Articles 12 and 13 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on an NSF check. This applies to everyone in Minnesota who accepts checks except banks.

7. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The appropriate sections of the Franchise Agreement are hereby amended accordingly.

8. The Limitations of Claims must comply with Minnesota Stat 80C.17, subd.5.

9. Minnesota Rules 2860.4400(G) prohibits a Franchisor from imposing on a Franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

10. 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 in connection with this franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated .

CROOKED PINT ALE HOUSE

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

FRANCHISEE:

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

ADDENDUM TO CROOKED PINT ALE HOUSE DISCLOSURE DOCUMENT FOR THE  
STATE OF NORTH DAKOTA

The following applies to franchises and franchisees subject to North Dakota statutes and regulations. Item numbers correspond to those in the main body:

Item 17.

1. Item 17(c): You must sign a general release if you renew your franchise. This provision may be unenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.
2. Item 17(i): Franchisee is not required to consent to termination or liquidated damages under the Multi-Unit Development Agreement.
3. Item 17(r): Covenants not to compete such as those mentioned in Item 17(r) are generally considered unenforceable in the State of North Dakota.
4. Item 17(u): Any mediation or arbitration proceeding (under either the Franchise Agreement or Multi-Unit Development Agreement) will take place at a location as may be mutually agreed upon by the parties and will not be remote from the Franchisee's place of business.
5. Item 17(v): The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable with the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Item 17(w): North Dakota law will apply if the franchisee is a resident of North Dakota or the franchised business will be located in North Dakota.

ADDENDUM TO CROOKED PINT ALE HOUSE DISCLOSURE DOCUMENT FOR THE  
STATE OF WISCONSIN

The following information applies to franchises and franchisees subject to the Wisconsin Fair Dealership Law. The Item number corresponds to those in the main body:

Item 17.

1. For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

2. For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

**EXHIBIT I**  
**Third Party Supplier Agreements**  
(ATTACHED INGAGE AND RESTAURANT 365)

**EXHIBIT J**  
**Operating Manual Table of Contents**



[My Courses](#) | [My Calendar](#) | [Course Catalog](#)

[Enrolled](#) | [Completed](#) | [Transcript](#)

### Enrolled

	Title	% Complete	Status ▲	Enroll Date
	Server and Bartender Training	0%	<input type="radio"/> Not Attempted	2022-05-27
	Host Training	0%	<input type="radio"/> Not Attempted	2022-05-27
	New/LTO Menu Training	0%	<input type="radio"/> Not Attempted	2022-05-27
	Crooked Pint General Manager Training/Tests	0%	<input type="radio"/> Not Attempted	2022-05-27
	NEW STORE OPENING Server Bartender Tests	0%	<input type="radio"/> Not Attempted	2022-05-27
	NEW STORE OPENING Host Tests	0%	<input type="radio"/> Not Attempted	2022-05-27
	Manager - Harassment Prevention Training	0%	<input type="radio"/> Not Attempted	2022-05-27
	Hourly Employees - Harassment Prevention Training	0%	<input type="radio"/> Not Attempted	2022-05-27
	GreenMill On The Go Training	10%	<input checked="" type="radio"/> Started	2022-05-27

**Legend:** |  **Launch Course:** Click to Open the Course or Unit |  **Course:** Open to View Units and/or Resources |  **Curriculum:** Open to View Courses

**EXHIBIT K**  
**State Effective Dates**

## STATE EFFECTIVE DATES

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

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

Minnesota	July 13, 2023
North Dakota	June 9, 2023
South Dakota	June 9, 2023
Wisconsin	May 23, 2023

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.

**EXHIBIT L**  
**Receipts**

**RECEIPT**

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

Except as noted below, if Crooked Pint, LLC offers you a franchise, we must provide this Disclosure Document to you at the earlier of 14 calendar days before you sign a binding agreement or payment of consideration to us.

If Crooked Pint, LLC offers you a franchise in New York, we must provide this Disclosure Document to you at the earlier of the first personal meeting or 10 business days before the signing of a binding agreement or payment of any consideration to us.

If Crooked Pint, LLC offers you a franchise in Iowa or Michigan, we must provide this Disclosure Document to you at least 10 business days before the execution of any binding agreement or payment of any consideration to us.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C., 20580 and the State Agency referred to in Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Paul Dzubnar, 1342 Grand Avenue, St. Paul, Minnesota 55105, (651) 203-3100; and Michael Drummer, 340 Map Drive, Mankato, Minnesota 56001, (507) 386-1060.

Issuance Date: May 29, 2024

I received a Franchise Disclosure Document dated May 29, 2024. This Disclosure Document included the following Exhibits: A) List of State Agencies and Agents for Service of Process; B) Financial Statements; C) Franchise Agreement; D) Multi-Unit Development Agreement; E) Confidential Disclosure Agreement; F) List of Franchisees; G) Form of Release Agreement; H) State Addenda; I) Third Party Supplier Agreements; J) Operating Manual Table of Contents; K) State Effective Dates; and L) Receipts.

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

Signed: \_\_\_\_\_

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

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

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

Phone ( ) \_\_\_\_\_ Zip \_\_\_\_\_

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

Signed: \_\_\_\_\_

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

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

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

Phone ( ) \_\_\_\_\_ Zip \_\_\_\_\_

**Copy for Franchisee**

**RECEIPT**

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

Except as noted below, if Crooked Pint, LLC offers you a franchise, we must provide this Disclosure Document to you at the earlier of 14 calendar days before you sign a binding agreement or payment of consideration to us.

If Crooked Pint, LLC offers you a franchise in New York, we must provide this Disclosure Document to you at the earlier of the first personal meeting or 10 business days before the signing of a binding agreement or payment of any consideration to us.

If Crooked Pint, LLC offers you a franchise in Iowa or Michigan, we must provide this Disclosure Document to you at least 10 business days before the execution of any binding agreement or payment of any consideration to us.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C., 20580 and the State Agency referred to in Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Paul Dzubnar, 1342 Grand Avenue, St. Paul, Minnesota 55105, (651) 203-3100; and Michael Drummer, 340 Map Drive, Mankato, Minnesota 56001. (507) 386-1060.

Issuance Date: May 29, 2024

I received a Franchise Disclosure Document dated May 29, 2024. This Disclosure Document included the following Exhibits: A) List of State Agencies and Agents for Service of Process; B) Financial Statements; C) Franchise Agreement; D) Multi-Unit Development Agreement; E) Confidential Disclosure Agreement; F) List of Franchisees; G) Form of Release Agreement; H) State Addenda; I) Third Party Supplier Agreements; J) Operating Manual Table of Contents; K) State Effective Dates; and L) Receipts.

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

Signed: \_\_\_\_\_

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

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

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

Phone ( ) \_\_\_\_\_ Zip \_\_\_\_\_

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

Signed: \_\_\_\_\_

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

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

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

Phone ( ) \_\_\_\_\_ Zip \_\_\_\_\_