

## FRANCHISE DISCLOSURE DOCUMENT

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A Colorado Limited Liability Company  
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You will operate an in person mobile cooking school for children that offers cooking instruction at schools, camps, special events and online using the trademark “Sticky Fingers Cooking”.

The total investment necessary to begin the operation of one Sticky Fingers Cooking franchise territory ranges from \$77,528 - \$125,379. This includes \$48,375 that must be paid to the franchisor or an affiliate.

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

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise”, which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC, 20580. You can also visit the FTC’s home page at [www.ftc.gov](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: April 7, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

**Competition from franchisor.** Even if the franchise agreement grants you 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 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 and/or litigation only in Colorado. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Colorado than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Spousal Liability** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
5. **Mandatory minimum payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
6. **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.
7. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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.

**SFC TEAM FRANCHISE LLC**  
**Franchise Disclosure Document**

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means SFC Team Franchise, LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Sticky Fingers Cooking franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a limited liability company in the State of Colorado on February 4, 2022. Our principal business address is 3030 E. 6<sup>th</sup> Avenue, Denver, Colorado, 80206, and our telephone number is 303-648-4078. We do business under our company name. We do not own or operate any businesses of the type you will be operating. We have not offered franchises and do not conduct business in any other line of business. We only offer franchises which operate under the “Sticky Fingers Cooking” trademarks. We began offering franchises on September 15, 2022.

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

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

We have no parent or predecessor company.

We have an affiliated company, Real V Texas, LLC, a Texas limited liability company with a principal place of business at 3030 E. 6th Avenue, Denver, Colorado, 80206. Real V Texas, LLC, was formed on October 7, 2015, and is the owner of the Marks and The Sticky Fingers Cooking proprietary technology platform (known as “The Dash”) and has licensed use of the Marks and The Dash to us. Real V Texas, LLC has not previously offered franchises in this or any other line of business.

### **The Franchise Offered:**

We grant franchises the right to operate a mobile cooking school for children that offers in-person cooking workshops, classes and camps at schools and community venues, and special events. You will provide products and services to customers under the “Sticky Fingers Cooking” trademark, using our distinctive operating procedures and standards in a limited protected territory (the “Franchised Business”). The distinguishing characteristics of the Franchised Business include, but are not limited to, our distinctive trade dress, inventory, procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”).

We have operated, through affiliates, Sticky Fingers Cooking businesses similar to the franchise offered by this Disclosure Document since April 2011, in Colorado, Illinois and Texas. We may operate other Sticky Fingers Cooking concepts, including additional Sticky Fingers Cooking businesses, in the future.

### **Market and Competition:**

The market for your Franchised Business consists of schools, camps and community organizations that offer enrichment programs to children ages 3 through 18. Our customers also include parents who desire cooking instruction and birthday party options for their children.

The market for children's culinary experiences is developing. You will compete with businesses, including national, regional and local businesses, that offer services similar to those offered by your Franchised Business, and you will compete with other enrichment programs that offer children's classes, camps and parties. There are other instructional and hands-on children's culinary arts franchises, as well as independent businesses throughout the United States, that may offer similar products and services. The market for our products and services is not seasonal but does have peak periods.

### **Industry Specific Regulations:**

You and your employees must comply with all laws and regulations for proper food storage, preparation, and service. We recommend that you obtain a ServSafe® Food Handler certification.

All states require mandatory background checks of all individuals who provide instructional services to children. You may be required to pay a fee to the state agency responsible for enforcing these requirements. We also require that you conduct a background check on all of your employees.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, and employment laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here. You are responsible for obtaining all licenses and permits which may be required for your business.

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

#### **Chief Executive Officer: Erin Fletter**

Erin Fletter is our Chief Executive Officer, a position she has held since our company's inception. Erin co-established the Sticky Fingers Cooking concept in Denver, Colorado in April 2011, and since then has worked exclusively developing and growing the brand.

#### **Director of Franchise Development: Julie Scher**

Julie Scher is our Director of Franchise Development and has held this position since April 2023. Prior to joining Sticky Fingers Cooking, Julie held a position at Robbins Research International in San Diego, California from 2019 - 2020 as the National Sales Coordinator.

#### **Chief of Staff: Katie Brennan**

Katie Brennan is our Chief of Staff and has held this position since March 2022. Prior to that, Katie held positions with our affiliate, Real V, LLC, in Denver, Colorado from 2014 to 2017 as Systems Specialist and from 2017 to March 2022 as Account Manager.

#### **Chief Financial Officer: Lelania Howard**

Lelania Howard is our Chief Financial Officer, a position she has held since March 2022. Prior to joining Sticky Fingers Cooking, she owned and operated Howie Homes LLC, in Denver, Colorado, which invested in real estate and managed rental properties since its inception in May 2005.

**Chief Operations Officer: Kimberly Douglas**

Kimberly Douglas is our Chief Operations Officer, a position she has held since March 2022. Prior to that, Kimberly was employed by our affiliate Real V, LLC, as Area Director for all Sticky Fingers Cooking programs within the State of Colorado since 2013.

**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**

You must pay an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is Thirty-Five Thousand Dollars (\$35,000). This payment is fully earned by us and due in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

Each territory contains a minimum of 50,000 children of preschool through elementary school age.

You must pay an Initial Training fee of Thirteen Thousand Dollars (\$13,000) for up to two (2) individuals. The cost for additional trainees that exceeds the allotted number of two (2) individuals, is \$500 per person per day. This payment is fully earned by us and due in a lump sum when you sign the Franchise Agreement.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without giving notice to you. We currently offer a 10% discount on the Initial Franchise Fee to first responders and honorably discharged military veterans.

Prior to opening, you must sign The Sticky Fingers Cooking Dash Software License Agreement to obtain the rights to use The Dash, and you must pay us the initial monthly fee of \$375. The initial fee includes set-up of your microsite, software integration, and your online reservations and payment systems.

All initial fees paid are non-refundable.

**ITEM 6: OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Continuing Royalty Fee	8% of weekly Gross Revenue.	Weekly, on Tuesday for the sales week ending the immediately preceding Sunday.	Payable to us via ACH or other means designated by us. See footnote 1.

Type of Fee	Amount	Due Date	Remarks
Required Minimum Expenditure for Local Marketing and Advertising	Minimum of \$100 per month, subject to increase.	Monthly	Payable to third parties. All advertising must be pre-approved by us. See footnote 2.
Brand Fund Contribution	1% of Gross Revenue, subject to increase up to 2% of Gross Revenue.	Weekly, on Tuesday for the sales week ending the immediately preceding Sunday.	Brand Fund Contributions are paid directly to the Brand Fund. See footnote 3.
Advertising Cooperative	Your share of the actual cost of advertising.	As determined by cooperative.	No cooperatives have been established as of our last fiscal year end. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Sticky Fingers Cooking outlets in a designated geographic area. Any affiliate-owned outlet may participate in an advertising cooperative, in our sole discretion.
Late Charge	\$150 per occurrence	As incurred	If you fail to pay us the Continuing Royalty Fee, Brand Fund Fee or any Fees due to us, or if you fail to submit your Gross Revenue or other required report when due, we may charge you a late fee in addition to interest charges explained below.
Interest Charge	18% per annum from due date, or maximum allowed by law	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-Sufficient Funds Fee	\$50 per occurrence	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you a Non-sufficient Funds Fee.
Successor Agreement Fee	10% of the then-current initial franchise fee.	Before signing the successor franchise agreement.	Payable to us. See Item 17.
Transfer Fee	75% of the then-current initial franchise fee. For transfers to:	Upon request for approval of the transfer	Payable to us. See Item 17 Transfer Fees are subject to state law.

Type of Fee	Amount	Due Date	Remarks
	(i) an existing franchisee in good standing, the transfer fee is 50% of the then-current initial franchise fee, (ii) an entity owned and controlled by the franchisee for convenience purposes or for transfers among owners that does not change management control, the transfer fee is \$1,500 and (iii) a spouse, parent or child upon death or permanent disability, the transfer fee is \$2,000.		
Additional Training	\$500 per person per day plus the cost of travel, meals, lodging, etc.	As incurred.	See footnote 4.
Internal Systems Fee	As incurred	As incurred	We reserve the right to impose a fee for new or improved technology for the benefit of the System and the Franchised Business, including but not limited to, assigned phone numbers and email addresses, a franchise portal, benchmarking platform or other operations or communications systems.
Proprietary Technology Platform Fee	\$375 per month, subject to increase	Monthly via ACH.	We will license to you the right to use The Dash, which includes our proprietary curriculum. The fee also includes development, optimization and maintenance of your microsite.

Type of Fee	Amount	Due Date	Remarks
Conference Convention Fee	Up to \$1,500	As incurred.	Payable to Franchisor via ACH in the year a conference is held. Payment is required regardless of attendance.
Remedial Training Fee	\$500 per person per day plus the cost of travel, meals, lodging, etc. or \$75 per hour for one-on-one online training.	As incurred.	We may impose this fee, which is payable to us, if you request additional training at your premises, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Interim Management Support Fee	\$500 per day, plus all travel expenses.	As incurred.	We may impose this fee (in addition to all regularly occurring fees such as the Continuing Royalty Fee and Brand Fund Contributions), payable to us, if we provide on-site management of your Franchised Business. See footnote 5.
Examination of Books and Records	Cost of examination plus related expenses.	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue, you must pay us the owing Royalty and Brand Fund Contribution, with interest, and if there is an understatement of 2% or more, you must pay to us the cost of the audit and all travel and related expenses.
Evaluation Fee	Actual cost of inspection and testing of a proposed item or vendor.	As incurred.	Payable to us.
Quality Review Services	Actual costs.	As incurred.	Payable to us or third-party providers. See footnote 6.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Critical Operation Standards Violation Fee	\$450 to \$1,000 per occurrence.	Due within 14 days of receiving invoice.	Payable for failure to comply with operational standards as required and specified under the Franchise Agreement, plus inspection and re-inspection costs incurred by us.
Confidential Operation Manual Replacement Fee	Currently \$500, subject to change	As incurred	Paid to us.
Liquidated Damages	Up to 24 months of Royalty Fees and Brand Fund Contributions	Upon termination of the Franchise Agreement	If the termination is due to your default, you must pay us the average monthly Royalty Fee and Brand Fund Contribution payable by you for the 12 months prior to your default multiplied by the lesser of 24 months or the number of months remaining in the term of your Franchise Agreement.
Insurance Reimbursement	Amount paid by us for your insurance obligations, plus a 10% administrative fee and other actual expenses	As incurred.	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Indemnification	Amount of loss or damages plus costs	As incurred.	See footnote 7.
Reimbursement of Cost and Expenses for Non-compliance	Actual costs and expenses	As incurred.	See footnote 8.
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales, excise, use, privilege or income taxes imposed by any authority.

Type of Fee	Amount	Due Date	Remarks
Inventory	\$200	As incurred	Paid to us.
Other Software and Applications	\$227 - \$360 per month subject to increase	Monthly	You are required to use all other software and applications that we specify and pay any subscription or access fees associated with them.

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

<sup>1</sup> “Gross Revenue” includes all revenues and income from any source derived or received by you from, by or on account of the operation of the Franchised Business or made pursuant to the rights granted to you by the Franchise Agreement. Gross Revenue is calculated on a cash basis. “Gross Revenue” does not include (a) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (b) properly documented refunds to customers, and (c) properly documented promotional discounts (i.e. coupons). If you do not report on the Gross Revenue for any reporting period, then we will collect 120% of the last Continuing Royalty Fee collected and settle the balance for the next period in which you report Gross Revenue. If refunds are greater than the Gross Revenue for a given week, your credit will be carried forward until the royalties due exceed the credit balance. You are required to set up an authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. Gross Revenue does not include gift card purchases, at the time of purchase, but Gross Revenue does include the redemption amount of purchases made by gift card.

<sup>2</sup> Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. You may not use social media platforms, such as Facebook, Twitter, Instagram, LinkedIn, blogs and other networking and sharing websites, unless you first receive our written approval to do so and such use is in strict accordance with our requirements.

<sup>3</sup> Brand Fund Contribution payments are due at the same time and in the same manner as Royalty Fees. You are required to set up authorization at your bank to allow the Brand Fund to electronically transfer funds from your bank account to the Brand Fund’s bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report Gross Revenue for the required period, then the Brand Fund will collect 120% of the last Brand Fund Contribution collected and settle the balance the next period in which you report sales.

<sup>4</sup> We may offer mandatory and/or optional additional training programs, including an annual business meeting or convention, from time to time. If we require it, you must participate in additional training for up to 3 days per year and an annual business meeting or convention for up to 3 days, at a location we designate. We reserve the right to impose a reasonable fee for all additional training programs,

including the annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

<sup>5</sup> In the event of your death or disability, your default of the Franchise Agreement, absence of a qualified general manager, or other reasons, in our sole discretion, we may provide interim on-site management of your Franchised Business.

<sup>6</sup> We may establish quality assurance programs conducted by third-party providers, such as, by way of example only, mystery shop programs and periodic quality audits, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

<sup>7</sup> You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

<sup>8</sup> If you breach the Franchise Agreement, you must reimburse us any costs we incur to cure your default. You must also pay us all damages, costs and expenses, including reasonable attorneys' fees, we incur to enforce the terms of the Franchise Agreement or to obtain any remedy, injunctive or other relief.

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT  
(1 Territory)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee <sup>1</sup>	\$35,000	Lump sum payment by wire or ACH	Upon signing the Franchise Agreement.	Us
Initial Training Expense <sup>2</sup>	\$13,000	Lump sum payment by wire or ACH	Upon signing the Franchise Agreement.	Us
Initial Training Travel Costs <sup>2</sup>	\$1,000 - \$3,100	As required	Before Opening	Suppliers of transportation, lodging & meals
Premises Deposit <sup>3</sup>	\$0 - \$1,500	As required	As required	Landlord
Utilities deposits <sup>4</sup>	\$0 - \$165	As required	As required	Utility providers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Professional Fees <sup>5</sup>	\$2,000 - \$9,000	As required	Before opening, as required	Supplier
Leasehold Improvements, Construction and/or Remodeling <sup>6</sup>	\$0 - \$500	As required	Before opening, as required	Suppliers, contractor and/or landlord
Office Furniture, Fixtures, and Supplies <sup>7</sup>	\$700 - \$2,350	As required	Before opening	Suppliers
Equipment <sup>8</sup>	\$3,839 - \$7,154	As required	Before opening	Suppliers
Signage and Banners <sup>9</sup>	\$250 - \$3,500	As required	Before opening	Suppliers
Business Licenses and Permits <sup>10</sup>	\$25 - \$500	As required	Before opening, as required	Government agencies
The Dash <sup>11</sup>	\$375	As required	Before opening	Us
Computer Systems <sup>12</sup>	\$1,082 - \$5,134	As required	Before opening	Suppliers
Initial Inventory to Begin Operating <sup>13</sup>	\$650 - \$1,401	As required	Before opening	Suppliers
Grand Opening Advertising	\$500 - \$1,500	As required	Before opening	Suppliers
Insurance <sup>14</sup>	\$180 - \$1,469	As required	Before opening	Insurer
Additional Funds – 3 months <sup>15</sup>	\$18,927 - \$39,731	As incurred	Weekly payroll, other purchases according to agreed-upon terms	Employees, utilities, suppliers, etc.
<b>TOTALS: \$77,528 - \$125,379</b>				

<sup>1</sup> Please see Item 5, which provides information about incentive programs that may offer a discount on the initial franchise fee.

<sup>2</sup> The cost of the initial training program for up to two individuals is \$13,000. The cost for additional trainees that exceed the allotted amount of two is \$500 per person per day. This includes one week of training at our headquarters and/or affiliate-owned outlet and continued online training, until you've satisfactorily completed the initial training program. The chart also estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the initial franchise fee. Your costs will depend on the number of people attending the training, their point of origin, method of travel, class of accommodation and living expenses. The duration of the training program is approximately two weeks. This estimate does not include employee wages.

<sup>3</sup> If you elect to commence operation from a commercial office, the high end of the estimate represents first and last months' rent charges, plus a security deposit, for a shared services month-by-month office.

<sup>4</sup> If you elect to commence operation from a commercial office, utility providers may require security deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers.

<sup>5</sup>You may incur professional fees depending on the scope of work performed, which may include legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement.

<sup>6</sup> If you elect to commence operation from a commercial office, you may incur costs for minor renovations, such as re-painting.

<sup>7</sup> The above estimate represents the cost of office furnishings, such as desk, chairs and storage furniture, as well as the cost of general office supplies, business cards and branded office supplies and items.

<sup>8</sup> Equipment includes 10 chef kits, storage shelving, and if applicable, a portable dishwasher.

<sup>9</sup> The above estimate includes the cost to purchase marketing signage and banners for use at school events such as expos and open houses. Additionally, you may choose to purchase Sticky Fingers Cooking car decals or magnets for your vehicle.

<sup>10</sup> You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. This estimate includes the initial cost of licenses, certifications and/or permits that may be required by you to provide services offered by your Franchised Business. The costs of permits and licenses will vary by location.

<sup>11</sup> This initial fee includes the license to use The Dash, development of your microsite, and installation of your online class registration and payment processing systems. You are only required to purchase one (1) The Dash license per franchise agreement, if your territories are continuous. If your territories are not contiguous or cross state lines, you will be required to purchase a Dash license for each territory.

<sup>12</sup>We require you to purchase computer systems, software and applications meeting our minimum specifications for use at your Franchised Business. You must also have internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. The cost internet and other telecommunications equipment & services is included within this estimate. We reserve the right to change your requirements for computer hardware and software at any time.

<sup>13</sup> This estimate is for the cost of the initial inventory sufficient for approximately 1-6 months of operation. Your initial inventory will include paper products, party and craft supplies, and classroom awards.

<sup>14</sup> You must purchase the amounts and types of insurance as required by our Confidential Operations Manual from time to time (see Item 8). Factors that affect your cost of insurance include the size and location of the Franchised Business, value of the improvements, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about

the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase. The amount of insurance required is also affected by lease requirements.

<sup>15</sup> This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We relied upon the experience of our affiliate-owned Sticky Fingers Cooking businesses in Colorado to compile these estimates. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as telecommunications service, software fees, local advertising expenses, subscriptions, payroll, repairs and maintenance, bank charges, and other miscellaneous items. These estimates do not include any compensation to you, nor do they include debt service.

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

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

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

We require you to use the Workbright employee onboarding platform. This is the only approved supplier for this service as we have negotiated lower pricing for the system. Please see Exhibit G for the Workbright Agreement.

We require you to subscribe to Canva, a third-party software graphic design platform that allows us to share marketing materials created by us. This is the only approved supplier for this service.

We require you to subscribe to Reliable Background Screening, a service that provides continuous background monitoring. This is the only approved supplier for this service. We do not require continuous background monitoring of your employees.

You are required to purchase child-safe knives from us. We are the only approved supplier of this item. We will provide you with an initial stock of 200 knives at no charge.

Our affiliate, Real V Texas, LLC, is the sole designated supplier of The Dash. Our affiliate has licensed to us the rights to use The Dash and to sublicense it to our franchisees. You must license the use of The Dash from us and pay us for installation and continuing access fees.

Other than Real V Texas, LLC, and us, none of our officers own any interest in any other approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Franchised Business.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes comprehensive general liability insurance in the amount of at least \$2,000,000 per occurrence and \$4,000,000 in the aggregate; statutory worker's compensation insurance in the limits required by state law; comprehensive automobile liability insurance of at least a combined single limit for bodily injury and property damage of \$1,000,000; and coverage for damage to rented premises in an amount not less than \$100,000; Employment Practices Liability for all employment related claims up to \$1,000,000, Wage & Hour Defense and discrimination and harassment for third party claims (non-employee). Coverage

must include the franchisor, directors, officers, partners, agents and employees as Additional insured for all franchisee direct employees including defense costs. Each policy must be written by a responsible carrier or carriers acceptable to us, and must name us and our respective officers, directors, partners, agents and employees as additional insured parties. Insurance costs and requirements may vary widely in different localities. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

We approve suppliers after careful review of the quality of the products they provide to us and you. Our criteria for approving items and suppliers are not available to you. If you would like us to consider another item or supplier, you must make such a request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. We reserve the right to charge you a fee equal to the actual costs of our inspection and testing. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. If we do not approve any request within 30 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards.

We maintain written lists of approved items of equipment, fixtures, inventory and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We update these lists periodically and issue the updated lists to all franchisees.

In our recent fiscal year ending December 31, 2024, neither we nor any of our affiliates has received any revenue from franchisees' required purchases or leases. We and our affiliates have not received any other revenue, rebates, discounts or other material consideration from any other suppliers based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 40% - 65% of your costs to establish your Franchised Business and approximately 15% - 20% of your costs for ongoing operation.

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

From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. As of our last fiscal year end, we have created a discounted purchasing arrangement with Workbright, an employee onboarding platform.

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

**ITEM 9: FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other 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 or Article in Franchise Agreement</b>	<b>Item in Franchise Disclosure Document</b>
a. Site Selection and Acquisition/Lease	8.1	11
b. Pre-Opening Purchase/Leases	8.2, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.1, 8.2	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2	11
f. Fees	5.1, 5.2.6, Article 6, 7.5, 11.4.3, 12.2.5, 12.3.7, 12.7, 12.8, 12.9, 13.3.1, 16.4, 18.1.8, 19.1.5, 20.2	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 12.1, 12.9, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.4, 12.1.9, 12.2.1, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.1.2, 12.1.5, 12.1.11, 12.7	8
j. Warranty and Customer Service Requirements	Not Applicable	Not Applicable
k. Territorial Development and Sales Quotas	13.2	12
l. Ongoing Product/Service Purchases	12.1.2, 12.3.5, 12.3.6	8

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.3, 12.1.4	Item 11
n. Insurance	Article 15	7
o. Advertising	12.1.9, 12.1.10, Article 13	6, 11
p. Indemnification	15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.4, 12.1.7	11, 15
r. Records /Reports	12.2	6
s. Inspections and Audits	9.2, 12.1.8, 12.2.5	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Guaranty	11.3, Attachment 7	15

**ITEM 10: FINANCING**

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

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

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

**1. Pre-Opening Obligations**

Before you open your Franchised Business, we will:

- a. designate mutually-agreed upon boundaries of your territory. (Franchise Agreement, Article 2, Section 10.1). You may operate the Franchised Business from your home. You have no

obligation to locate a site, negotiate a lease, or construct or remodel premises for the office of your Franchised Business, and we provide no assistance in this regard. (Franchise Agreement, Section 8.1)

- b. provide access to the Sticky Fingers Cooking Operations Manual, and other manuals and training aids we designate for use in the operation of your Sticky Fingers Cooking business, as they may be revised from time to time (Franchise Agreement, Section 10.2).
- c. provide you with samples or digital artwork of advertising and promotional materials for your initial marketing activities (Franchise Agreement, Section 10.4)
- d. provide a written list of equipment, furniture, signage, supplies and products that will be required to open the Franchised Business. We do not provide, purchase, deliver, or install any of these items for you (Franchise Agreement, Section 10.3).
- e. provide you with 200 child-safe knives, at no additional charge. (Franchise Agreement, Section 10.3).
- f. set up your The Dash software, Sticky Fingers Cooking microsite, and online class registration and payment accounts (Franchise Agreement, Section 12.3.6);
- g. provide initial training at our headquarters and/or affiliate-owned outlet. We have the right to designate an alternative location for the initial training program, including a virtual option. We will determine, in our sole discretion, whether you satisfactorily complete the initial training program. (Franchise Agreement, Sections 7.1, 7.2).
- h. provide a trainer for on-site training, supervision and assistance for 2 to 3 days upon the opening of your Franchised Business. (Franchise Agreement, Section 7.3).
- i. provide you with standards for qualifications and training of your employees. We do not otherwise assist you with employee hiring and training (Franchise Agreement, Section 12.1.7).
- j. offer guidance from time to time regarding prices for products and services (Franchise Agreement, Section 12.6).

## 2. **Time to Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is between 60 to 90 days. Factors that may affect this time period include your ability to acquire financing or permits, and completion of required training. If you have not opened your Franchised Business within 90 days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.2).

## 3. **Obligations After Opening**

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs, including an annual business meeting or convention. If we require it, you must attend an annual business meeting or convention for up to days (3) days and mandatory additional training offered by us for up to three (3) days per year. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs (Franchise Agreement, Section 7.4).
- b. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging. The current fee is \$500 per trainer per day of on-site training and \$75 per hour for one on one online training (Franchise Agreement, Section 7.5).
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conferencing, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
- d. offer guidance, training and support on outreach methods and materials used to connect with venues in your territory. (Franchise Agreement, Section 7.6).
- e. from time to time, as may become available, provide you with samples or digital artwork, advertising and promotional materials (Franchise Agreement, Section 10.4).
- f. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your products, service and instruction to ensure that they meet our standards (Franchise Agreement, Section 12.1.8).
- g. provide you with any written specifications for required equipment, products and services and updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.5).
- h. offer guidance from time to time regarding prices for services and provide notice of any changes to suggested prices for Services (including any temporary promotional changes). You are under no obligation to adhere to the suggested prices but should be aware that promotional and marketing materials and campaigns prepared and provided by us may include such prices. (Franchise Agreement, Section 12.6).
- i. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within 10 business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).

#### 4. **Advertising**

##### **Local Advertising** (Franchise Agreement, Sections 13.2 and 13.6)

We require you to spend \$500 - \$1,500 in grand opening advertising and promotional activities 30 days prior to and within the first 60 days following the opening of your Franchised Business in your Territory. Your Grand Opening marketing campaign must be conducted in accordance with a marketing plan that we have approved.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within ten business days; however, if we do not respond within ten business days, the proposed advertising or marketing material is deemed “disapproved”.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. If feasible, you may do cooperative advertising with other Sticky Fingers Cooking franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, Instagram, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

##### **Brand Fund** (Franchise Agreement, Section 13.3)

You are required to contribute 1% your Gross Revenue weekly to our systemwide Brand Fund. Each Sticky Fingers Cooking outlet operated by our affiliates or us may, but is not obligated to, contribute to the Brand Fund on the same basis as System franchisees. In our discretion, we may increase the Brand Fund Contribution, from time to time, to any amount not to exceed 2% of your Gross Revenue. We will provide 6 months’ notice before a Brand Fund contribution percentage is adjusted.

The Brand Fund is administered by our accounting and marketing personnel. We may use Brand Fund contributions to pay any and all costs for developing, producing and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through any media we determine; conducting marketing research and employing advertising agencies; developing, enhancing and maintaining our website, social media platforms, apps, and other technology for the benefit of the Brand image and/or Systemwide improvements; and staff salaries and other personnel and departmental costs for advertising that we internally administer or prepare.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we have the right to use the Brand Fund for public relations, to explain the franchise system, and/or include “Franchises Available” or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends contributions for the benefit of the System as a whole. We have the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, internet and direct-mail

campaigns. We have no obligation, however, to use the Brand Fund to place advertising or conduct marketing campaigns in any particular area, including the geographical area where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund.

The Brand Fund is not audited. An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year. Although the Brand Fund is intended to be for perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

For the fiscal year ending December 31, 2024, \$15,617 was contributed to the Brand Fund. Brand Fund contributions were used as follows: 18% on the redesign of Sticky Fingers Cooking logos and taglines and 26% on social media content. The remaining 56% will be carried over to next year.

#### **Regional Advertising** (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Sticky Fingers Cooking locations in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. Currently, there are no governing documents available for your review.

If we establish a regional advertising fund or cooperative, you must contribute amounts equal to your share of the total cost of cooperative advertising. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund; however, contributions made by you to a regional advertising fund or cooperative will be credited against your required expenditure for local advertising.

#### **Advertising Council** (Franchise Agreement, Section 9.6)

We do not have an advertising council composed of franchisees that advise us on advertising policies. The Franchise Agreement gives us the right, on our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies, in an advisory capacity only. If created, we will determine in advance how franchisees are selected to be the council, which may include factors such as a franchisee's level of success, superior performance, and outlet profitability. We reserve the right to change or dissolve the council at any time.

#### 5. **Computer Systems** (Franchise Agreement, Section 12.3)

You must purchase and use the computer system (“Computer System”) we specify, and have the latest versions of hardware, software and applications to operate the Computer System. The Computer System performs a variety of functions, including invoicing, payment processing, scheduling, and sales report generation.

The current Computer System uses our proprietary technology platform, The Dash. You are also required to use all other software and applications that we specify and pay any subscription or access fees associated with them, including those for employee management, invoicing, digital marketing, communications and collaboration.

The current cost estimate of the required hardware and software for the Computer System is between \$1,082 to \$5,134. The initial cost for a license to use The Dash is \$375, including installation, and monthly continuing access fees are \$375, subject to increase. The initial cost for the Workbright Onboarding system is \$500 and monthly continuing access fees begin at \$195 a month for the first year. The estimated cost of continuing access fees for other software and applications is \$227 - \$360 per month, subject to increase.

The Dash allows us to independently and remotely access all of your sales data, including your Gross Revenue, through the internet. There are no contractual limitations on our right to have full access to this information. We may retrieve, download, analyze and store such information and data at any time. We own all customer and financial data stored in The Dash.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of The Dash or any replacements thereto. Currently, there is no annual maintenance cost for the Dash software. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your hardware, required upgrades to operate our current management and payment processing applications, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

## **6. Table of Contents of Operations Manual**

The Table of Contents of our operations manual, current as of as of our last fiscal year end is attached as Exhibit D. The operations manual has a total of 137 pages.

## **7. Training** (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or at least one owner (if the franchisee is a business entity) and your managing director, if applicable, must complete our initial training program, to our satisfaction, at least 3 weeks, but no more than 8 weeks, before opening your Franchised Business. You will receive on-line training, as well as training at our headquarters and/or affiliate-owned outlet in Denver, Colorado, or at another location we specify.

## TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	ONSITE TRAINING	LOCATION
<b>Welcome &amp; Pre-Opening Checklist:</b> Company overview, business and account set up	10	0	Online
<b>Personnel:</b> Hiring, Creating Your Policies, Ideal Candidates, Onboarding, Training, Managing Chef Instructors			Online, Denver, CO or Affiliate Location
<b>Marketing:</b> Creating Brand Awareness, Target Venues, Strategies to Develop Enrollment, Social Media, PR	10	0	Online, Denver, CO or Affiliate Location
<b>Operational Procedures:</b> The Pantry, The Dash, Lesson Plans, Storage Area + Equipment + Inventory, Classroom Student Management, Chef Training in the classroom	10	5	Denver, CO or Affiliate Location
<b>Operational Standards:</b> Class Offerings, Managing Sessions, Technology Platforms and Software, Venue Relationships, Parent + Chef Communication	18	2	Denver, CO or Affiliate Location
<b>Financial Management:</b> Invoicing, Banking, Timesheets/Payroll, KPIs and Reporting, Royalties and Franchise Obligations	9	1	Denver, CO or Affiliate Location

<b>Review:</b> Training Assessment, Start Up Needs, Market Launch and Grand Opening Plan, Outreach Goals + Support	14	1	Denver, CO or Affiliate Location or Online
<b>TOTAL</b>			

We periodically conduct our initial training program throughout the year, as needed. Training will be provided by or under the direction of Erin Fletter, our owner and founder. Erin established the Sticky Fingers Cooking brand in April 2011 and provides training on all aspects of the Franchised Business, including but not limited to, marketing, operations, and financial reporting.

Our training materials consist of our operations manual, supplemented with active observation, participation, and verbal instruction.

If you do not complete our initial training program to our satisfaction, we have the right to terminate the Franchise Agreement. Satisfactory completion is measured by attending all in person and on-line training sessions as scheduled by us.

We will provide you with, at no charge, on-site training, supervision and assistance for up to 3 days upon the opening of your Franchised Business.

We may offer mandatory and/or optional additional training programs, including an annual business meeting or convention, from time to time. If we require it, you must participate in additional training for up to 3 days per year and an annual business meeting or convention for up to 3 days, at a location we designate. We have the right to impose a reasonable fee for all additional training programs, including the annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor’s national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer’s travel costs.

**ITEM 12: TERRITORY**

Under the Franchise Agreement, you have the right to establish and operate one Franchised Business within a limited protected territory or territories (the “Territory”). Your Territory will be mutually agreed upon by you and us and will be located in one or more towns or counties and will be identified by zip codes, name, jurisdiction boundaries, geographic demarcation lines or a marked map. Each Territory will contain a minimum of 50,000 children between the ages of 3 and 12 and is determined by the elementary school population (grades PK-5) of public and private schools obtained from the United States Department of Education National Center for Education Statistics and/or from other governmental sources such as the United States Census Bureau and other resources as we deem appropriate. Your Territory will be stated on Attachment 2 of your Franchise Agreement. You are encouraged to conduct due diligence, in your discretion and to your satisfaction, regarding the availability of host locations, school policies, rental and wage

rates, enrichment opportunities and other matters relative to the operation of the Franchised Business in the Territory, prior to signing the Franchise Agreement.

You must maintain an office in your Territory, unless you receive an exception from us. The Franchise Agreement permits you to operate from a home-based office, provided that your home is in your Territory. You may not change the location of your Franchised Business office, except in accordance with the requirements of Section 8.1.3 of the Franchise Agreement. You may only relocate the Franchised Business office with our consent. We consider the general location, neighborhood and demographic characteristics of the area when approving an office site. You are required to remove all identifying signs and property from the original office location, if applicable.

The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises or contiguous territories. We may, but have no obligation to, consider granting to you the right to establish additional Franchised Businesses under other franchise agreements or acquire additional territories if you are in compliance with the Franchise Agreement and propose to open another Franchised Business or expand your territory in an area that we approve.

You will receive an exclusive territory, which means that we will not open another dedicated Sticky Fingers Cooking outlet or grant the right to anyone else to open a dedicated Sticky Fingers Cooking outlet within your Territory, provided that you are not in default of your Franchise Agreement and you have meet your Minimum Performance Standards. Although we grant you this territory protection, we reserve all rights to sell, either directly or through others, our products and services under the Marks in the Territory through alternative distribution channels, which are described below. You will receive no compensation from us soliciting and/or conducting business within your territory.

During each year of the Term, you must conduct a minimum amount of classes within your territory for payment for each year of the Term, as follows:

<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3 + (and successor term)</b>
300 Classes	450 Classes	900 Classes

If you do not meet these minimum requirements, we have the right to reduce the size of your Territory, terminate your Territory exclusivity, or terminate your Franchise Agreement. There is no other market penetration or other contingency that will affect your right to operate in your Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Sticky Fingers Cooking businesses outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain or other

business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We and our affiliates may sell products and services under the Marks within or outside the Territory through any method of distribution other than a dedicated Sticky Fingers Cooking outlet, such as distribution through retail outlets, including but not limited to, larger retail outlets, such as, department stores; special events, and the internet (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

You are not permitted to use Alternative Distribution Channels, and you cannot conduct online cooking classes without our prior written consent. You must submit your request to conduct online cooking classes to us in writing, and we may respond in writing within ten (10) business days. If you do not receive a written response from us within ten (10) business days, your request is considered denied.

You may solicit and/or service host locations and customers located outside of your Territory, provided that (i) the host location is not located in an area serviced by us or another Sticky Fingers Cooking franchisee, (ii) you did not solicit the host location or customer in violation of your Franchise Agreement or the Manual, and (iii) no more than fifteen percent (15%) of your Gross Revenue, from the previous twelve months, is derived from classes at host locations and/or customers located outside of your Territory. In addition, if you provide services at a host location or to a customer outside of your Territory in an area that is subsequently designated as part of the territory of another Sticky Fingers Cooking franchisee, you must assign such host location and/or customer to such other franchisee, and you will have no further right to service such host location and/or customer.

**ITEM 13: TRADEMARKS**

Our affiliate, Real V Texas, LLC, is the owner of our trademarks and has granted us the exclusive right to use the marks and license to others the right to use the marks in the operation of a Sticky Fingers Cooking franchise in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the following principal trademark, which have is registered with the U.S. Patent and Trademark Office (“Principal Mark”):

Mark	Registration Date	Registration Number	Register
	May 28, 2013	4341702	Principal
Cultivating ‘Cool’inary Curiosity in Kids	May 28, 2013	4341703	Principal
THYME to TURNIP the BEET on WHAT KIDS EAT	March 21, 2017	5164663	Principal

	October 8, 2024	7531099	Principal
STICKY FINGERS COOKING LESSON PLANS	October 15, 2024	7538208	Principal

All required affidavits and renewal documents have been filed.

You must notify us immediately when you learn about an infringement of or challenge to your use of any Principal Mark or other mark. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of any Principal Mark or other mark. We have the right to control any administrative proceedings or litigation involving any Principal Mark or other mark licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

We have the right to substitute different marks if we can no longer use the current Principal Mark, or if we determine that substitution of different marks will be beneficial to the System. In such an event, we may require you, at your expense, to modify or stop using any mark, including any Principal Mark, or to use one or more additional or substitute marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the marks. There is no pending infringement, opposition, or cancellation. There is no pending material federal or state court litigation involving the Principal Marks or other marks.

There are no currently effective agreements that significantly limit Licensor’s or our rights to use or license the use of the Principal Mark or other Marks in a manner material to the franchise.

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

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials, and other written materials. We also claim copyrights and other proprietary rights in our recipes, The Dash, the Manual and the contents of our website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of our last fiscal year end, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely

notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, formulas, recipes, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which we may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all Confidential Information and trade secrets will remain our exclusive property. You may never (during the initial term, any renewal term, or after the Franchise Agreement expires or is terminated) reveal any of our Confidential Information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Your personnel who have access to our Confidential Information must sign our Confidentiality and Non-Compete Agreement (Franchise Agreement, Attachment 8).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

**ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The Franchise Agreement requires that you personally supervise, devote full time, and manage the day-to-day operation of your Franchised Business. You may not appoint a non-owner manager of your Franchised Business, unless you receive our prior written approval. Upon approval, your manager must successfully complete our Initial Training Program and all other training courses we require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. Your manager is not required to have an equity interest in the franchisee entity but must otherwise meet our approval.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Confidentiality and Non-Compete Agreement, which is attached to our Franchise Agreement as Attachment 8. All owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spousal Guaranty, which is attached to our Franchise Agreement as Attachment 6.

**ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL**

You must offer and sell all products and services that are part of the System, and all services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved. You cannot use any lesson plans, instructional materials or recipes that we have not approved. You may only engage in providing products and services to end-consumers.

You may not use our Principal Mark or other trademarks for any other business, and you may not conduct any other business at or through your Franchised Business operations or office.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

You must target your advertising within the Territory and may only solicit sales from customers located within the Territory. Notwithstanding, you may solicit and/or service a customer located outside of the Territory, provided that (i) the customer is not located in an area serviced by another Sticky Fingers Cooking franchisee or us, and (ii) you do not solicit the customer in violation of your Franchise Agreement. In the event you provide System services to a customer outside of the Territory in an area that is subsequently designated as part of the territory of another Sticky Fingers Cooking franchisee, however, you are required to relinquish that customer to the franchisee of that newly designated territory.

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

**THE FRANCHISE RELATIONSHIP**

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

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Art. 4	Term is 7 years
b.	Renewal or extension of the term	Sections 5.1 and 5.4	If you are in good standing as defined below, you can sign a successor franchise agreement for one additional 7-year term, unless we have determined, in our sole discretion, to withdraw from your Territory.
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three events of default during current term; provide written notice to us at least six months before the end of the term; execute a new franchise agreement; pay us a renewal fee of 10% of then-current initial franchise fee; repair, upgrade or replace the equipment and other Franchised Business assets to meet then-current specifications; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate upon your death or permanent disability and the Franchise must be transferred within 6 months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	“Cause” defined – curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h.	“Cause” defined - non-curable defaults	Sections 17.1 and 17.2	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Franchise Agreement upon notice to you if you: do not obtain required licenses and permits and/or open the Franchised Business within required time frames; falsify any report to us; fail to operate for a period of 3 consecutive days or more; fail to comply with applicable laws; understate Gross Revenue 2 or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill associated with the Marks or do anything to harm the reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an</p>

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations 3 or more times during the term or receive 2 or more default notices in any 12-month period; have insufficient funds to honor a check or EFT 2 or more times within any 12-month period; defaults under any other agreement with us, our affiliate or a supplier; offers unauthorized products or services or uses unauthorized lesson plans or recipes; fails to meet Minimum Performance Standards; or terminates the Franchise Agreement without cause.
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Sticky Fingers Cooking franchisee; cease to use our trademarks or other intellectual property; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the operations manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media accounts and the lease for the location.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Not applicable	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			from your Franchise Agreement; transferee successfully complete our initial training program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a Release; you will subordinate any claims you have against the transferee to us; you will indemnify us for misrepresentations in the transfer process, excluding the representations we make in our Disclosure Document; our approval of the material terms and conditions of the transfer; and payment of a transfer fee equal to 75% of the then-current initial franchise fee, or 50% of the then-current initial franchise fee for transfer to an existing franchisee in good standing, or \$1,500 for transfers to an entity, for purposes of convenience, or of ownership interest among existing shareholders or members, or to add a new shareholder or member of the Franchisee entity, and such transfer does not change management control of the Franchisee entity, or \$2,000 for a transfer to a spouse, parent or child upon death or permanent disability, subject to state law..
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you will give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, computer system, furniture, fixtures, signage, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Sticky Fingers Cooking business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Sticky Fingers Cooking business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 25 miles of your Territory or the territory of any other Sticky Fingers Cooking outlet; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6 and 19.1.4	No oral modifications. We may change the operations manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law). Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation and arbitration in the state where our headquarters is located, subject to state law.
v.	Choice of forum	Section 20.3	Litigation takes place in Colorado (subject to applicable state law).
w.	Choice of law	Section 20.3	Colorado law applies (subject to applicable state law).

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

**ITEM 18: PUBLIC FIGURES**

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

**ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document.

Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following representation is a historic financial performance representation about our existing affiliate-owned outlets and franchisees that were in operation in calendar years 2023 and 2024. We began 2024 with 2 affiliate-owned outlets and 3 franchised outlets. We have excluded the performance of 5 franchised outlets as they were new to the system and not open for an entire year. The data below represents a 2 full year of operations for the fiscal years ending December 31, 2023 and 2024 for 3 franchised units and 2 corporate outlets.

**Colorado Front Range North Performance:**

**Table 1<sup>1</sup>**

**Financial Performance<sup>2</sup>  
Denver/Boulder Front Range North**

**For the Year Ending December 31, 2024**

<b>Approximate Total Number of Student Taught</b>	<b>3,940</b>
<b>Average Enrollment Rate (%)</b>	<b>93.0%</b>
<b>Median Enrollment Rate (%)<sup>12</sup></b>	<b>100%</b>

	2023		2024	
Total Gross Revenue <sup>3</sup>	\$ 408,547	100%	\$ 465,595	100%
Cost of Service				
Direct Labor (Chef Instructor Wages)	\$ 116,447	28.5%	\$ 132,679	28.5%
Cost of Materials and Supplies <sup>4</sup>	\$ 47,702	11.7%	\$ 49,585	10.6%
Total Cost of Service	\$ 164,149	40.2%	\$ 182,264	39.1%
Gross Margin	\$ 244,398	59.8%	\$ 283,331	60.9%
Franchise Expenses not incurred by our affiliate <sup>5</sup>				
Royalty 8%	\$ 32,684	8.0%	\$ 37,248	8.0%
Brand Fund 1%	\$ 4,085	1.0%	\$ 4,656	1.0%
Internal Systems Fee \$375/month	\$ 4,500	1.1%	\$ 4,500	1.0%
Local Advertising min \$100/month	\$ 1,200	0.3%	\$ 1,200	0.3%
Adjusted Gross Margin after Franchise Expenses	\$ 201,929	49.4%	\$ 235,727	50.6%

**Table 2<sup>1</sup>**

**Gross Revenue by Category  
Denver/Boulder Front Range North**

	<b>2023</b>		<b>2024</b>	
After School Programs <sup>6</sup>	\$280,937	68.8%	\$ 372,189	79.9%
Camps <sup>7</sup>	\$116,176	28.4%	\$ 80,926	17.4%
Private Events <sup>8</sup>	\$11,434	2.8%	\$ 12,480	2.7%
Total Gross Revenue	\$408,547	100%	\$ 465,595	100%

**Table 3<sup>1</sup>**

**Average Gross Revenue by Category  
Denver/Boulder Front Range North**

	<b>2023</b>	<b>2024</b>
After School Programs <sup>6</sup>		
Total Gross Revenue	\$280,937	\$ 372,189
Total Schools <sup>9</sup>	62	79
Average School	\$4,531	\$ 4,711
Highest School	\$15,619	\$ 21,432
Lowest School	\$480	\$ 240
Median School	\$3,958	\$ 3,956
Number Achieving/Exceeding Average	29	36
Camps <sup>7</sup>		
Total Gross Revenue	\$116,176	\$ 80,926
Total Camps <sup>10</sup>	18	9
Average Camp	\$6,454	\$ 8,992
Highest Camp	\$31,671	\$ 50,116
Lowest Camp	\$240	\$ 240
Median Camp	\$3,656	\$ 720
Number Achieving/Exceeding Average	5	3

**Colorado Front Range Central/South Performance:**

**Table 4<sup>1</sup>**

**Financial Performance<sup>2</sup>  
Denver/Boulder Front Range Central/South  
For the Year Ending December 31, 2024**

<b>Approximate Total Number of Student Taught</b>	<b>3,800</b>
<b>Average Enrollment Rate (%)</b>	<b>93.8%</b>
<b>Median Enrollment Rate (%)<sup>12</sup></b>	<b>100%</b>

	<b>2023</b>		<b>2024</b>	
Total Gross Revenue <sup>3</sup>	\$370,440	100.0%	\$ 475,947	100%
Cost of Service				
Direct Labor (Chef Instructor Wages)	\$101,875	27.5%	\$ 126,139	26.5%
Cost of Materials and Supplies <sup>4</sup>	\$36,506	9.9%	\$ 45,958	9.7%
Total Cost of Service	\$138,381	37.4%	\$ 172,097	36.2%
Gross Margin	\$232,059	62.6%	\$ 303,850	63.8%
Franchise Expenses not incurred by our affiliate <sup>5</sup>				
Royalty 8%	\$29,635	8.0%	\$38,076	8.0%
Brand Fund 1%	\$3,704	1.0%	\$4,759	1.0%
Internal Systems Fee \$375/month	\$4,500	1.2%	\$4,500	0.9%
Local Advertising min \$100/month	\$1,200	0.3%	\$1,200	0.3%
Adjusted Gross Margin after Franchise Expenses	\$193,020	52.1%	\$255,315	53.6%

**Table 5<sup>1</sup>**

**Gross Revenue by Category  
Denver/Boulder Front Range Central South**

	<b>2023</b>		<b>2024</b>	
After School Programs <sup>6</sup>	\$253,591	68.5%	\$ 333,636	70.1%
Camps <sup>7</sup>	\$108,544	29.3%	\$137,033	28.8%
Private Events <sup>8</sup>	\$8,305	2.2%	\$ 5,278	1.1%
Total Gross Revenue	\$370,440	100%	\$ 475,947	100%

**Table 6<sup>1</sup>**

**Average Gross Revenue by Category  
Denver/Boulder Front Range Central/South**

	<b>2023</b>	<b>2024</b>
After School Programs <sup>6</sup>		
Total Gross Revenue	\$253,591	\$333,636
Total Schools <sup>9</sup>	60	65
Average School	\$4,227	\$ 5,133
Highest School	\$10,031	\$15,576
Lowest School	\$572	\$ 240
Median School	\$3,695	\$ 5,520
Number Achieving/Exceeding Average	26	35
Camps <sup>7</sup>		
Total Gross Revenue	\$108,544	\$ 137,033
Total Camps <sup>10</sup>	15	17
Average Camp	\$7,236	\$ 8,061
Highest Camp	\$47,580	\$ 51,300
Lowest Camp	\$240	\$ 400
Median Camp	\$3,000	\$ 2,176
Number Achieving/Exceeding Average	3	5

**Chicago IL North/West Performance:**

**Table 7<sup>1</sup>**

**Financial Performance<sup>2</sup>  
Chicago IL North/West**

**For the Year Ending December 31, 2024**

<b>Approximate Total Number of Student Taught</b>	<b>1,600</b>
<b>Average Enrollment Rate (%)</b>	<b>88.1%</b>
<b>Median Enrollment Rate (%)<sup>12</sup></b>	<b>100%</b>

	<b>2023</b>		<b>2024</b>	
Total Gross Revenue <sup>3</sup>	\$226,679	100.0%	\$ 313,108	100%
Cost of Service				
Direct Labor (Chef Instructor Wages)	\$64,890	28.6%	\$81,272	26.0%
Cost of Materials and Supplies <sup>4</sup>	\$19,686	8.7%	\$21,635	6.9%
Total Cost of Service	\$84,576	37.3%	\$102,907	32.9%
Gross Margin	\$142,103	62.7%	\$210,201	67.1%

Franchise expenses <sup>11</sup>				
Royalty 8%	\$18,134	8.0%	\$ 25,049	8.0%
Brand Fund 1%	\$2,267	1.0%	\$ 3,131	1.0%
Internal Systems Fee \$375/month	\$4,500	2.0%	\$ 4,500	1.4%
Local Advertising min \$100/month	\$1,200	0.5%	\$ 1,200	0.4%
Adjusted Gross Margin after Franchise Expenses	\$116,002	51.2%	\$176,321	56.3%

**Table 8<sup>1</sup>**

**Gross Revenue by Category  
Chicago IL North/West**

	2023		2024	
After School Programs <sup>6</sup>	\$155,816	68.7%	\$242,890	77.6%
Camps <sup>7</sup>	\$70,518	31.1%	\$70,218	22.4%
Private Events <sup>8</sup>	\$345	0.2%	\$0	0%
Total Gross Revenue	\$226,679	100.0%	\$313,108	100%

**Table 9<sup>1</sup>**

**Average Gross Revenue by Category  
Chicago IL North/West**

After School Programs <sup>6</sup>	2023	2024
Total Gross Revenue	\$155,816	\$242,890
Total Schools <sup>9</sup>	25	34
Average School	\$6,233	\$7,144
Highest School	\$14,311	\$21,867
Lowest School	\$924	\$552
Median School	\$6,192	\$6,091
Number Achieving/Exceeding Average	12	14
Camps <sup>7</sup>		
Total Gross Revenue	\$70,518	\$70,218
Total Camps <sup>10</sup>	6	5
Average Camp	\$11,753	\$14,044
Highest Camp	\$21,498	\$20,700
Lowest Camp	\$3,240	\$6,552
Median Camp	\$12,150	\$12,600
Number Achieving/Exceeding Average	3	3

**Chicago IL Northshore Performance:**

**For the Year Ending December 31, 2024**

<b>Approximate Total Number of Student Taught</b>	<b>3,290</b>
<b>Average Enrollment Rate (%)</b>	<b>86.6%</b>
<b>Median Enrollment Rate (%)</b>	<b>91.7%</b>

**Table 10<sup>1</sup>**

**Financial Performance<sup>2</sup>  
Chicago IL Northshore**

	<b>2023</b>		<b>2024</b>	
Total Gross Revenue <sup>3</sup>	\$463,622	100.0%	\$584,458	100%
Cost of Service				
Direct Labor (Chef Instructor Wages)	\$138,153	29.8%	\$157,041	26.9%
Cost of Materials and Supplies <sup>4</sup>	\$39,002	8.4%	\$44,815	7.7%
Total Cost of Service	\$177,155	38.2%	\$201,856	34.6%
Gross Margin	\$286,467	61.8%	\$382,602	65.4%
Franchise expenses <sup>11</sup>				
Royalty 8%	\$37,090	8.0%	\$46,757	8.0%
Brand Fund 1%	\$4,636	1.0%	\$5,845	1.0%
Internal Systems Fee \$375/month	\$ 4,500	1.0%	\$4,500	0.7%
Local Advertising min \$100/month	\$1,200	0.3%	\$1,200	0.2%
Adjusted Gross Margin after Franchise Expenses	\$239,041	51.5%	\$324,300	55.5%

**Table 11<sup>1</sup>**

**Gross Revenue by Category  
Chicago IL Northshore**

	<b>2023</b>		<b>2024</b>	
After School Programs <sup>6</sup>	\$361,674	78.0%	\$466,428	79.8%
Camps <sup>7</sup>	\$101,288	21.9%	\$118,030	20.2%
Private Events <sup>8</sup>	\$660	0.1%	\$0	0.0%
Total Gross Revenue	\$463,622	100.0%	\$584,458	100%

**Table 12<sup>1</sup>**

**Average Gross Revenue by Category  
Chicago IL Northshore**

	<b>2023</b>	<b>2024</b>
After School Programs <sup>6</sup>		
Total Gross Revenue	\$361,674	\$466,428
Total Schools <sup>9</sup>	56	70
Average School	\$6,458	\$6,663
Highest School	\$17,134	\$17,865
Lowest School	\$792	\$280
Median School	\$6,074	\$5,425
Number Achieving/Exceeding Average	23	31
Camps <sup>7</sup>		
Total Gross Revenue	\$101,288	\$118,030
Total Camps <sup>10</sup>	13	15
Average Camp	\$7,791	\$7,869
Highest Camp	\$15,660	\$29,460
Lowest Camp	\$1,560	\$280
Median Camp	\$5,700	\$3,614
Number Achieving/Exceeding Average	5	6

**Austin, TX Performance**

**For the Year Ending December 31, 2024**

<b>Approximate Total Number of Student Taught</b>	<b>2,540</b>
<b>Average Enrollment Rate (%)</b>	<b>87.6%</b>
<b>Median Enrollment Rate (%)<sup>12</sup></b>	<b>100%</b>

**Table 13<sup>1</sup>**

**Financial Performance<sup>2</sup>  
Austin, TX**

	<b>2023</b>		<b>2024</b>	
Total Gross Revenue <sup>3</sup>	\$283,917	100.0%	\$382,735	100%
Cost of Service				
Direct Labor (Chef Instructor Wages)	\$86,191	30.3%	\$100,770	26.3%
Cost of Materials and Supplies <sup>4</sup>	\$40,538	14.3%	\$57,808	15.1%
Total Cost of Service	\$126,729	44.6%	\$158,578	41.4%
Gross Margin	\$157,188	55.4%	\$224,157	58.6%
Franchise expenses <sup>11</sup>				

Royalty 8%	\$22,714	8.0%	\$30,619	8.0%
Brand Fund 1%	\$2,839	1.0%	\$3,827	1.0%
Internal Systems Fee \$375/month	\$4,500	1.6%	\$4,500	1.2%
Local Advertising min \$100/month	\$1,200	0.4%	\$1,200	0.3%
Adjusted Gross Margin after Franchise Expenses	\$125,935	44.4%	\$184,011	48.1%

**Table 14<sup>1</sup>**

**Gross Revenue by Category  
Austin, TX**

	2023		2024	
After School Programs <sup>6</sup>	\$222,142	78.3%	\$284,738	74.4%
Camps <sup>7</sup>	\$59,695	21.0%	\$97,097	25.4%
Private Events <sup>8</sup>	\$2,080	0.7%	\$900	0.2%
Total Gross Revenue	\$283,917	100.0%	\$382,735	100%

**Table 15<sup>1</sup>**

**Average Gross Revenue by Category  
Austin, TX**

	2023	2024
After School Programs <sup>6</sup>		
Total Gross Revenue	\$222,142	\$284,738
Total Schools <sup>9</sup>	63	61
Average School	\$3,526	\$4,668
Highest School	\$13,560	\$19,638
Lowest School	\$500	\$131
Median School	\$2,142	\$3,234
Number Achieving/Exceeding Average	21	20
Camps <sup>7</sup>		
Total Gross Revenue	\$59,695	\$97,097
Total Camps <sup>10</sup>	9	14
Average Camp	\$6,633	\$6,936
Highest Camp	\$12,485	\$32,181
Lowest Camp	\$945	\$480
Median Camp	\$6,271	\$3,405
Number Achieving/Exceeding Average	4	5

**Notes:**

<sup>1</sup>The data within the table is unaudited.

<sup>2</sup>Data is taken from our internally developed sales software.

<sup>3</sup> Gross Revenue represents the total revenues received by each outlet/territory during each of the calendar years. Gross Revenue does not include (a) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (b) properly documented refunds to customers, and (c) properly documented promotional discounts (i.e. coupons).

<sup>4</sup> Cost of Materials and Supplies represents the cost of materials and supplies used in teaching of the classes including food ingredients, paper products, and classroom rental, if applicable.

<sup>5</sup> Our affiliate-owned outlets are not subject to the same fees that you are required to pay pursuant to your Franchise Agreement. Imputed royalties and brand fund contributions are based on sales achieved by our affiliate-owned outlet.

<sup>6</sup> After School Programs are Sticky Fingers Cooking classes offered as after school enrichment at schools primarily but can also be held at non-school venues.

<sup>7</sup> Camps are Sticky Fingers Cooking programs offered in school and non-school venues consisting of single and multi-day camps, mostly occurring during the summer months

<sup>8</sup> Private Events are classes conducted for individual consumers and are primarily one-hour private children's parties.

<sup>9</sup> Total Schools represents the number of schools in which we provided services and generate revenue.

<sup>10</sup> Total Camps represents the total number of camp venues at which we provided services and generated revenue in each respective year. An individual camp venue may offer more than one camp session.

<sup>11</sup> The Royalty, Brand Fund and Internal System Fee are fees charged by us in accordance with the franchise agreement. The Local Advertising fee is the amount the Franchisee shall spend on the Franchise Business in the territory.

<sup>12</sup> The median rate of 100% is due to more than half of the Sticky Fingers Cooking sessions offered in this territory achieved 100% enrollment in sessions they operated.

Written substantiation will be made available to you upon reasonable request.

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

Other than the above disclosure, 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 Erin Fletter, 3030 E. 6<sup>th</sup> Avenue, Denver, Colorado 80206, and 303-648-4078, 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 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	3	+3
	2024	3	8	+5
Company – Owned*	2022	5	5	0
	2023	5	2	-3
	2024	2	2	0
<b>Total Outlets</b>	<b>2022</b>	<b>5</b>	<b>5</b>	<b>0</b>
	<b>2023</b>	<b>5</b>	<b>5</b>	<b>0</b>
	<b>2024</b>	<b>5</b>	<b>10</b>	<b>+5</b>

Table No. 2  
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)  
For Years 2022 to 2024

State	Year	Number of Transfers
State	2022	0
	2023	0
	2024	0
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>

Table No. 3  
Status of Franchised Outlets  
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1

Illinois	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Virginia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
<b>Total</b>	<b>2022</b>	<b>0</b>						
	<b>2023</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2024</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>

Table No. 4  
Status of Company Owned Outlets  
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Colorado	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Illinois	2022	2	0	0	0	0	2
	2023	2	0	0	0	2	0
	2024	0	0	0	0	0	0
Texas	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
<b>Total</b>	<b>2022</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2023</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>
	<b>2024</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

Table No. 5  
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
California	0	2	0
Colorado	0	1	0
Florida	0	1	0
Wisconsin	0	1	0
<b>Total</b>	<b>1</b>	<b>6</b>	<b>0</b>

Exhibit E lists the location of each Sticky Fingers Cooking franchised outlet in our System and each franchisee during our last fiscal year who has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

**ITEM 21: FINANCIAL STATEMENTS**

We have not been in business for three years or more and cannot include all the financial statements required for Item 21. Our audited financial statements for the period starting with our inception of February 4, 2022, through December 31, 2024, are included in Exhibit C.

Our fiscal year end is December 31.

**ITEM 22: CONTRACTS**

A copy of all proposed agreements regarding the franchise offering are included in this Disclosure Document, as follows:

- Exhibit B – The Franchise Agreement and all attachments to it (Marks, Territory, Minimum Performance Standard, General Release, ACH Authorization, Statement of Ownership Interests in Franchisee, Telephone, Internet, and Social Media Listing Assignment Agreements, Spousal Guaranty, Software License Agreement, Workbright Agreement and Confidentiality and Non-Compete Agreement).

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

**ITEM 23:     RECEIPT**

A receipt in duplicate is attached to this Disclosure Document as Exhibit J. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Erin Fletter, 3700 Tennyson St. #12492 Denver, Colorado 80212.

**EXHIBIT A**

**LIST OF STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

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

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

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 (803) 734-2166	Legalinc Corporate Services Inc. 1591 Savannah Highway Suite 201 Charleston, SC 29407
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

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

**SFC TEAM FRANCHISE, LLC  
DATA SHEET**

Franchisee: \_\_\_\_\_  
(Individual(s) and \_\_\_\_\_  
Entity, if applicable) \_\_\_\_\_  
\_\_\_\_\_

Spouse Guarantor(s): \_\_\_\_\_  
\_\_\_\_\_

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

Territory Count: \_\_\_\_\_

Territory/Territories Description: See attached Map and/or List of Zip Codes \_\_\_\_\_

Initial Franchise Fee: \_\_\_\_\_

**The terms of this Data Sheet are incorporated into the attached Franchise Agreement.**

SFC TEAM FRANCHISE, LLC  
FRANCHISE AGREEMENT

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List of Attachments

- ATTACHMENT 1: TRADEMARKS
- ATTACHMENT 2: TERRITORY DESCRIPTION AND FRANCHISED BUSINESS LOCATION
- ATTACHMENT 3: MINIMUM PERFORMANCE STANDARDS
- ATTACHMENT 4: AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS (ACH WITHDRAWALS)
- ATTACHMENT 5: STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY
- ATTACHMENT 6: GUARANTY
- ATTACHMENT 7: INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT
- ATTACHMENT 8: CONFIDENTIALITY AND NON-COMPETE AGREEMENT
- ATTACHMENT 9: SOFTWARE LICENSE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into on \_\_\_\_\_, (the “Effective Date”) by and between SFC Team Franchise, LLC, a Colorado limited liability company with its principal place of business at 3030 East 6<sup>th</sup> Avenue, Denver, Colorado, 80206 (herein “Franchisor”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be individually and collectively referred to, and each is, the “Franchisee”.

## RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a business providing a distinctive mobile cooking school for children which offers in-home cooking classes, classes at schools, camps, special events and online classes that feature unique recipes using a variety of fresh ingredients, using Franchisor’s proprietary lesson plans and software and Franchisor’s confidential operations manual (“Manual”) of business practices and policies, and Franchisor’s operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the marks Sticky Fingers Cooking service mark, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality and service and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

**1. RECITATIONS.** The Recitations set out above form part of this Agreement.

**2. GRANT OF FRANCHISE.** Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Sticky Fingers Cooking franchise (the “Franchise” or “Franchised Business”) to provide cooking instruction to children at schools, camps, special events and on-line. Franchisee may only use the Marks licensed

hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the “Territory”).

### **3. SOLICITATION AND SALES RESTRICTIONS**

- 3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business within the Territory only. Franchisee acknowledges that (i) the Territory was mutually agreed upon by Franchisor and Franchisee, (ii) prior to the Effective Date hereof, Franchisee conducted Franchisee’s own due diligence with regard to school district(s)’ policies for extra-curricular programming, enrichment opportunities, rental and wage rates, and other matters relative to the operation of the Franchised Business in the Territory, and (iii) Franchisor’s agreement to the Territory is permission only, does not constitute a representation, promise, warranty, or guarantee, express or implied, by Franchisor that the Franchised Business operated therein will be profitable or otherwise successful, and cannot, and does not, create any liability for Franchisor.
- 3.2 Limited Protection. Subject to Sections 3.3, 3.4 and 3.5 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not, and Franchisor will not permit any other franchisees in the System, to operate a Sticky Fingers Cooking outlet in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee (i) meets the minimum performance standards (“Minimum Performance Standards”) set forth in Attachment 3 and (ii) is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Sticky Fingers Cooking franchises around, bordering and adjacent to the Territory and to use alternative methods of distribution, as more fully specified herein, within the Territory.
- 3.3 Minimum Performance Standards. Franchisee acknowledges the importance of actively developing the Territory to achieve maximum revenues, and, to that end, Franchisee agrees to use best efforts to market Franchisee’s Franchised Business to meet the Minimum Performance Standards. Franchisee’s failure to meet the Minimum Performance Standards is a material default of this Agreement, and upon such default, Franchisor is entitled to either (i) reduce the size of the Territory, (ii) permit other franchisees to provide System services and goods in the Territory or (ii) terminate this Agreement.
- 3.4 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other services and products not offered under the Marks, (ii) other cooking instruction concepts under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, products or services offered through retail stores, the Internet or direct marketing (“Alternate Channels of Distribution”). Franchisee will receive no compensation for Franchisor’s sales through Alternate Channels of Distribution made within the Territory. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this

Section 3.4 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

3.5 Sales and Solicitation Restrictions. Franchisee must target Franchisee's solicitation efforts within the Territory for host locations and customers of Franchisee's cooking instruction classes. Notwithstanding, Franchisee may solicit and/or service host locations and customers located outside of the Territory, provided that (i) the host location is not located in an area serviced by Franchisor or another Sticky Fingers Cooking franchisee, (ii) Franchisee did not solicit the host location or customer in violation of this Agreement or the Manual, and (iii) no more than fifteen percent (15%) of Franchisee's Gross Revenue, from the previous twelve months, is derived from classes at host locations and/or customers located outside of the Territory. Notwithstanding the foregoing, in the event Franchisee provides System services at a host location or to a customer outside of the Territory in an area that is subsequently designated as part of the territory of another Sticky Fingers Cooking franchisee, Franchisee shall assign such host location and/or customer to such other franchisee, and Franchisee shall have no further right to service such host location and/or customer.

**4. TERM.** Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is seven (7) years following the Opening Date, as defined in Section 8 hereof (the "Term").

**5. SUCCESSOR OPTION.** Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for one (1) additional seven (7) year term. The term of such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee equal to ten percent (10%) of Franchisor's then current Initial Franchise Fee (the "Successor Agreement Fee").

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than one hundred and eighty (180) days prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then-current Disclosure Document (including Franchisor's then-current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then-current Disclosure Document.

- 5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.
  - 5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Article 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.
  - 5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.
- 5.2 Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:
- 5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
  - 5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the Term of this Agreement, whether or not such defaults were cured.
  - 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
  - 5.2.4 Franchisee performs such repairs, upgrades and replacements as Franchisor may require to cause the Franchised Business office premises, equipment, computer systems and other assets to conform to the then-current specifications for franchised businesses on the Successor Agreement date.
  - 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against SFC Team Franchise, LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in Franchisor's then-current form. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
  - 5.2.6 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.
- 5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Sticky Fingers Cooking franchises, is in the

process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Section 5.1 hereof that Franchisee desires to enter into a new agreement, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Section 5.3 shall be inclusive of any state mandated notice periods.

- 5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a Successor Franchise Agreement for this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

## 6. FEES

- 6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee set forth on the Data Sheet of this Agreement (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, weekly throughout the Term, a royalty fee equal to eight percent (8%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets (the "Royalty Fee"). The term "Gross Revenue" includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit or otherwise. Gross Revenue is calculated on a cash basis. Gross Revenue shall not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, or (iii) properly documented promotional discounts (i.e. coupons). If refunds are greater than the Gross Revenue for a given week, your credit will be carried forward until the royalties due exceed the credit balance. Gross Revenue does not include gift card purchases, at the time of

purchase, but Gross Revenue does include the redemption amount of purchases made by gift card.

- 6.1.3 Gross Revenue Reports. Franchisee shall, on the Tuesday following the close of each calendar week (Monday through Sunday), furnish Franchisor with a report showing Franchisee's Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the immediately prior calendar week (the "Gross Revenue Report"). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor's discretion, (i) Franchisee shall submit, or (ii) Franchisor may remotely access, the Gross Revenue Report by an electronic transfer of data via the computer information systems ("Computer System") that Franchisor may require Franchisee use in the operation of the Franchised Business.
- 6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee and the Brand Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor's request, Franchisee must execute documents, including but not limited to, the Authorization set forth in Attachment 4, that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House ("ACH") payments. Franchisee's failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee payable. Franchisor shall reconcile amounts when Gross Revenues are reported.
- 6.2 Late Fee. If any fee, including but not limited to, the Royalty Fee and Brand Fund Contribution, or any report, including but not limited to, the Gross Revenue Report or other financial report, is not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to any overdue amount, a late fee of One Hundred Fifty Dollars (\$150.00) for each week or fraction thereof that payment or report is not received. This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay fees or submit reports in accordance with the terms of this Agreement.
- 6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.
- 6.4 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars (\$50.00) per occurrence. This non-sufficient fund fee is reasonably

related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.5 Technology Fee. Internal Systems Fee. Franchisor reserves the right to impose an internal systems fee upon Franchisee, in an amount that Franchisor reasonably determines, for the development, adoption and/or use of new or improved internal systems technology for the benefit of the System and Franchised Business, including but not limited to, assigned phone numbers and email addresses required for use in the Franchised Business, a franchise portal, benchmarking platform or other operations or communications systems ("Internal Systems Fee"). In Franchisor's sole discretion, Franchisor may (i) increase the amount of the internal systems fees or (ii) replace the technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay the Internal Systems Fee in the manner and frequency as reasonably determined by Franchisor.

6.6 Taxes. If any withholding, sales, excise, use, privilege or other tax (excepting Franchisor's income tax obligation) ("Tax Charge") is imposed or levied by any government or governmental agency on Franchisor or Franchisee for any fee due and payable under this Agreement, including but not limited to, the Royalty Fee and Brand Fund Contribution (for the purpose of this Section 6.6, such fee shall be referred to as a "Taxable Payment"), then Franchisee shall pay Franchisor a sum equal to the amount of the Tax Charge, together with the Taxable Payment, such that the net sum received by Franchisor equals the amount of the Taxable Payment without deduction, withholding, payment or application of the Tax Charge.

## 7 TRAINING

7.1 Initial Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial training program ("Initial Training Program") no later than six (6) weeks, after execution this Agreement, unless extended by Franchisor. Franchisee hereby acknowledges that a pre-requisite to attending the Initial Training Program is satisfactory completion of the ServSafe® Food Handler program, and Franchisee shall provide Franchisor with documentary evidence thereof. The Initial Training Program consists of a course conducted in-person at Franchisor's headquarters, Franchisee's office location or another site designated by Franchisor. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Training Program to Franchisor's sole and complete satisfaction. The cost for two (2) individuals to attend the Initial Training Program prior to opening the Franchised Business, ("Initial Trainees"), is Thirteen Thousand Dollars (\$13,000). The cost for additional trainees that exceed the allotted amount of two (2) individuals is \$500 per person per day. Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Training Program. If the Initial Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Training Program cannot be satisfactorily completed by Franchisee or Franchisee's Principal(s), Franchisor may terminate this Agreement.
- 7.3 Opening Assistance. Within sixty (60) days of opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site opening training, supervision, and assistance to Franchisee for up to three (3) days at no charge to Franchisee.
- 7.4. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:
- (i) on-going training for up to three (3) days per year, at a location designated by Franchisor.
  - (ii) a national business meeting, annual convention, or conference for up to three (3) days per year, at a location designated by Franchisor.
- Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.
- 7.5. In-Territory Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide in-Territory remedial training and assistance to Franchisee or Franchisee's personnel. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

- 7.6. Counseling and Assistance. In addition to visits by Franchisor’s field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor’s personnel, upon Franchisee’s request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor’s sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding marketing, operational issues, instructional materials, bookkeeping and System improvements. Franchisor will offer guidance, training and support on outreach methods and materials used to connect with venues in your territory and at no charge.

## **8. FRANCHISED BUSINESS SITE REQUIREMENTS**

### **8.1 Site Requirements.**

8.1.1 Franchisee may operate the Franchised Business from a home-based office. Franchisee assumes all cost, liability, expense and responsibility for equipping and outfitting the home-based office as outlined in the Operations Manual.

8.1.2 At Franchisee’s option, Franchisee may operate from commercial office premises in the Territory. Before signing a lease or other binding commitment for commercial premises, Franchisee shall submit to Franchisor, in writing, a description of the proposed office location, together with such other information and materials as Franchisor may reasonably require. Franchisor shall have ten (10) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site. Franchisee shall be responsible for equipping and outfitting the Franchised Business office as outlined in the Operations Manual.

8.1.3 Franchisee shall notify Franchisor in writing prior to relocation of the office for the Franchised Business, which relocation shall be at Franchisee's sole expense and in accordance with Section 8.1.2 above. Upon relocation, Franchisee shall remove any signs or other property from the original Franchised Business office which identified the original Franchise Business office as part of the System.

8.2 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee’s compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the earlier of the first day of revenue received or the first day of the first paid class (the “Opening Date”). Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor’s Initial Training Program, as further set forth in Article 7, (ii) outfit a home-based or commercial office, (iii) hire and train staff, if required, (iv) obtain all required licenses and permits to operate the Franchised Business, (v) obtain all equipment Franchisor requires, including but not limited to, computer systems, software, and applications, and (vi) provide Franchisor with documentation for bank account(s) for use in the Franchised Business. If Franchisee fails to

comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within ninety (90) days following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

## **9. SYSTEM MAINTENANCE AND IMPROVEMENT**

- 9.1 Maintenance of Franchised Business Site and Equipment. Franchisee shall equip and maintain the Franchised Business office site, culinary equipment, appliances, and tools, and all required computer hardware, software and related accessories to the standards of quality, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs or replacement of worn or impaired culinary equipment and appliances, related tools and computer hardware, software and accessories, as Franchisor may direct.
- 9.2 Industry Standards. Franchisee shall operate and maintain all culinary equipment and appliances in conformance with industry standards for food preparation, including best practices for cleaning, maintenance and storage. It shall be a default of this Agreement if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by the System, and Franchisor may, at its option, terminate this Agreement.
- 9.3 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, culinary equipment and appliances, payment processing systems, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.
- 9.4 Trade Dress Modifications.
- 9.4.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, "Trade Dress Modifications").
- 9.4.2 Franchisee shall, at Franchisee's sole expense, modify identifying elements of the Franchised Business, as required by Franchisor, but not more frequently than every five (5) years, to conform to Trade Dress Modifications. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damage sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damage caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6 Franchisee Advisory Council. Franchisor reserves the right to create (and if created the right to change or dissolve) a franchisee advisory council as a formal means for System Franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

## **10 FRANCHISOR'S OBLIGATIONS**

Franchisor and/or its designated representative will provide the services described below:

10.1 Territory and Site Determination. Designate mutually agreed upon boundaries of the Territory, by description and/or mapped boundaries, and set forth same in Attachment 2 attached hereto and incorporated herein. Franchisor should also approve the site of the Franchised Business office location in accordance with Section 8.1.

10.2 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.

10.3 Pre-Opening Requirements. Provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business. Franchisor will provide Franchisee with an initial inventory of Two Hundred (200) child-safe knives at no additional charge.

10.4 Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information that Franchisor may develop from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.

10.5 List of Supplies/Suppliers. Make available from time to time, and amend as deemed appropriate by the Franchisor, a list of required and/or recommended products and services for System franchisees and a list of approved and/or recommended suppliers of such items. Franchisee acknowledges that Franchisor or Franchisor's affiliate(s) may be the sole approved supplier(s) of certain products and services that Franchisee is required to purchase to operate the Franchised Business.

10.6 Training. The training programs specified in Article 7 herein.

10.7 On-Going Assistance. In-Territory post-opening assistance in accordance with the provisions of Article 7.

10.8 Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

## **11 FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS**

11.1 Best Efforts. Franchisee, including each Principal, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales within your territory.

11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.2.1 The Franchisee entity is duly organized and validly existing under the state law of its formation;

11.2.2 Attachment 5 of this Agreement accurately reflects all individuals with an ownership interest, whether direct or beneficial, in the Franchisee entity;

11.2.3 The Franchisee entity is duly qualified and is authorized to do business in the jurisdiction of the Territory;

11.2.4 The Franchisee entity's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.5 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee; and

11.2.6 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns,

whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.

11.3 Spouse Guaranty. If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 6 hereof.

#### 11.4 Personal Management.

- 11.4.1 Franchisee and/or a Principal shall personally supervise the operation of the Franchised Business and may not appoint a manager of the Franchised Business, unless Franchisee receives Franchisor's prior written consent. Franchisee accepts full responsibility for, and shall be fully liable to, Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals. Franchisee's agents, employees and third-party business affiliates shall further meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.
- 11.4.2 Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.
- 11.4.3 If, at any time during this Agreement, Franchisee or Franchisee's approved manager can no longer personally supervise the Franchised Business in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate, with Franchisor's prior approval, a replacement manager within thirty (30) days after Franchisee or Franchisee's approved manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement. Franchisee's replacement manager shall attend and satisfactorily complete Franchisor's Initial Training Program, at Franchisee's sole cost and expense, including the payment of the then-current tuition therefor. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee an interim

management support fee, at the then-current rate, until an approved replacement manager is properly trained or certified in accordance with Franchisor's requirements. Payment of such interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

- 11.5 Legal Compliance. Franchisee shall comply with all federal, state, and local laws, rules and regulations and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business; health and sanitation inspections, if and when required; fictitious name registrations; sales and other tax permits; reporting and payment of all taxes; fire and police department clearances; Americans With Disability Act compliance; compliance with all federal, state or local data privacy laws, rules, and regulations; certificates of occupancy; any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation, and compliance otherwise with all environmental laws, rules, and regulations; and any other requirement, rule, law or regulation applicable to Franchisee or in the jurisdiction of the Territory. Franchisee shall further comply with all industry's best practices with respect to the handling, storage, preparation, service and disposal of food and beverage products.
- 11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business premises, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.
- 11.7 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents included in Attachment 7 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email, software, social media, or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

- 11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.
- 11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## **12 FRANCHISEE'S OPERATIONS**

- 12.1. Operation of Franchised Business. To maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:
- 12.1.1 Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;
- 12.1.2 Use only the equipment, tools, supplies, lesson plans, recipes, and ingredients, that conform with Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor. Franchisee acknowledges and agrees that any use by Franchisee of an unauthorized lesson plan or recipe is extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement. Franchisee acknowledges and agrees that: (i) Franchisor and/or Franchisor's affiliate may be a designated supplier or sole approved supplier of any product or service that Franchisee is required to lease or purchase, (ii) Franchisor and/or Franchisor's affiliate may receive payment from supplier(s) related to Franchisee's required purchases or leases, and (iii) any payments so received are for Franchisor's benefit only and may be used or applied in any manner determined by Franchisor in Franchisor's sole and absolute discretion;
- 12.1.3 Maintain and operate the culinary equipment, appliances and tools in good condition and repair, and in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and make sure repairs and replacements as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;

- 12.1.4 Maintain in good working order, cleanliness and appearance, a vehicle for use in the Franchised Business. Franchisor reserves the right to set specifications and standards of condition, age and branding, as set forth in the Manual, of vehicles used in the Franchised Business.
- 12.1.5 Conduct sales in accordance with Franchisor's standards and specifications. Franchisee acknowledges and accepts that Franchisee may only engage in providing instructional classes to individual end-users. Franchisee is expressly prohibited from selling services or products (i) that are not a part of the Sticky Fingers Cooking System or that are not approved by Franchisor (ii) outside of instructional classes scheduled in strict accordance with Franchisor's specifications, (iii) on the internet (except as part of System services in strict accordance with Franchisor's specifications), or (iv) to dealers and/or distributors for subsequent re-sale of products or instruction. Engaging in such sales shall be a material default of this Agreement;
- 12.1.6 Timely make all required payments to suppliers and other contractors and creditors of the Franchised Business in accordance with the applicable agreements and provide documentation thereof, as requested by Franchisor;
- 12.1.7 Employ only qualified individuals, with ServSafe<sup>®</sup> or equivalent food handler certification, who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information, and who will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to insure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to customers of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;
- 12.1.8 Permit Franchisor or its agents, to inspect the Franchised Business and any services, products or equipment, through class attendance or otherwise, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;
- 12.1.9 Prominently display identifying elements of the System of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to refrain from using any sign, advertising media or identifying element of any kind to which Franchisor reasonably objects, including signs and advertising media which have been

outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business office location or elsewhere and remove any objectionable or non-approved sign, advertising media or identifying element and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.10 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks; and

12.1.11 Provide culinary instruction in strict accordance with Franchisor's methods and specifications, including but not limited to, Franchisor's venue selection criteria, instructional content and format, and cancellation and weather related policies.

## 12.2. Bookkeeping and Reports.

12.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to utilize the Dash software and other computer systems specified in Section 12.3 to accurately maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System

12.2.2 Within fifteen (15) days after the close of each calendar month and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate. Franchisee must maintain complete financial records for the Franchised Business for at least seven (7) years from their date of preparation.

12.2.4 Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds an understatement of any Gross Revenue Report, Franchisee shall pay Franchisor the amounts due together with interest thereon at the rate provided herein. Additionally, if Franchisee (i) had failed to timely submit Gross Revenue Reports twice or more within a twelve (12)-month period or (ii) understated Gross Revenue by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

### 12.3 Computer Systems.

12.3.1 Franchisee, at Franchisee's sole expense, shall install and maintain the Computer System and other computer hardware, software, applications and accounts Franchisor requires as to accurately report revenue and expenses relating to the cost of the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

12.3.2 Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and payment processing and bookkeeping accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System and accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other systems and payment processing and bookkeeping accounts.

12.3.3 Franchisee may capture customer data only in strict accordance with Franchisor's specifications and only using those technologies and processes that are approved by Franchisor. Any and all data, including customer data, collected or provided by Franchisee, retrieved from Franchisee's Computer System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

12.3.4 Franchisee shall enter into The Sticky Fingers Cooking Dash Software License Agreement, attached hereto as Attachment 9. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into other software license agreements in the

form that Franchisor requires for software Franchisor develops or acquires for use in the System.

- 12.3.5 Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6. Franchisor has established a website that provides information about the System and the services and products offered by the Sticky Fingers Cooking System (the “Website”). Franchisor has sole discretion and control over the Website. Following execution of The Sticky Fingers Cooking Dash Software License Agreement and Franchisee’s initial payment thereunder, Franchisor shall establish and link a dedicated webpage for Franchisee’s Franchised Business within Franchisor’s Website, which shall include installation of class registration and payment processing systems. Franchisee has no ownership or other proprietary rights to Franchisor’s Website(s) or Franchisee’s dedicated webpage(s) and Franchisee will lose all rights to the Website(s) and webpage(s) upon expiration or termination of this Agreement for any reason.
- 12.3.7. In addition to Franchisee’s obligation pursuant to Section 6.5 hereof, Franchisee shall pay all other fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, help desk fees, and any other licensing or user-based fees for operations or communications hardware, software, programs and applications.
- 12.3.8 Franchisee shall abide by Franchisor’s data privacy policies. Nonetheless, Franchisee is solely responsible for maintaining the security and integrity of the computer and payment processing systems used in the Franchised Business and the customer and other data stored therein. Franchisee, at Franchisee’s sole cost and expense, shall implement all computer hardware, software and Internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Franchisee’s computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches or other unauthorized access.
- 12.3.9 Franchisee shall abide by Franchisor’s artificial intelligence (AI) policies as outlined in the operations manual. All AI systems and tools used by the franchisee will comply with relevant local, state, and federal laws, including but not limited to the Children’s Online Privacy Protection Act (COPPA), the General Data

Protection Regulation (GDPR), California Consumer Privacy Act (CCPA), Americans with Disabilities Act (ADA), and any other applicable privacy and consumer protection laws.

- 12.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, customers, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.
- 12.5 Prices. Franchisor may from time to time offer guidance with respect to pricing of services and products. Franchisee is in no way bound to adhere to any such recommended or suggested prices. Franchisee shall have the right to provide services and sell products at any price that Franchisee may determine. If Franchisee elects to offer services and products at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such services or products at the recommended price will enhance Franchisee's sales or profits.
- 12.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.
- 12.7 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs, satisfaction surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.
- 12.8 Critical Operations Standards. In furtherance of the obligations set forth in this Article

12, Franchisee acknowledges that (i) Franchisor has established certain critical operations standards, as set forth in the Manual, and (ii) any deviation from a critical operations standard constitutes a violation of this Agreement that requires Franchisor to incur incalculable administrative and management costs to address. Accordingly, Franchisee shall pay Franchisor a Critical Operations Standard Violation Fee, as set forth in the Manual, for each violation of a critical operations standard. **Franchisee hereby authorizes Franchisor to take payment of the Critical Operations Standard Violation Fee, at Franchisor's option, through electronic funds transfer or ACH payment.** Franchisee acknowledges that Franchisor's imposition of a Critical Operations Standard Violation Fee does not preclude Franchisor from seeking injunctive relief to restrain any subsequent or continuing violation or exercising any of Franchisor's rights pursuant to Article 17 hereof.

12.9 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

### 13. **ADVERTISING, PROMOTIONS AND RELATED FEES**

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

#### 13.2 Local Advertising.

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend a minimum of One Hundred Dollars (\$100.00) per month on advertising for the Franchised Business in the Territory ("Local Advertising"). Franchisor may require Franchisee to allocate to an advertising cooperative, as described in Section 13.4, some or all of Franchisee's required Local Advertising expenditures. Such

allocation will be in partial or full satisfaction of Franchisee's obligations pursuant to this Section 13.2.1.

13.2.2. Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.2.3. Franchisee shall spend at least Five Hundred Dollars (\$500.00) on Local Advertising and promotional activities in the Territory thirty (30) days prior to and within the sixty (60) days after the opening of the Franchised Business to promote the opening of the Franchised Business. Franchisee shall conduct Franchisee's grand opening campaign in accordance with plans approved by Franchisor.

### 13.3 Brand Fund.

13.3.1 Franchisor has established a national Brand Fund (the "Brand Fund") on behalf of the System for national advertising, marketing, and business system development and enhancements. Franchisee is required to contribute up to two percent (2%) of the Gross Revenues generated weekly by Franchisee's Franchised Business to the Brand Fund ("Brand Fund Contribution"). Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenues, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported. Franchisor reserves the right to modify the method and frequency of collection of the Brand Fund Contribution upon forty-five (45) days' prior notice to Franchisee.

13.3.2 Franchisor shall direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

13.3.3 Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Sticky Fingers Cooking outlets operated by Franchisor or Franchisor's affiliates.

- 13.3.4 Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website, social media platforms, apps, and other technology for the benefit of the Brand image and/or Systemwide improvements; and staff salaries and other personnel and departmental costs for advertising that Franchisor internally administers or prepares). While Franchisor does not intend that any part of the Brand Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund for public relations, to explain the franchise system, and/or to include a notation in any advertisement indicating “Franchises Available.”
- 13.3.5 The Brand Fund will be operated solely as a conduit for collecting and expending the brand development contributions for the System. The Brand Fund will not be used to defray any of Franchisor’s general operating expenses, except for reasonable administrative costs, staff salaries of Brand Fund personnel and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor’s benefit.
- 13.3.6 At Franchisee’s request, Franchisor will prepare an unaudited annual statement of the Brand Fund’s operations and will make it available to Franchisee. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee’s contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.
- 13.3.7 Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for brand development or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.
- 13.4. Regional Advertising. Franchisor reserves the right to establish, in Franchisor’s sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee’s share of the total cost of cooperative advertising, in addition to required Brand Fund Contributions.

13.5. Directory Listings and Social Media Accounts. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Instagram, X (Twitter), Bluesky, LinkedIn, YouTube, Threads, Tik Tok, blogs, or any other social media and/or networking site without Franchisor's prior written approval, and use of any social media accounts shall be in strict accordance with Franchisor's requirements. Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards. Franchisee is specifically prohibited from using Franchisee's, Principal(s)', or any other individual's or entity's personal social media accounts to promote the Franchised Business.

13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Sticky Fingers Cooking brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

## **14. INTELLECTUAL PROPERTY**

### **14.1 Ownership.**

14.1.1 Franchisee expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) are the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) claims copyrights and other proprietary rights on certain material used in the System, including but not limited to its

website, documents, lesson plans, recipes, proprietary software, advertisements, promotional materials, photographs, social media content, and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary materials and systems are hereafter collectively referred to as the "Intellectual Property".

- 14.1.2 As between Franchisor and Franchisee, Franchisor and/or Franchisor's affiliate(s) are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.
- 14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor and/or Franchisor's affiliate(s)'s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor and/or Franchisor's affiliate(s)'s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.
- 14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and/or Franchisor's affiliate(s), and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.
- 14.4 Validity. Franchisee shall not contest the validity of, or Franchisor and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property.
- 14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor and/or Franchisor's affiliate(s)'s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor and/or Franchisor's affiliate(s) with all assignments, affidavits, documents, information and assistance Franchisor and/or Franchisor's affiliate(s) reasonably requests to fully vest in Franchisor and/or Franchisor's affiliate(s) all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor and/or Franchisor's affiliate(s) to register, maintain and enforce such rights in the Intellectual Property.
- 14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by as a result of

any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Sticky Fingers Cooking" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of SFC Team Franchise, LLC".

14.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Sticky Fingers Cooking franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations at the Franchised Business office as Franchisor may designate in writing.

14.7.3 Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4 Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.7.5 Franchisee shall not use the Intellectual Property in association with the offer or sale of any product or service that is outside of the System or that is not approved by Franchisor.

14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge, or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in

the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity, or corporation.

## **15 INSURANCE AND INDEMNIFICATION**

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1 Liability. Commercial general liability insurance, including contractual liability, public liability, personal injury, products liability, advertising injury, and environmental damage coverage in the amounts of at least Two Million Dollars (\$2,000,000) per occurrence and Four Million Dollars (\$4,000,000) in the aggregate, with Five Thousand Dollars (\$5,000) medical expense coverage per person;

15.1.2 Workplace Injury. Worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated;

15.1.3 Automobile. Coverage for all owned, leased, non-owned and hired vehicles used in the Franchised Business in an amount of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include under-insured and uninsured motorist coverage as required by state law;

15.1.4 Damage to Rented Premises. Coverage for damage to premises and contents in amount of not less than One Hundred Thousand Dollars (\$100,000).

Should any individual, entity or venue with whom Franchisee contracts to host culinary instruction require higher insurance policy minimum(s) than set forth above, such higher minimum(s) shall control.

15.1.5 Employment Practices Liability. Coverage for all for all employment related claims up to \$1,000,000, Wage & Hour Defense and discrimination and harassment for third party claims (non-employee). Coverage must include the franchisor, directors, officers, partners, agents and employees as Additional insured for all franchisee direct employees including defense costs.

15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with an administrative fee of ten percent (10%) for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5 Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear, on a primary, noncontributory basis, and shall contain a waiver of rights of subrogation against Franchisor. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.

15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS SFC TEAM FRANCHISE, LLC, REAL V TEXAS, LLC AND EITHER OF THEIR PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "SFC

INDEMNITEES”), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE’S STICKY FINGERS COOKING FRANCHISE; THE SERVICES OR PRODUCTS OFFERED THEREBY; AND THE FRANCHISED BUSINESS OFFICE LOCATION, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE’S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE’S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL OF THE SFC INDEMNITEES’ LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS’ FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE SFC INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE SFC INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE SFC INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE SFC INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE SFC INDEMNITEES.

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Initial

## 16 TRANSFERS

### 16.1 Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor’s rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee’s permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor’s obligations, the assignee shall expressly assume and agree to perform Franchisor’s obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor’s assets and Franchisor’s rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor’s securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor’s rights in this Agreement.

16.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Sticky Fingers Cooking franchise during the Term of this Agreement.

16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the culinary instruction business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee or Principal(s). Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1 The proposed transferee and all its principals must have the demeanor, and be individuals of good character, and otherwise meet Franchisor's then-applicable standards for franchisees.

16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3 The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;

- 16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;
- 16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
- 16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;
- 16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;
- 16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and
- 16.3.9 If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.
- 16.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to seventy-five percent (75%) of the then-current initial franchise fee; provided however, (i) for transfers to an existing franchisee in good standing with Franchisor, the transfer fee is fifty percent (50%) of the then-current initial franchise fee, (ii) for transfers to an entity, for purposes of convenience, or of ownership interest among existing shareholders or members, or to add a new shareholder or member of the Franchisee entity, and such transfer does not change management control of the Franchisee entity, the transfer fee is One Thousand Five Hundred Dollars (\$1,500), and (iii) for a transfer to a spouse, parent or child upon death or permanent disability of Franchisee or Franchisee's Principal, as the case may be, the transfer fee is Two Thousand Dollars (\$2,000).

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6 Franchisor 's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or

Principal's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current rates during the term of interim management, plus all travel related and other expenses, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

- 16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.
- 16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

## **17 DEFAULTS**

- 17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United

States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 has misrepresented or omitted material facts in applying for the Franchise;

17.2.2. fails to obtain all required licenses and permits before opening or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.3 falsifies any report required to be furnished Franchisor hereunder;

17.2.4 ceases to operate the Franchised Business for a period of three (3) days or more;

17.2.5 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

17.2.6 understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;

17.2.7 fails to comply with the covenants in Article 15;

17.2.8 permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.9 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

- 17.2.10 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;
- 17.2.11 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;
- 17.2.12 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;
- 17.2.13 creates a threat or danger to public health or safety from operation of the Franchised Business;
- 17.2.14 refuses to permit Franchisor to inspect or audit Franchisee's books or records;
- 17.2.15 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
- 17.2.16 fails to comply with the non-competition covenants in Section 19.5;
- 17.2.17 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;
- 17.2.18 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;
- 17.2.19 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement or The Sticky Fingers Cooking Dash Software License Agreement, with Franchisor or any of its affiliates, or suppliers and does not cure such default within the time period provided in such other agreement;
- 17.2.20 offers or uses any unauthorized and unapproved products or services, including any unauthorized or unapproved recipe or lesson plan, at or from the Franchise Business;
- 17.2.21 fails to meet Minimum Performance Standards; or
- 17.2.22 terminates this Agreement without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.17 and/or 17.2.18;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) - month period shall be a non-curable default under Section 17.2.17.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor at Franchisor's then-current rates for interim management, plus all travel related and other expenses, during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

- 17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and supplies, including, but not limited to products sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. Such right shall include Franchisor's right to deny Franchisee's access to The Sticky Fingers Cooking Dash Software. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.
- 17.6 Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorney's fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

## **18 POST-TERMINATION OR EXPIRATION**

- 18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:
- 18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current or past Sticky Fingers Cooking owner, franchisee or licensee;
- 18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor and/or Franchisor's affiliate(s), or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks. Immediately return to the Franchisor any business cards, marketing materials, or any other items containing Marks;
- 18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;
- 18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, equipment, fixtures, and inventory owned by Franchisee at the time of default;

- 18.1.5 pay to Franchisor all damages for any breach or early termination of this Agreement, plus, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;
- 18.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and software, and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;
- 18.1.7 comply with the non-disclosure and non-competition covenants contained in Article 19; and
- 18.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

## 18.2 Right to Purchase.

- 18.2.1 Franchisor shall have the option, to be exercised within sixty (60) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including the Computer System), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less, and assume any and all contracts related to the operation of the Franchised Business. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within sixty (60) days of Franchisor's

exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2 With respect to the option described in Section 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

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

18.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media accounts and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, social media accounts, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4. Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

## **19 NON-DISCLOSURE AND NON-COMPETITION COVENANTS**

## 19.1 Operations Manual.

- 19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.
- 19.1.2 Franchisee and Principal(s) shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.
- 19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies, and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5 If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee. The replacement fee as of the date of this Agreement is Five Hundred Dollars (\$500.00).

19.2. Confidential Information. Franchisee and Principal(s) acknowledge and accept that during the term of this Agreement Franchisee and Principal(s) will have access to Franchisor's trade secrets, including, but not limited to, formulas, recipes, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Franchisee and Principal(s) covenant and agree that Franchisee and Principal(s) shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenants in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3. Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, recipe, product, service, or improvement in the operation or promotion of the Franchised Business (“Improvements”), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5. Noncompetition Covenants. Franchisee and Principal(s) specifically acknowledge that, pursuant to this Agreement, Franchisee and Principal(s) will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee and Principal(s). Franchisee and Principal(s) acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and Principal(s) are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and Principal(s) covenant that, except as otherwise approved in writing by Franchisor:

19.5.1. During the term of this Agreement, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any culinary instruction business similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Sticky Fingers Cooking franchisees or Franchisor-affiliated outlets.

19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any culinary instruction business within twenty-five (25) miles of the Territory or within twenty-five (25) miles of the territory of any Sticky Fingers

Cooking franchised or affiliate-owned outlet; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Sticky Fingers Cooking franchisees.

- 19.6. Reasonableness of Restrictions. Franchisee and Principal(s) acknowledge and agree that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s), since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.
- 19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.
- 19.8. Injunctive Relief. Franchisee and Principal(s) acknowledge that a violation of the covenants of confidentiality and non-competition contained in this Agreement would result in immediate and irreparable injury to Franchisor for which monetary damages cannot fully remedy. Accordingly, Franchisee and Principal(s) hereby consent to the entry of a temporary and permanent injunction prohibiting any conduct by Franchisee or Principal(s) in violation of the terms of the covenants set forth in this Article 19 and hereby agree to waive any and all defenses to the entry of such injunction(s). Notwithstanding, Franchisee and Principal(s) acknowledge and agree that the foregoing injunctive relief is in addition to, and does not restrict Franchisor from pursuing, any and all claims for monetary damages resulting from a breach by Franchisee or Principal(s) of the covenants contained herein.
- 19.9. No Defense. Franchisee and Principal(s) expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.
- 19.10. Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information, and at Franchisor's request, Franchisee shall provide Franchisor with executed versions thereof. Such covenants shall be substantially in the form set forth in Attachment 8 as revised and updated from time to time and

contained in the Manual. Franchisee shall indemnify and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of Franchisee's failure to obtain executed restricted covenants by employees, agents and third persons as required by this Section.

## **20. DISPUTE RESOLUTION**

20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.6 below, Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney's fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

### 20.3 Arbitration.

20.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 20.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Attachments hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 20.1 or 20.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

20.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 20 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq.*) and the federal common law of arbitration. All hearings and other proceedings will take place in the City and County of Denver, Colorado, or

the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

20.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

20.3.4 The provisions of this Section 20.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

20.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone or rescind the effectiveness of any termination of this Agreement.

20.3.6 Except as expressly required by law, Franchisor, Franchisee and any Principal shall keep all aspects of any mediation and/or arbitration proceeding in confidence, and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

20.4 Exceptions. Notwithstanding the requirements of Sections 20.2 or 20.3, the following claims shall not be subject to mediation or arbitration:

20.4.1 Franchisor's claims for injunctive or other extraordinary relief;

20.4.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

20.4.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks; and

20.4.4 enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

- 20.5. Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Colorado. Any claims, controversies, disputes, or actions arising out of this Agreement shall be governed, enforced, and interpreted pursuant to the laws of the State of Colorado. Franchisee and Principal(s), except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Colorado. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.
- 20.6 Mutual Benefit. Franchisee, Principal(s), and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.
- 20.7 Waiver of Certain Damages. Franchisee and Principal(s) hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.8 Limitations of Claims. Any and all claims asserted by Franchisee and Principal(s) arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee or Principal(s) knew or should have known of the facts giving rise to such claims.
- 20.9 Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

## **21 GENERAL**

### **21.1 Relationship of the Parties.**

- 21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted

any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee or Principal(s) which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

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

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

21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of

Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principal(s) in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

- 21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 21.4 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed, and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and Principal(s) shall be deemed to be joint and several covenants, agreements, and obligations of each of the persons named as Franchisee, if more than one person is so named.
- 21.5 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.6 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.7 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.
- 21.8 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the

parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Articles 17 and 18 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.9 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Colorado, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Attachments, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on electronic signature as the respective party's signature.

21.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.11 Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

21.12 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing herein is intended to disclaim any representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

*-Remainder of Page Intentionally Blank-*

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter \_\_\_\_\_, CEO  
(Print Name, Title)

FRANCHISEE (Entity):

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## ATTACHMENT 1

Service Mark –



Character Mark –

Sticky Fingers Cooking

**ATTACHMENT 2**

**TERRITORY DESCRIPTION AND  
FRANCHISED BUSINESS LOCATION**

Territory (insert map and/or define by zip codes):

Franchised Business Address:

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### ATTACHMENT 3

#### ANNUAL MINIMUM PERFORMANCE STANDARDS

Franchisee shall conduct a minimum amount of classes for payment within your territory for each year of the Term, as follows:

<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3 + (and successor term)</b>
300 Classes	450 Classes	900 Classes

**ATTACHMENT 4**

**AUTHORIZATION AGREEMENT  
AUTOMATIC DEPOSITS (ACH WITHDRAWALS)**

Franchisor Name: **SFC Team Franchise, LLC**

I (We) hereby authorize SFC Team Franchise, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

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

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

ACH/Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_  
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

\_\_\_\_\_  
Print Franchisee / Account Holder Name                      Print Franchisee/Co-Account Holder Name

\_\_\_\_\_  
Franchisee/ Account Holder Signature-Date                      Franchisee/Co-Account Holder Signature-Date

\_\_\_\_\_  
Daytime Phone Number    Email Address

**PLEASE ATTACH A VOIDED CHECK TO THIS FORM**

**Please Return Form to: SFC Team Franchise, LLC  
3700 Tennyson St #12492  
Denver, CO 80212**

**ATTACHMENT 5**

**STATEMENT OF OWNERSHIP INTERESTS IN  
FRANCHISEE ENTITY**

**Name**

**Percentage of Ownership**

## ATTACHMENT 6

### SPOUSE GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_ (the “Effective Date”) to SFC Team Franchise, LLC, a Colorado limited liability company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchise Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_ and \_\_\_\_\_ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-disclosure and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

**GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:**

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

**ATTACHMENT 7**

**INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND  
TELEPHONE LISTING AGREEMENT**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”) by and between SFC Team Franchise, LLC a Colorado limited liability company (the “Franchisor”), and \_\_\_\_\_ a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principal(s) \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)"). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a Sticky Fingers Cooking business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, software accounts, and use telephone listings linked to the Sticky Fingers Cooking brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**1. Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

**2. Internet Advertising and Telephone Accounts**

2.1 Interest in Websites, Social Media and Software Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, software accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Internet Web Sites, Social Media Accounts and other Listings: (i) to transfer all of Franchisee’s Interest in such Internet Web Sites, Social Media Accounts and other Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts and other Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites, Social Media Accounts and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts and other Listings as Franchisor directs; and

2.3.1 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee’s Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s Interest in and to the Internet Web Sites, Social Media Accounts and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts and/or other Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s Interest in and to the Telephone Numbers and Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s Interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Colorado, without regard to the application of Colorado conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter, CEO  
\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE (Entity):

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ATTACHMENT 8**  
**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this day of \_\_\_\_\_, by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), a franchisee of SFC Team Franchise, LLC a Colorado limited liability company (“Franchisor”), and \_\_\_\_\_, an individual (“Covenantor”).

**WHEREAS**, Franchisee and Franchisor are parties to a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain of Franchisor’s trademarks and copyrights, including but not limited to, the Sticky Fingers Cooking trademarks and logo, website, documents, advertisements, photographs, social media content, promotional materials and operations manual (collectively referred to as the “Intellectual Property”) for the establishment and operation of a Sticky Fingers Cooking franchised business;

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Intellectual Property and other confidential information, knowledge, know-how, techniques, training, and other materials used in or related to the Sticky Fingers Cooking brand and/or concerning the methods of operation of a Sticky Fingers Cooking franchised business (collectively referred to as “Confidential Information”);

**WHEREAS**, the Intellectual Property and Confidential Information provide economic advantages to Franchisor and licensed users of Franchisor, including Franchisee;

**WHEREAS**, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Intellectual Property and Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Intellectual Property and Confidential Information and further protecting the Sticky Fingers Cooking brand against unfair competition; and

**WHEREAS**, Covenantor acknowledges that receipt of and the right to use the Intellectual Property and Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

**1. Confidentiality Agreement.**

**a.** Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use the Intellectual Property and such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Sticky Fingers Cooking franchised business under the Franchise Agreement and in accordance with the requirements thereof.

**b.** Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Intellectual Property or Confidential Information, and shall not reproduce, in whole or in part, any of the Intellectual Property or Confidential Information, without Franchisor's express written permission.

**c.** Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of Franchisee's Sticky Fingers Cooking franchised business.

**d.** Covenantor shall surrender any material containing some or all of the Intellectual Property or Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

**e.** Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Sticky Fingers Cooking brand.

**f.** Upon termination of employment or association with Franchisee, Covenantor shall immediately lose all rights to access and/or use the Intellectual Property and Confidential Information for any purpose whatsoever.

## **2. Covenants Not to Compete.**

**a.** In order to protect the goodwill and unique qualities of the Sticky Fingers Cooking brand, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of Franchisee's Sticky Fingers Cooking franchised business or of other franchisees in the Sticky Fingers Cooking system to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any culinary instruction business substantially similar to the Franchisee's Sticky Fingers Cooking franchised business ("Competitive Business").

**b.** In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the Sticky Fingers Cooking system, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of Franchisee's Sticky Fingers Cooking franchised business or of other franchisees in the Sticky Fingers Cooking system to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational, or supervisory capacity in any Competitive Business within twenty-five (25) miles of Franchisee's Territory or the territory of any other Sticky Fingers Cooking affiliate-owned or franchised business.

**c.** The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

**d.** If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

### **3. General.**

**a.** Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

**b.** Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

**c.** Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

**d.** Any failure by Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

**e.** THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO, WITHOUT REFERENCE TO COLORADO CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF COLORADO. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY COLORADO OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN COLORADO; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

**f.** The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

**g.** Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

**h.** This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

**i.** All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

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

If directed to Covenantor:

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

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

**j.** Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

**k.** The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as of the date first written above.

FRANCHISEE:

\_\_\_\_\_

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

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

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

COVENANTOR:

\_\_\_\_\_

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

**ATTACHMENT 9**

**THE STICKY FINGERS COOKING DASH™  
SOFTWARE LICENSE AGREEMENT**

**THIS SOFTWARE LICENSE AGREEMENT** (“Agreement”) is made this day of \_\_\_\_\_, (the "Effective Date") by and between SFC Team Franchise, LLC, a Colorado limited liability company with its principal place of business at 3030 East 6<sup>th</sup> Avenue, Denver, Colorado, 80206 (“Franchisor”); and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as “Franchisee”.

**WHEREAS**, Franchisor and Franchisee are parties to a franchise agreement of even date herewith which grants Franchisee the rights to establish a Sticky Fingers Cooking franchise in accordance with said agreement (the “Franchise Agreement”);

**WHEREAS**, Franchisor has the license to use, and to sub-license the use of, that certain comprehensive proprietary technology platform, which contains, among other things, the Sticky Fingers Cooking Lesson Plans™, and is known as the Sticky Fingers Cooking Dash™ (“The Dash”). The Dash and any updates, improvements, modifications, enhancements, and information related to installation thereof, shall hereinafter be referred to as the “The Dash Proprietary Software”;

**WHEREAS**, the Franchise Agreement requires that Franchisee use The Dash Proprietary Software in connection with the operation of its Sticky Fingers Cooking franchise (the “Franchised Business”); and

**WHEREAS**, the parties desire to enter into this Agreement pursuant to which Franchisee shall be permitted to use The Dash Proprietary Software in accordance with the terms and conditions set forth and established herein.

**NOW, THEREFORE**, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

**1. GRANT OF LICENSE.**

1.1 Grant. Franchisor hereby grants, and Franchisee accepts, a non-exclusive, limited, non-transferable license to use The Dash Proprietary Software solely in connection with Franchisee’s operation of its Franchised Business.

1.2 License of Use Only. Franchisee acknowledges and understands that Franchisor grants to Franchisee only the license and right to use The Dash Proprietary Software. All source code, logic design and any other intellectual property rights associated with The Dash Proprietary Software is specifically excluded from the license granted hereunder. Franchisor retains all right, title and interest in and to The Dash Proprietary Software, including without limitation, trade secrets, copyrights, trademarks, patents, other intellectual property, functionality and business methodology embodied therein.

1.3 Reservation of Rights. All rights not expressly granted to Franchisee herein are specifically reserved to Franchisor.

## **2. LIMITATIONS ON USE.**

2.1 Proprietary Nature. Franchisee acknowledges and accepts that The Dash Proprietary Software (i) constitutes a **trade secret** of Franchisor, (ii) is protected by civil, criminal and copyright law, (iii) is a valuable and confidential asset of Franchisor, and (iv) that its use and disclosure must be carefully and continuously controlled.

2.2 No Encumbrances. Franchisee shall keep The Dash Proprietary Software free and clear of any and all claims, liens, and encumbrances attributable to the use and possession of The Dash Proprietary Software by Franchisee. Any act of Franchisee, whether voluntary or involuntary, purporting to create and claim or encumbrance on The Dash Proprietary Software shall be null and void.

2.3 Sole Use. Franchisee's right to use The Dash Proprietary Software is limited to the operation of Franchisee's Franchised Business pursuant to the Franchise Agreement only. Franchisee shall not permit any third party to use The Dash Proprietary Software for any purpose outside of the operation of the Franchised Business and shall not allow access to The Dash Proprietary Software from outside of the Franchised Business office, except as specifically authorized by Franchisor. Franchisee's use of The Dash Proprietary Software shall be in strict accordance with this Agreement, the Franchise Agreement, The Dash Proprietary Software user guides, and Franchisor's directives.

2.4 Confidential Information. Franchisee acknowledges and agrees that The Dash Proprietary Software is Confidential Information, as that term is defined in Section 19.2 of the Franchise Agreement and that all terms of the Franchise Agreement relating to Confidential Information shall apply to The Dash Proprietary Software. Franchisee shall protect The Dash Proprietary Software in the same manner that Franchisee protects other Confidential Information of the Franchised Business.

2.5 No Reproduction. Franchisee shall not: (i) copy, duplicate, modify or translate, or permit anyone else to copy, duplicate, modify or translate any of The Dash Proprietary Software, whether in written, digital or other form, except pursuant to reasonable backup procedures, prescribed by Franchisor; (ii) provide or make The Dash Proprietary Software available to any person or entity other than Franchisee's employees who have a need to know consistent with Franchisee's use pursuant to this Agreement; (iii) create or attempt to create, or permit others to create or attempt to create, by disassembling, reverse engineering or otherwise, the source programs

or codes or any part thereof of The Dash Proprietary Software; or (iv) copy for Franchisee's own use or the use of others, The Dash Proprietary Software operations manual, system reference guides, training materials or other user materials, without the prior written consent of Franchisor.

2.6 Unauthorized Use. Franchisee shall immediately notify Franchisor if it obtains any information as to any unauthorized possession, use or disclosure of any part of The Dash Proprietary Software by any person or entity, and further agrees to cooperate with Franchisor in protecting Franchisor's proprietary rights.

2.7 Injunctive Relief. In addition to other remedies available to Franchisor, Franchisee agrees that Franchisor shall be entitled to injunctive relief in the event Franchisee breaches this Agreement.

### **3. FEES**

3.1 License Fee. Upon Franchisee's execution of this Agreement, Franchisee shall pay Franchisor an initial license fee of Three Hundred Seventy-Five Dollars (\$375.00) for one (1) license of The Dash Proprietary Software. Following such payment, Franchisor shall establish Franchisee's The Dash account, including set up of Franchisee's microsite and online class registration and payment systems for use in the Franchised Business.

3.2 Access and Maintenance Fee. Franchisee shall pay Franchisor monthly and throughout the term of this Agreement, a software access and maintenance fee of Three Hundred Seventy-Five Dollars (\$375.00) per month, for access to The Dash Proprietary Software. In Franchisor's sole discretion, Franchisor may increase the amount of the software access fee by up to fifteen percent (15%) annually, on a cumulative basis.

3.3 Installation and Consultation Fees. Initial training on the installation and use of The Dash Proprietary Software shall be included in the Initial Training Program provided to Franchisee by Franchisor pursuant to the Franchise Agreement. Any additional training or consultation that Franchisee requires shall be provided by Franchisor in accordance with Sections 7.4 through 7.6 of the Franchise Agreement.

### **4. SOFTWARE IMPROVEMENTS.**

4.1 Ownership. Franchisor and/or Franchisor's affiliate(s) is and shall be, the sole owner of all inventions, discoveries, updates, improvement, modifications and enhancements relating to The Dash Proprietary Software, whether in written or unwritten form and whether developed by Franchisor, Franchisor's affiliate(s) or Franchisee. Franchisor and/or Franchisor's affiliate(s) shall retain the exclusive right to reproduce, publish, patent, copyright, sell, license or otherwise make use of such inventions, discoveries, updates, improvement, modifications and enhancements.

4.2 Updates. Provided that Franchisee is current in the payment of all fees pursuant to this Agreement and is not in default of the Franchise Agreement, Franchisor shall provide to Franchisee, at no additional charge, any updates to The Dash Proprietary Software as the same is made available to other The Dash Proprietary Software users.

4.3 Current Release. Franchisee shall install the most current release of The Dash Proprietary Software within five (5) business days of receipt thereof from Franchisor. Franchisee recognizes that failure to install the latest release may render The Dash Proprietary Software unusable, and Franchisee assumes all risk associated with any failure to install and maintain the most current release on Franchisee's computer systems. Franchisee acknowledges and agrees that neither Franchisor nor Franchisor's affiliate(s) shall have any obligation to maintain The Dash Proprietary Software in the event that Franchisee fails to install the latest release.

## 5. WARRANTIES.

5.1 Intellectual Property Warranty. Franchisor warrants that, to the best of its knowledge, Franchisor and/or Franchisor's affiliate(s) is the sole owner of The Dash Proprietary Software and has the right to license The Dash Proprietary Software and that there are no known infringements or claims of infringement with respect to the patent, copyright or other proprietary rights of third parties.

### 5.2 Intellectual Property Indemnification.

5.2.1 Subject to the limitations set forth in this Section 5, at its own expense, Franchisor shall (i) defend, or at its option, settle any claim, suit, or proceeding brought against Franchisee by any third party (other than an affiliate of Franchisee) alleging that any portion of The Dash Proprietary Software infringes any U.S. patent, copyright, trade secret or other proprietary right of such third party (an "Infringement Claim"), and (ii) pay any and all final judgments entered against Franchisee, and all reasonable and actual costs and expenses incurred in defending or settling an Infringement Claim under this Agreement, or pay any settlement made by Franchisor and/or Franchisor's affiliate(s) on such Infringement Claim. Franchisor's obligations under this Section 5.2.1 are expressly conditioned on (i) Franchisor and/or Franchisor's affiliate(s) having sole control of the defense and/or settlement of such Infringement Claim, (ii) Franchisee promptly notifying Franchisor of such Infringement Claim, and (iii) Franchisee, at Franchisor and/or Franchisor's affiliate(s) request, providing Franchisor and/or Franchisor's affiliate(s) with all information known to Franchisee relating to such Infringement Claim and otherwise cooperating with Franchisor and/or Franchisor's affiliate(s) in the defense and/or settlement of such Infringement Claim.

5.2.2 Neither Franchisor nor Franchisor's affiliate(s) shall have any obligation to Franchisee with respect to any Infringement Claim if such Infringement Claim is based upon (i) Franchisee's use of The Dash Proprietary Software contrary to the express terms of this Agreement, (ii) Franchisee's use of a version of The Dash Proprietary Software other than the most current release thereof, or (iii) the combination, operation or use of The Dash Proprietary Software with software that was not required by Franchisor, if Franchisee's liability for such Infringement Claim would have been avoided in the absence of such combination, use or operation.

5.2.3 If all or any part of The Dash Proprietary Software is, or in the opinion of Franchisor and/or Franchisor's affiliate(s) may become, the subject of an Infringement Claim,

Franchisor and/or Franchisor's affiliate(s) shall promptly either (i) replace The Dash Proprietary Software with a compatible, functionally equivalent, non-infringing product, (ii) modify The Dash Proprietary Software or take such other action so that The Dash Proprietary Software becomes non-infringing, or (iii) procure the right of Franchisee to continue using The Dash Proprietary Software.

5.3 Function Warranty. Franchisor warrants that The Dash Proprietary Software shall substantially conform in all material respects, as to operational features, to Franchisor's current specifications, and that when properly installed, will be free of material defects that adversely affect its intended performance.

5.4 Breach of Function Warranty. Franchisee must notify Franchisor in writing within ten (10) days of delivery of The Dash Proprietary Software to Franchisee of its claim for breach of the warranty set forth in Section 5.3 hereof. If Franchisor determines that such breach has occurred, Franchisor's sole obligation under this warranty is to remedy the defect in a manner consistent with Franchisor's regular business practice, whereby (i) for a substantial defect that materially adversely affects the performance of The Dash Proprietary Software, Franchisor shall use its best efforts to cure such substantial defect as soon as reasonably practicable following Franchisee's notice and (ii) for a minor defect that does not materially adversely affect performance, Franchisor shall use its best efforts to correct such minor defect in the next release of The Dash Proprietary Software.

5.5 Limitation of Remedies. **THE WARRANTIES SET FORTH IN THIS ARTICLE 5 ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER STATUTORY OR COMMON LAW WARRANTY. FRANCHISOR AND ITS AFFILIATES AND SUPPLIERS HEREBY EXPRESSLY DISCLAIM AND EXCLUDE ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES, INCLUDING ANY REPRESENTATION OR WARRANTY THAT FRANCHISEE'S USE OF THE DASH PROPRIETARY SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE. ANY LIABILITY OF FRANCHISOR AND ITS AFFILIATES AND SUPPLIERS TO FRANCHISEE FOR BREACH OF WARRANTY ARISING OUT OF CONTRACT, NEGLIGENCE OR STRICT LIABILITY IN TORT, OR ANY OTHER CLAIM RELATING TO THIS AGREEMENT SHALL BE LIMITED TO THE TOTAL AMOUNT OF SOFTWARE ACCESS FEES PAID BY FRANCHISEE TO FRANCHISOR. IN NO EVENT SHALL FRANCHISOR OR FRANCHISOR'S AFFILIATE(S) BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSS OF BUSINESS OR PROFITS, OR SPECIAL OR INDIRECT DAMAGES OF ANY NATURE WHATSOEVER.**

## **6. TERM AND TERMINATION.**

6.1 Term. The term of this Agreement is concurrent with the term of the Franchise Agreement, provided that this Agreement shall terminate upon (i) Franchisor's replacement of The Dash Proprietary Software with different software in accordance with the terms of the Franchise Agreement or (ii) the earlier termination of the Franchise Agreement.

6.2 Default. This Agreement and the license created hereby shall terminate and any and all rights granted to Franchisee hereunder shall revert in Franchisor in the event that:

(i) Franchisee violates any provision in this Agreement, including but not limited to the provisions relating to confidentiality and payment;

(ii) Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing Franchisee's inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or

(iii) the Franchise Agreement is terminated.

6.3 Obligations Upon Termination. In the event of termination pursuant to Section 6.2 above, Franchisor and/or Franchisor's affiliate(s) shall have the right to take immediate possession of The Dash Proprietary Software, all written or digital material associated therewith and all copies wherever located, without demand or notice. Upon termination of this Agreement, Franchisee shall return to Franchisor and/or Franchisor's affiliate(s) The Dash Proprietary Software in the form provided, or as modified by Franchisee, and all written or digital material associated therewith or upon Franchisor's and/or Franchisor's affiliate(s)' request, destroy The Dash Proprietary Software, all written or digital material associated therewith and all copies, and certify in writing that they have been destroyed.

6.4 Fees Owed. Notwithstanding the termination of this Agreement, Franchisee shall continue to be obligated for any fees due and owing as of the date of termination. Termination of this Agreement shall be in addition to, and not in lieu of, any additional remedies available to Franchisor and/or Franchisor's affiliate(s).

6.5 Survival of Obligations. The provisions herein that, by their nature, survive the termination hereof, including but not limited to, provisions relating to payment, confidentiality and limitation of remedies, shall continue in full force and effect, notwithstanding the expiration or

termination of this Agreement.

## **7. MISCELLANEOUS PROVISIONS.**

7.1 No Assignment by Franchisee. This Agreement and the rights and obligations hereunder may not be assigned or delegated by Franchisee for any reason, and any attempted assignment in violation of this provision is null and void and of no force or effect.

7.2 Assignment by Franchisor. Franchisor's right to assign this Agreement or Franchisor's rights, obligations or performance hereunder shall not be restricted in any manner. Franchisor may assign, transfer, delegate or grant all or any part of Franchisor's rights or obligations pursuant to this Agreement to any person or entity. The parties' rights and obligations shall bind and inure to the benefit of their respective successors, heirs, executors and administrators and permitted assigns.

7.3 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as first above written, or at such other address or addresses as the parties may from time to time designate in writing.

7.4 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of these parties with respect to any subsequent default of the same or of a different kind.

7.5 Governing Law. The parties agree that the laws of the United States and the State of Colorado (without giving effect to its conflicts of law principles) govern all matters and actions arising out of or relating to this Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement. Franchisee or Principal(s), hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the federal and state courts of Colorado. Franchisee and any Principal hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee and any Principal hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Colorado or federal law.

7.6 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

7.7 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except nothing herein is intended to disclaim the representations made to Franchisee in Franchisor's

Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

The parties have executed this Agreement on the date first set forth above.

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter, CEO  
(Print Name, Title)

FRANCHISEE (Entity):

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

**SFC Team Franchise, LLC**

**Independent Auditor's Report  
And  
Financial Statements  
December 31, 2024 and 2023**

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**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

**1312 Norwood Dr STE 100, Bedford, Texas 76022**

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

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## **Independent Auditor's Report**

To the Members of  
SFC Team Franchise, LLC

### **Opinion**

We have audited the accompanying financial statements of SFC Team Franchise, LLC (the Company) which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of operations, members' equity (deficit), 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 SFC Team Franchise, LLC as of December 31, 2024 and 2023 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SFC Team Franchise, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SFC Team Franchise, 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 SFC Team Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

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

*Metwally CPA PLLC*

Metwally CPA PLLC  
Bedford, Texas  
April 04, 2025

**SFC Team Franchise, LLC**  
**Balance Sheets**  
**December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 128,646	\$ 104,701
Due from related parties	-	63,632
Other assets	1,692	8,641
Deferred commission - current portion	9,771	2,914
<b>Total Current Assets</b>	<b>140,109</b>	<b>179,888</b>
<b>Non-Current Assets</b>		
Property and equipment, net	1,932	2,497
Intangible assets, net	3,621	6,254
Deferred commission - net of current portion	50,373	14,572
<b>Total Non-Current Assets</b>	<b>55,926</b>	<b>23,323</b>
<b>Total Assets</b>	<b>\$ 196,035</b>	<b>\$ 203,211</b>
<b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 21,496	\$ 23,305
Due to related parties	121,419	103,195
Deferred revenue - current portion	43,240	22,546
<b>Total Current Liabilities</b>	<b>186,155</b>	<b>149,046</b>
<b>Long-Term Liabilities</b>		
Deferred revenue - net of current portion	207,017	112,729
<b>Total Long-Term Liabilities</b>	<b>207,017</b>	<b>112,729</b>
<b>Total Liabilities</b>	<b>393,172</b>	<b>261,775</b>
<b>Members' Equity (Deficit)</b>		
Members' equity (deficit)	(197,137)	(58,564)
<b>Total Members' Equity (Deficit)</b>	<b>(197,137)</b>	<b>(58,564)</b>
<b>Total Liabilities and Members' Equity (Deficit)</b>	<b>\$ 196,035</b>	<b>\$ 203,211</b>

*The accompanying notes are an integral part of the financial statements.*

**SFC Team Franchise, LLC**  
**Statements of Operations**  
**Years Ended December 31, 2024 and 2023**

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	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Royalties	\$ 124,660	\$ 41,794
Initial franchise fees	77,018	46,525
Brand fund fees	15,617	5,221
Other income	6,949	-
<b>Total Revenues</b>	<b>224,244</b>	<b>93,540</b>
 <b>Operating Expenses</b>		
Salaries and wages	153,287	107,073
Marketing and advertising	95,736	57,114
General and administrative	67,866	40,680
Legal and professional	37,388	30,750
Commission expense	5,342	2,914
Depreciation and amortization	3,198	1,973
<b>Total Operating Expenses</b>	<b>362,817</b>	<b>240,504</b>
 <b>Net Income / (Loss)</b>	<b>\$ (138,573)</b>	<b>\$ (146,964)</b>

*The accompanying notes are an integral part of the financial statements.*

**SFC Team Franchise, LLC**  
**Statements of Members' Equity (Deficit)**  
**Years Ended December 31, 2024 and 2023**

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<b>Members' Equity At December 31, 2022</b>	<u>\$ 88,400</u>
Net income (loss)	(146,964)
<b>Members' Equity (Deficit) At December 31, 2023</b>	<u>\$ (58,564)</u>
Net income (loss)	(138,573)
<b>Members' Equity (Deficit) At December 31, 2024</b>	<u>\$ (197,137)</u>

*The accompanying notes are an integral part of the financial statements.*

**SFC Team Franchise, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Net income / (loss)	\$ (138,573)	\$ (146,964)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	3,198	1,973
<b>Change in assets and liabilities</b>		
Due from related parties	63,632	19,306
Other assets	6,949	(8,641)
Deferred commission	(42,658)	(17,486)
Accounts payable and accrued liabilities	(1,809)	23,305
Due to related parties	18,224	34,450
Deferred revenue	114,982	135,275
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>23,945</b>	<b>41,217</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	-	(2,824)
Purchase of intangible asset	-	(7,900)
<b>Net Cash Flows Provided By (Used In) Investing Activities</b>	<b>-</b>	<b>(10,724)</b>
<b>Cash Flows From Financing Activities</b>		
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Change In Cash And Cash Equivalents During The Year</b>	<b>23,945</b>	<b>30,493</b>
Cash and cash equivalents - beginning of the year	104,701	74,207
<b>Cash And Cash Equivalents - End of The Year</b>	<b>\$ 128,646</b>	<b>\$ 104,701</b>

*The accompanying notes are an integral part of the financial statements.*

**SFC Team Franchise, LLC**  
**Notes To Financial Statements**  
**December 31, 2024 and 2023**

**1. COMPANY AND NATURE OF OPERATIONS**

SFC Team Franchise, LLC (the Company) is a Colorado limited liability franchise Company that was formed on February 4, 2022, under the laws of the State of Colorado for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business. The Company offers qualified individuals the right to operate an in person mobile cooking school for children that offers cooking instruction at schools, camps, special events and online using the trademark “Sticky Fingers Cooking” mark.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**A. Basis of Accounting**

The Company’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

**B. Cash and Cash Equivalents**

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

**C. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

**D. Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which is 3-5 years.

**E. Intangible Assets**

The Company’s intangible assets consisted of a website which was valued at the total cost of developing the website. The website is amortized on a straight-line basis over its estimated useful life of 3 years.

## **F. Federal Income Taxes**

The Company is organized as a limited liability Company and is a disregarded entity for income tax purposes. The Company's accounts are included in the tax return of its members, and all taxes are assessed and paid at the individual member level. Therefore, no income tax liability for federal or state taxes has been recorded in the financial statement.

Effective January 1, 2025, the Company has elected to be classified as a corporation for tax reporting purposes. This reclassification will result in the Company being liable for corporate income taxes, if applicable.

The Company will account for its income taxes utilizing the liability method recognizing taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period when the new rate is enacted.

## **G. Use of Estimates**

The preparation of our Company's financial statements 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 our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

## **H. Revenue Recognition**

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

### Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) marketing, brand development and royalty fees and (c) IT fees; (d) annual conference fees. The Company utilize ASC 606 five-stops revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.

- Recognize revenue when (or as) each performance obligation is satisfied.

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

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay weekly royalties and brand fund contributions, monthly proprietary technology fees, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned overtime as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 7 years while successive agreement terms are typically 7 years.

#### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development fees (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

#### Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

### **I. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the years incurred.

## J. Recent Accounting Pronouncements

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company beginning January 1, 2023. There was no impact on the Company's financial statements as a result of the implementation of this standard.

### 3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2024 and 2023, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. The Company had approximately \$128,646 and \$104,701 in cash at their operating bank account as of December 31, 2024 and 2023, respectively.

### 4. RELATED PARTY TRANSACTIONS

The Company has common ownership with Real V Texas, LLC, and Real V, LLC. Certain operating expenses are incurred by the related party and are allocated to the Company. For the years ended December 31, 2024, and 2023, the Company had \$0 and \$63,632, respectively, due from its affiliate, Real V, LLC, which resulted from expenses paid by the Company on behalf of the affiliate. The Company had \$121,419 and \$103,195, respectively, due to its affiliate, Real V Texas, LLC, which represents cost and operating expenses paid by the affiliate on behalf of the Company.

### 5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Computers	\$ 531	\$ 531
Trade show banner	2,293	2,293
Less: accumulated depreciation	(892)	(327)
	<u>\$ 1,932</u>	<u>\$ 2,497</u>

Depreciation expenses for the years ended December 31, 2024 and 2023 were \$565 and \$327, respectively.

## 6. INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Website landing page	\$ 7,900	\$ 7,900
Less: accumulated amortization	<u>(4,279)</u>	<u>(1,646)</u>
	<b>\$ 3,621</b>	<b>\$ 6,254</b>

Amortization expenses for the years ended December 31, 2024 and 2023, were \$2,633 and \$1,646, respectively.

## 7. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consists of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Revenue recognized over time	\$ 77,018	\$ 46,525
Revenue recognized at a point in time	147,226	47,015
<b>Total Revenue</b>	<b>\$ 224,244</b>	<b>\$ 93,540</b>

### Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 17,486	\$ -
Additional deferred expenses	48,000	20,400
Expenses recognized – additional deferred expenses	<u>(5,342)</u>	<u>(2,914)</u>
<b>Deferred expenses</b>	<b>60,144</b>	<b>17,486</b>
Less: current maturities	<u>(9,771)</u>	<u>(2,914)</u>
<b>Deferred expenses, net of current maturities</b>	<b>\$ 50,373</b>	<b>\$ 14,572</b>

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2024 and 2023. Franchise contract liability is included in deferred revenue on the accompanying balance sheets:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 135,275	\$ -
Additional deferred revenue	192,000	181,800
Revenue recognized – additional deferred revenue	<u>(77,019)</u>	<u>(46,525)</u>
<b>Deferred revenue</b>	<b>250,257</b>	<b>135,275</b>
Less: current maturities	<u>(43,240)</u>	<u>(22,546)</u>
<b>Deferred revenue, net of current maturities</b>	<b>\$ 207,017</b>	<b>\$ 112,729</b>

## **8. ADVERTISING AND MARKETING**

Advertising and marketing costs for the years ended December 31, 2024 and 2023, were \$95,736 and \$57,114 respectively. These costs were expensed as incurred.

## **9. SUBSEQUENT EVENTS**

The Company is in the process of obtaining a \$500,000 Line of Credit. This Line of Credit hasn't been approved as of the date of this report.

Management has evaluated subsequent events through April 04, 2025, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events, other than mentioned above, that would require adjustment to, or disclosure in, the financial statements.

**SFC Team Franchise, LLC**

**Independent Auditor's Report  
And  
Financial Statements  
December 31, 2023 and 2022**

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**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

**1312 Norwood Dr STE 100, Bedford, Texas 76022**

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

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## **Independent Auditor's Report**

To the Members of  
SFC Team Franchise, LLC  
Denver, Colorado

### **Opinion**

We have audited the accompanying financial statements of SFC Team Franchise, LLC (the "Company") which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of operations, members' equity (deficit), 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 SFC Team Franchise, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SFC Team Franchise, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SFC Team Franchise, 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 SFC Team Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

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

*Metwally CPA PLLC*

Metwally CPA PLLC  
Bedford, Texas  
March 22, 2024

**SFC Team Franchise, LLC**  
**Balance Sheets**  
**December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 104,701	\$ 74,207
Due from related parties	63,632	82,938
Other assets	8,641	-
Deferred commission - current portion	2,914	-
<b>Total Current Assets</b>	<b>179,888</b>	<b>157,145</b>
<b>Non-Current Assets</b>		
Property and equipment, net	2,497	-
Intangible assets, net	6,254	-
Deferred commission - net of current portion	14,572	-
<b>Total Non-Current Assets</b>	<b>23,323</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 203,211</b>	<b>\$ 157,145</b>
<b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 23,305	\$ -
Due to related parties	103,195	68,745
Deferred revenue - current portion	22,546	-
<b>Total Current Liabilities</b>	<b>149,046</b>	<b>68,745</b>
<b>Long-Term Liabilities</b>		
Deferred revenue - net of current portion	112,729	-
<b>Total Long-Term Liabilities</b>	<b>112,729</b>	<b>-</b>
<b>Total Liabilities</b>	<b>261,775</b>	<b>68,745</b>
<b>Members' Equity (Deficit)</b>		
Members' equity (deficit)	(58,564)	88,400
<b>Total Members' Equity (Deficit)</b>	<b>(58,564)</b>	<b>88,400</b>
<b>Total Liabilities and Members' Equity (Deficit)</b>	<b>\$ 203,211</b>	<b>\$ 157,145</b>

*The accompanying notes are an integral part of the financial statements.*

**SFC Team Franchise, LLC**  
**Statements of Operations**  
**Years Ended December 31, 2023 and 2022**

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	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Initial franchise fees	\$ 46,525	\$ -
Royalties	41,794	-
Brand fund fees	5,221	-
<b>Total Revenues</b>	<b>93,540</b>	-
 <b>Operating Expenses</b>		
Salaries and wages	107,073	32,587
Advertising and marketing	57,114	3,975
General and administrative	40,680	6,993
Legal and professional	30,750	26,046
Commissions	2,914	-
Depreciation and amortization	1,973	-
Consulting	-	65,000
<b>Total Operating Expenses</b>	<b>240,504</b>	<b>134,601</b>
<b>Net Income / (Loss)</b>	<b>\$ (146,964)</b>	<b>\$ (134,601)</b>

*The accompanying notes are an integral part of the financial statements.*

**SFC Team Franchise, LLC**  
**Statements of Members' Equity (Deficit)**  
**Years Ended December 31, 2023 and 2022**

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<b>Members' Equity At February 04, 2022</b>	<u>\$ -</u>
Members' contributions	223,001
Net income (loss)	(134,601)
<b>Members' Equity At December 31, 2022</b>	<u>\$ 88,400</u>
Net income (loss)	(146,964)
<b>Members' Equity (Deficit) At December 31, 2023</b>	<u>\$ (58,564)</u>

*The accompanying notes are an integral part of the financial statements.*

**SFC Team Franchise, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Net income / (loss)	\$ (146,964)	\$ (134,601)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	1,973	-
<b>Change in assets and liabilities</b>		
Due from related parties	19,306	(82,938)
Other assets	(8,641)	-
Deferred commission	(17,486)	-
Accounts payable and accrued liabilities	23,305	-
Deferred revenue	135,275	-
Due to related parties	34,450	68,745
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>41,218</u>	<u>(148,794)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(2,824)	-
Purchase of intangible asset	(7,900)	-
<b>Net Cash Flows Provided By (Used In) Investing Activities</b>	<u>(10,724)</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>		
Members' contributions	-	223,001
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	<u>-</u>	<u>223,001</u>
<b>Net Change In Cash And Cash Equivalent During The Year</b>	<u>30,494</u>	<u>74,207</u>
Cash and cash equivalent - beginning of the year	74,207	-
<b>Cash And Cash Equivalent - End of The Year</b>	<u>\$ 104,701</u>	<u>\$ 74,207</u>

*The accompanying notes are an integral part of the financial statements.*

**SFC Team Franchise, LLC**  
**Notes To Financial Statements**  
**December 31, 2023 and 2022**

**1. COMPANY AND NATURE OF OPERATIONS**

SFC Team Franchise, LLC (the “Company”) is a Colorado limited liability franchise Company that was formed on February 4, 2022, under the laws of the State of Colorado for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business. The Company offers qualified individuals the right to operate an in person mobile cooking school for children that offers cooking instruction at schools, camps, special events and online using the trademark “Sticky Fingers Cooking” mark.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**A. Basis of Accounting**

The Company’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

**B. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, cash equivalents include bank accounts and cash in transit for bank deposits.

**C. Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which is 3-5 years.

**D. Intangible Assets**

The Company’s intangible assets consisted of a website which was valued at the total cost of developing the website. The website is amortized on a straight-line basis over its estimated useful life of 3 years.

**E. Federal Income Taxes**

The Company is organized as a limited liability Company and is a disregarded entity for income tax purposes. The Company’s accounts are included in the tax return of its members, and all taxes are assessed and paid at the individual member level. Therefore, no income tax liability for federal or state taxes has been recorded in the financial statement.

**F. Use of Estimates**

The preparation of our Company’s financial statements 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 our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

## G. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

### Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) marketing, brand development and royalty fees and (c) IT fees; (d) annual conference fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

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

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay weekly royalties and brand fund contributions, monthly proprietary technology fees, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 7 years while successive agreement terms are typically 7 years.

### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development fees (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

### Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

## **H. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the years incurred.

## **I. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit didn't exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

## **J. Recent Accounting Pronouncements**

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses. In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company beginning May 1, 2023. There was no impact on the Company's financial statements as a result of the implementation of this standard.

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

### 3. CASH AND CASH EQUIVALENT

The Company maintains cash and cash equivalents with major financial institutions. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2023 and 2022, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The Company had approximately \$104,701 and \$74,207 in cash at their operating bank account as of December 31, 2023 and 2022 respectively.

### 4. RELATED PARTY TRANSACTIONS

The Company has common ownership with Real V Texas, LLC, and Real V, LLC. Certain operating expenses are incurred by the related party and are allocated to the Company. During the period ended December 31, 2023 and 2022, the Company had \$103,195 and \$68,745 respectively, due to its affiliate, Real V Texas, LLC, which represents cost and operating expenses paid by the affiliate on behalf of the Company. The Company had \$63,632 and \$82,938 respectively, due from its affiliate, Real V, LLC, which resulted from expenses paid by the Company on behalf of the related party.

### 5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Computers	\$ 531	\$ -
Trade show banner	2,293	-
Less: accumulated depreciation	<u>(327)</u>	<u>-</u>
	<u>\$ 2,497</u>	<u>\$ -</u>

Depreciation expenses for the years ended December 31, 2023 and 2022 were \$327 and \$0 respectively.

### 6. INTANGIBLE ASSETS, NET

Intangible assets consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Website	\$ 7,900	\$ -
Less: accumulated amortization	<u>(1,646)</u>	<u>-</u>
	<u>\$ 6,254</u>	<u>\$ -</u>

Amortization expenses for the years ended December 31, 2023 and 2022, were \$1,646 and \$0 respectively.

## 7. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Revenue recognized over time	\$ 46,525	\$ -
Revenue recognized at a point in time	47,015	-
<b>Total Revenue</b>	<b>\$ 93,540</b>	<b>\$ -</b>

### Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	\$ -
Additional deferred expenses	20,400	-
Expenses recognized – additional deferred expenses	(2,914)	-
<b>Deferred expenses</b>	<b>17,486</b>	-
Less: current maturities	(2,914)	-
<b>Deferred expenses, net of current maturities</b>	<b>\$ 14,572</b>	<b>\$ -</b>

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2023 and 2022. Franchise contract liability is included in deferred revenue on the accompanying balance sheets:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	\$ -
Additional deferred revenue	181,800	-
Revenue recognized – additional deferred revenue	(46,525)	-
<b>Deferred revenue</b>	<b>135,275</b>	-
Less: current maturities	(22,546)	-
<b>Deferred revenue, net of current maturities</b>	<b>\$ 112,729</b>	<b>\$ -</b>

## 8. ADVERTISING AND MARKETING

Advertising and marketing costs for the years ended December 31, 2023 and 2022, were \$57,114 and \$3,975 respectively. These costs were expensed as incurred.

## 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 22, 2024, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

**EXHIBIT D**

**OPERATIONS MANUAL TABLE OF CONTENTS**



# Sticky Fingers Cooking® Operations Manual

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**FRANCHISED OUTLETS**

**CURRENT FRANCHISEES**

(as of December 31, 2024)

<b>Name</b>	<b>City</b>	<b>State</b>	<b>Contact</b>
Lucy Warenski	Lake Forest	IL	847-582-0387
Lucy Warenski	Lake Forest	IL	847-582-0387
Alicia Doyle	Leander	TX	512-955-7550
Victoria Jones	San Diego	CA	619-952-4525
Trang Nguyen	Falls Church	VA	571-560-8181
Paul Kim	Dallas	TX	214-233-6960
Chris Johnson	Princeton	NJ	609-301-2303
Annette Littlefield	Jacksonville	FL	904-552-8100

**Signed but Not Opened**

(as of December 31, 2024)

<b>Name</b>	<b>City</b>	<b>State</b>	<b>Contact</b>
Catherine Jadin	Flagstaff	AZ	602-613-3050

**FORMER FRANCHISEES**

(as of December 31, 2024)

None

**EXHIBIT F**  
**GENERAL RELEASE**

**GENERAL RELEASE**

This release (the "Release") is given this day of \_\_\_\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ ("Franchisee") and \_\_\_\_\_'s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless SFC Team Franchise, LLC ("Franchisor"), and its affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Release given this day of \_\_\_\_\_ by:

FRANCHISEE:

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

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

(Print Name)

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**EXHIBIT G**  
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**STATE ADDENDA**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE  
AGREEMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

The Department of Financial Protection and Innovation for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

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

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

3. Item 3 is amended to add:

Neither Franchisor nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

4. The following statement is added to Item 6:

The highest interest rate allowed by law in California is 10% annually

5. Item 17 is amended to state:

(a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

(b) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(c) The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.

(d) The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.

6. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the

franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8.
  - a. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Franchise Investment law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.
  - b. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

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

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter, CEO  
\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisee's rights upon Termination and Non-Renewal of an agreement 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 is void.

Item 5 of the Franchise Disclosure Document is amended to state, "In the state of Illinois, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition."

**AMENDMENT TO THE SFC TEAM FRANCHISE, LLC FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the “Act”), which govern the attached Sticky Fingers Cooking Franchise Agreement (the “Franchise Agreement”), the parties thereto agree as follows:

1. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois.”

2. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Illinois law governs the terms of this Franchise Agreement.”

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control.”

5. To the extent of any inconsistencies, the section 21.4 of the Franchise Agreement is hereby amended to delete ... “except that nothing herein is intended to disclaim any representations made to Franchisee in Franchisor’s Franchise Disclosure Document.”

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

7. Section 6.1.1 of the Franchise Agreement is amended to state, “In the state of Illinois, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.”

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

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter, CEO  
\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE INDIANA FRANCHISE DISCLOSURE LAW AND THE  
INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

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

(a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.

(b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee’s written consent.

(c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Maryland Franchise Law”). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. No requirement that you agree to any release, assignment, novation, estoppel or waiver of liability as a condition to your purchasing a Sticky Fingers franchise shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Law.

2. Item 5 is amended to state:

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

3. Item 17 is amended to state:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.

(c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 et. seq.).

(d) Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

**THE REGISTRATION OF THIS FRANCHISE DISCLOSURE DOCUMENT WITH MARYLAND SECURITIES DIVISION OF THE OFFICE OF ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE SECURITIES COMMISSIONER.**

**AMENDMENT TO THE SFC TEAM FRANCHISE, LLC FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached SFC Team Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee’s assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 5 or Section 16.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. Item 5 is amended to state:

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

2. To the extent of any inconsistencies, Section 17.1 of the Franchise Agreement is hereby amended to further state:

“Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 et. seq.)”

3. To the extent of any inconsistencies, Section 20.3 of the Franchise Agreement is hereby amended to further state:

“Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.”

4. To the extent of any inconsistencies, Section 20.8 of the Franchise Agreement is hereby amended to further state:

“Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.”

5. To the extent of any inconsistencies, the Franchise Agreement and Franchisee Acknowledgement Statement, are hereby amended to further state:

“All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

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

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter, CEO  
\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MINNESOTA**

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 6, Non-Sufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is \$30.00 per occurrence.

2. Item 17 is amended to state:

- (a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- (b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to the transfer of your Sticky Fingers Cooking franchise.
- (c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.
- (d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.
- (e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.
- (f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J).

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

**AMENDMENT TO THE SFC TEAM FRANCHISE, LLC**  
**FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached SFC Team Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee's assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 5.1.1 of the Franchise Agreement is hereby amended to state:

"Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days' notice for non-renewal of the Franchise Agreement."

3. To the extent of any inconsistencies, Section 6.4 of the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars (\$30.00) per occurrence.

4. To the extent of any inconsistencies, Sections 17.1 through 17.3 of the Franchise Agreement are hereby amended to state:

"Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days' notice of termination (with 60 days to cure)".

5. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:

"Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee's rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief."

6. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

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

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

or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

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

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter, CEO  
\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

## **NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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

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

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective

injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

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

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

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

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

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

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**NEW YORK RIDER TO SFC TEAM FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

THIS RIDER TO THE FRANCHISE AGREEMENT FOR NEW YORK (“Rider”) is entered into by and between SFC Team Franchise, LLC, a Colorado limited liability company, with its principal office at 3030 East 6th Avenue, Denver, Colorado, 80206 (“we,” “us” or “our”) and

\_\_\_\_\_ (“you” or “your”), whose principal business address is \_\_\_\_\_  
\_\_\_\_\_.

WHEREAS, we and you have entered into a certain Franchise Agreement dated \_\_\_\_\_, which grants you the right to operate a Sticky Fingers Cooking franchise (the “Franchise Agreement”);

WHEREAS, you are domiciled in New York and the Sticky Fingers Cooking franchise will be located in New York, and/or any of the offering or sales activity relating to the Franchise Agreement occurred in the State of New York; and

WHEREAS, in recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680-695, we and you desire to amend certain terms of the Franchise Agreement in accordance with the terms and conditions contained in this Rider.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Franchise Agreement and this Rider and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. Sections 5.2.5 and 16.3.6 of the Franchise Agreement are amended by adding the following language to each Section:

However, to the extent required by applicable law, notwithstanding the signing of a General Release, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force.

2. Section 16.1.1 of the Franchise Agreement is amended by adding the following language to this Section:

However, to the extent required by applicable law, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor’s obligations under the Franchise Agreement, in Franchisor’s good faith judgment.

3. Section 20.5 of the Franchise Agreement is amended by adding the following language:

New York Law governs any cause of action which arises under the New York General Business Law, Article 33, Sections 680-695. The provisions of this Franchise Agreement shall not be deemed a

waiver of any rights conferred upon Franchisee by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

4. In the event of any conflict between a provision of the Franchise Agreement and this Rider, the provision of this Rider shall control. All terms which are capitalized in this Rider and not otherwise defined, will have the meanings given to them in the Franchise Agreement. Except as amended by this Rider, the Franchise Agreement is unmodified and in full force and effect in accordance with its terms.

5. Each provision of this Rider will be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680-695 are met independent of this Rider.

The parties hereto have duly executed this New York Rider to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter, CEO  
\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE SFC TEAM FRANCHISE, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF NORTH DAKOTA**

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, NDCC § 51-19 *et seq.* (“NDFIL”). To the extent that (a) the jurisdictional requirements of the NDFIL are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

1. Covenants not to compete upon termination or expiration of the franchise agreement are subject to NDCC § 9-08-06.
2. To the extent required by the NDFIL, arbitration proceedings shall take place at a location mutually agreed upon by you and us.
3. Any requirement that you consent to liquidated damages or termination penalties shall not apply to the extent prohibited by the NDFIL;
4. Any requirement that you consent to (i) the jurisdiction of courts outside of North Dakota, (ii) the application of laws of a state other than North Dakota, (iii) waiver of jury trial or (iv) waiver of exemplary and punitive damages shall not apply to the extent prohibited by the NDFIL;
5. Any release required as a condition to a renewal of the franchise agreement shall not apply to the extent prohibited by the NDFIL;
6. Any requirement that you consent to a limitation of claims shall not apply to the extent prohibited by the NDFIL. As applicable, the statute of limitations under North Dakota law shall control.
7. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.
8. In the State of North Dakota, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business, and it is operating. The North Dakota Securities Department imposed this deferral requirement due to Franchisor's financial condition.

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

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter, CEO  
\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE SFC TEAM FRANCHISE, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Disclosure Document of SFC Team Franchise, LLC (“we,” “us,” or “our”) for use in the State of Rhode Island shall be amended to include the following:

1. Items 17v. and 17w., under the provisions entitled “Choice of law” and “Choice of forum,” shall be supplemented with the following language:

However, you may sue us in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Item 17 shall be supplemented by the addition of the following language at the end of Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum to the Disclosure Document.

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**AMENDMENT TO THE SFC TEAM FRANCHISE, LLC  
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached SFC Team Franchise, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The following language shall be added at the end of Section 20.5 of the Franchise Agreement:

Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

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

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter \_\_\_\_\_, CEO  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## **VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following statements are added to Item 17.h.

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

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

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

Item 5 of the Franchise Disclosure document is hereby amended to add;

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement."

**VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT**

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

Section 6.1.1 of the Franchise Agreement is hereby amended to add;

“The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.”

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

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter, CEO  
\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Item 5 is Amended to state that, "In the state of Washington, we will defer collection of the initial franchise fee until we have fulfilled our initial pre-opening obligations to the franchisee and the franchisee is open for business."

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Item 6 of the Franchise Disclosure Document is hereby amended to remove brand fund from the liquidated damages calculations.

**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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

**AMENDMENT TO THE SFC TEAM FRANCHISE, LLC**  
**FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable

In the state of Washington, we will defer collection of the initial franchise fee until we have fulfilled our initial pre-opening obligations to the franchisee and the franchisee is open for business.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Section 18.1.8 of the Franchise Agreement is hereby amended to remove brand fund from the liquidated damages calculations.

**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section 12 of the Franchise Acknowledgment Statement attached as Exhibit I is hereby amended to add "...the release contained therein does not apply to claims that arise under the Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220".

In the state of Washington, we will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. Please note that the initial fees for the purposes of deferral include all initial franchise fees described in Item 5 of the Franchise Disclosure Document. The development fee will be prorated and collected as each unit is opened.

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

Attachment 8 of the Franchise Agreement is hereby deleted.

Section 15.6 of the Franchise Agreement is hereby amended to add "Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's negligence, willful misconduct, strict liability, or fraud."

Section 21.1.1 of the Franchise Agreement is hereby amended to add "Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's negligence, willful misconduct, strict liability, or fraud."

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY

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

FRANCHISOR:

SFC TEAM FRANCHISE, LLC

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

Erin Fletter \_\_\_\_\_ CEO  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**\* Not applicable to residents of California, Maryland or Washington.**

**EXHIBIT I**

**FRANCHISEE ACKNOWLEDGEMENT STATEMENT**

Franchisee hereby acknowledges the following:

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that

Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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

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

<b>State</b>	<b>Effective Date</b>
Illinois	<i>Pending</i>
California	<i>Pending</i>
Maryland	<i>Pending</i>
Minnesota	<i>Pending</i>
Rhode Island	<i>Pending</i>
Virginia	<i>Pending</i>
Washington	<i>Pending</i>
Wisconsin	<i>Pending</i>

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 J**

**RECEIPT**

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

If SFC Team Franchise, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If SFC Team Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

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

Erin Fletter  
3030 E. 6<sup>th</sup> Avenue  
Denver, Colorado 80206  
303-648-4078

Issuance Date: April 7, 2025

I received a Disclosure Document dated April 7, 2025, that included the following Exhibits:

- A List of State Franchise Administrators and Agents for Service of Process
- B Franchise Agreement
- C Financial Statements
- D Operations Manual Table of Contents
- E Franchised Outlets
- F General Release
- G Workbright Agreement
- H State Addenda
- I Franchisee Acknowledgement Statement  
State Effective Dates
- J Receipt

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

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

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

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

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

**KEEP FOR YOUR RECORDS**

**RECEIPT**

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State Effective Dates
- J Receipt

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

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

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

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

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

Please return signed receipt to SFC Team Franchise, LLC  
3700 Tennyson Street #12492030 E. 6th Avenue  
Denver, Colorado 8021206  
303-648-4078