

FRANCHISE DISCLOSURE DOCUMENT

2024

Cabin Coffee Franchising, Inc.

An Iowa Corporation

408 South 15th Street

Clear Lake, IA 50428

Telephone 641.357.4736

<https://cabincoffeecompany.com/>

Cabin Coffee Co.®

The franchisee will operate at least one “Cabin Coffee Co.” artifact-themed coffee café and restaurant operation (hereinafter a “Licensed Business”) that specializes in the preparation and merchandising of specialty coffees and coffee blends, other drinks, baked goods, soups, breakfast and lunch sandwiches, salads and other related food items.

The total investment necessary to begin operation of a Licensed Business is from \$350,000 - \$2,000,000. This includes \$40,000 that must be paid as the initial franchise fee as well as \$15,000 for training that must be paid 2 weeks before training begins. These payments must be paid to Cabin Coffee Franchising, Inc. In the event franchisee commits to opening multiple Licensed Businesses (a Committed Franchisee), the initial franchisee fee for the first Licensed Business shall be \$40,000 and the training fee for the first Licensed Business shall be \$15,000 that must be paid 2 weeks before training begins. For Committed Franchisees, subsequent Licensed Businesses, however, shall have an initial fee of \$30,000 per Licensed Business and a training fee of \$10,000 per Licensed Business. Half of the initial fees for subsequent Licensed Businesses is due when the franchise fee for the first Licensed Business is due. For example, if a Committed Franchisee commits to opening three Licensed Businesses, the Committed Franchisee will pay an initial franchise fee of \$40,000 for the first Licensed Business as well as a \$15,000 training fee payable two weeks before training for the first Licensed Business begins. Along with paying the initial franchise fee of \$40,000 for the first Licensed Business, the Committed Franchisee will also pay \$30,000 (\$15,000 which is half the franchise fee of the second Licensed Business + \$15,000 which is half the franchise fee of the third Licensed Business). When the Committed Franchisee signs the License Agreement for the second Licensed Business, the Committed Franchisee will pay the other half of the initial franchise fee (\$15,000) for the second Licensed Business as well as the training fee \$10,000 for the second Licensed Business two weeks before training for the second Licensed Business begins. When the Committed Franchisee signs the License Agreement for the third Licensed Business the Committed Franchisee will pay the other half of the initial franchise fee (\$15,000) for the third Licensed Business as well as the \$10,000 training fee for the third Licensed Business payable two weeks before training for the third Licensed Business begins.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Cabin Coffee Franchising Inc. at 408 South 15th Street, Clear Lake, IA 50428, Telephone 641.357.4736.

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 for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Cabin Coffee Co.

Effective date: January 1, 2024

Risk Factors:

~~Information about comparisons of franchisors is available. Call the state administrators listed in Exhibit F or your public library for sources of information.~~

~~**Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this disclosure document.** If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and/or the state agency listed on Exhibit F.~~

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Supplier Control

You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

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Table of Contents for Operations Manual	Exhibit B
List of Franchisees	Exhibit C
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Financial Statements	Exhibit E
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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language of this disclosure document, "CCF", we, our or us means Cabin Coffee Franchising, Inc., the franchisor. "You" means the person who buys the franchise. If the franchisee is a corporation, partnership or other entity, "you" means the franchisee's owners.

We are an Iowa corporation that was incorporated on August 14, 2006. We do not do business under another name. Our principal business address is 408 South 15th Street, Clear Lake, IA 50428. Our telephone number is 641.357.4736. Our e-mail address is info@cabincoffee.net.

Our agent for service of process is listed on Exhibit F.

We have been offering franchises since 2007. The principals of Cabin Coffee Franchising, Inc. are also owners of Cabin Coffee Clear Lake, Inc., an Iowa corporation, that currently operates a Cabin Coffee in Clear Lake, Iowa, and are principals of Cabin Coffee of Mason City Partnership, which operates a Cabin Coffee in Mason City, Iowa. This company does not operate under a franchise agreement with us and has the right to open other Cabin Coffees not in competition with you in your territory.

We grant franchises which give you the right to own and operate one or more Licensed Businesses that specializes in the preparation and merchandising of specialty coffees and coffee blends, other drinks, baked goods, soups, breakfast and lunch sandwiches, and other related food items.

We have never offered franchises in any other business and have not conducted any business in any other area. Cabin Coffee Clear Lake, Inc., an Iowa Corporation is our affiliate company. It was formed in 2002 and its address is 303 Main Avenue, Clear Lake, IA 50428. Cabin Coffee Co. has been conducting a business of the same type offered under the Franchise Agreement since December 6, 2002.

Our service and products are used by the general public and are not limited to any age group. Competition may vary depending upon the Cabin Coffee's location, i.e., a small community or a larger city. You will have to compete with other local and national businesses that have similar drinks and services such as Starbucks, Caribou and Dunn Brothers. Health regulations concerning the preparation and storage of drink and food ingredients will apply to your coffee café(s) and restaurant(s).

ITEM 2

BUSINESS EXPERIENCE

President, Treasurer
and Director:

Angela Barber

From 2000 to the present, she has been president of Cabin Coffee Clear Lake, Inc, previously Barber Consulting Services, Inc, Clear Lake, Iowa. From 2002 to the present, she has been an owner/operator of Cabin Coffee Co., Clear Lake Iowa.

Vice President, Secretary
and Director

Brad Barber

From 2000 to the present, Brad has been vice-president of Cabin Coffee Clear Lake, Inc, previously Barber Consulting Services, Inc, Clear Lake, Iowa. From 2002 to the present, he has been an owner/operator of Cabin Coffee Co., Clear Lake Iowa.

ITEM 3

LITIGATION

No litigation/arbitration is required to be disclosed in this disclosure document.

ITEM 4

BANKRUPTCY

~~No bankruptcy information is required to be disclosed in this item. No persons identified in Items 1 or 2 of this disclosure document have been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this item.~~

ITEM 5

INITIAL FEES

New franchisees pay a \$40,000 lump sum franchise fee when you sign the Franchise Agreement (Exhibit A). There are no refunds of any initial fees under any circumstances. If you are a Committed Franchisee (a new franchisee who has agreed to open multiple Licensed Businesses) then you will additionally owe a Committed Franchise Fee equal to $\$30,000 \times (n-1)/2$ (where “n” equals the number of Licensed Businesses you, as a Committed Franchisee, committed to open) which is due when the first Franchise Agreement is signed. For example, if you are a Committed Franchisee and you agree to open 5 Licensed Businesses then you would owe $\$40,000 + \$30,000 \times (5-1)/2 = \$100,000$ when the first Franchise Agreement is signed. These fees

are likewise not refundable. ~~Depending on the circumstances,~~ Franchise and training fees may be reduced for Franchisees who open a subsequent store.

ITEM 6

OTHER FEES

<u>NAME OF FEE</u>	<u>AMOUNT</u>	<u>DUE DATE</u>	<u>REMARKS</u>
Training Fee	\$15,000	Payable two weeks before training begins.	All new Franchisees are required to undertake extensive training prior to opening Franchise. The training shall be conducted at one or more designated training facilities as determined by CCF. The training shall take place over eight (8) consecutive weeks (or longer if deemed necessary by CCF). For Committed Franchisees this fee is due only for the first licensed location. For subsequent licensed locations the training fee is reduced to \$10,000 per Licensed Business due two weeks before training of the subsequent Licensed Business begins training.
Royalty/Service	6% of Gross Monthly Revenues	Payable semi-monthly on or before the 5th and 20th day after end of month and 15 th of month.	"Gross revenues" means the entire amount of receipts from all business conducted from franchised business without taking any deductions for operators' %, but minus sales taxes collected.
Advertising Fees & Expenses	3% of Gross revenues with a maximum of \$15,000/year for local advertising	As incurred by you for local ads or semi- monthly (as noted above) to us for regional or national advertising.	See definition of "Gross revenues" above
Renewal	\$2,000	Payable on signing of new franchise agreement.	As a condition for renewal, Franchisee, at Franchisee's expense, agrees to upgrade all software, hardware, physical assets, and equipment deemed necessary by CCF. Failure to make the necessary upgrades will be considered a breach of the License Agreement and may result in termination of the franchise agreement by CCF
Transfer Fee	\$25,000	Prior to transfer.	Payable when you transfer your franchise.

Audit Fees	Reasonable costs of audit	Payable when billed	Payable only if our audit shows you under-reported gross sales in any month by more than 2%.
New Partner Training Fee	\$5,000-\$15,000 to train new partner at Mason City or Clear Lake. New partner will bear all out of pocket expenses, for example, travel, lodging, and food,	Payable when billed	Fee incurred when an existing Franchise Owner enters into an agreement with another person as a partner in the Franchise. The new partner will be required to undergo training at either Mason City or Clear Lake, Iowa. The training will take approximately 80-160 consecutive hours. The new partner must be approved by CCF.

All fees are imposed by and payable to us. All fees are nonrefundable. There are no cooperatives and no fees are payable by you to a 3rd party.

A 1 ½% per month penalty will be assessed on all late payments of royalty/service and advertising fees.

ITEM 7

YOUR ESTIMATED INITIAL INVESTMENT

<u>INVESTMENT</u>	<u>AMOUNT</u>	<u>METHOD OF PAYMENT</u>	<u>DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u>
Initial Franchise Fee	\$40,000 (Note 1)	Lump Sum	At signing of Franchise Agreement	CCF
Training Fee	\$15,000 (Note 1,15)	Lump Sum	2 weeks before training begins	CCF
Committed Franchise Fee	\$30,000 x (n-1)/2 where n equals the number of stores the Committed Franchisee commits to open. (Note 16)	Lump Sum	At signing of first Franchise Agreement	CCF
Travel & Living Expenses While Training	\$300-\$1000/person per day	As Incurred	During Training	Airline, Hotels, Mileage
Real Estate	\$5,000-\$500,000 to lease or purchase (Note 2)	Lump Sum	Signing of Lease or Purchase Agreement	Owner of Real Estate
Leasehold Improvements/Building	\$75,000 - \$500,000 (Note 3)	As Incurred	Before Opening	Contractors doing work
New Construction/remodel (if you own building)	\$250,000 - \$750,000	As Incurred	Before Opening	Contractors doing work
Equipment	\$100,000 - \$200,000- (Note 4)	Lump Sum	Before Opening	Designated and other Equipment Suppliers
Point of Sale System	\$15,000 – 30,000 (Note 5)	Lump Sum	Before Opening	Designated Supplier
Signs	\$15,000-\$50,000 (Note 6)	Lump Sum	Before Opening	Sign Suppliers and Designated Supplier
Opening Inventory	\$25,000-30,000 (Note 7)	As Purchased	Before Opening	Designated Suppliers or CCF
Advertising	\$3,000-\$10,000 (Note 8)	As Incurred	As Incurred	Local media
Insurance	\$5,000-\$15,000 (Note 9)	Lump Sum	Before Opening	Insurance company
Additional Funds (Working Capital) (3 mo. – 1 yr.)	\$20,000-\$35,000 (Note 10)	As Incurred	As Incurred	Employees, Suppliers, Utility Deposits, Other Deposits

Router Installation and Configuration, computer hardware and software.	\$2,500-\$7,000 (Note 11)	Lump Sum	Before Opening	TQ Technologies
Construction Manager(s)	\$10,000 - \$17,500 (Note 12)	Lump Sum	Before Opening	Designated Supplier(s)
Architectural/ Engineering Fees	\$15,000 - \$65,000 (Note 13)	Lump Sum	As incurred	Designated architect/engineer
Audio music video drive thru equipment	\$10,000 - \$30,000	Lump Sum	Before Opening	Waynes' Communication
Miscellaneous Costs	\$2,500-\$10,000 (Note 14)	As Incurred	As Incurred	Accountants, Attorneys, etc.

TOTAL INITIAL INVESTMENT: \$350,000 - \$2,000,000

Notes:

- (1) We do not finance any fee. For Committed Franchisees only the first Licensed Business requires a payment of \$40,000 franchise fee and \$15,000 training fee as subsequent Licensed Businesses will have a franchise fee of \$30,000 per licensed business and a training fee of \$10,000 per licensed business.
- (2) We do not require you to build or purchase property to establish your Cabin Coffee but you have the option to do so. You may lease an already existing space. A Cabin Coffee may range from 600 to 2,500 square feet. Refunds depend on your lease with the building owner. The lease cost depends on factors such as location, size, market area and the building's physical condition. Under a lease, it is common for the owner to require a deposit of the first and last month's rent which may be refundable if the building is undamaged when your lease ends.
- (3) Interior designs will be provided to you by us and the costs for following our designs will be paid by you. This includes, but is not limited to, costs to purchase and install counters, exhaust systems, light fixtures, paint, carpet, or tile. These costs are generally due immediately to the contractor doing the work and are not refundable.
- (4) Equipment includes, but is not limited to, kitchen equipment, furniture, small wares, coffee brewing and roasting equipment, and other kitchen equipment must be purchased from designated suppliers approved by CCF.
- (5) The point of sale system must be purchased from a designated supplier. Some locations may require more than one system.
- (6) Sign expenses include the purchase of indoor and outdoor signs. Interior signs must be purchased from a supplier approved by us. Exterior signs must be purchased from a designated supplier. A local sign company may be hired to install the signs and may work

with your city on variances for placement of the signs. Sign suppliers and installers must be paid immediately and payment is normally not refundable.

- (7) Inventory items that must be purchased from us or our affiliate in order to open the Cabin Coffee include such things as retail products with the Cabin Coffee Co. logo or other logos, i.e. ceramic mugs, travel mugs, French presses, t-shirts, sweatshirts and hats. Other items that must be purchased from us or our affiliate are coffee beans, menu boards, to-go menus, coffee menus, employment applications, other retail products, saddle bar stools, barn wood signs. All are purchased on a cash basis from us or our affiliate company and are not refundable. Disposable cups and some kitchen equipment must be purchased from a designated supplier.
- (8) Advertising before the Cabin Coffee is opened depends on your market area. Initial advertising costs after opening depends also on your market area. Large metropolitan areas may require advertising in newspapers and on radio and television. Smaller communities may get to know your product and services with little advertising. All franchisees are required to advertise using social media, which includes, at a minimum, Facebook and Instagram.
- (9) Insurance costs depend on the building's size, location and ownership. Annual premiums are typically due immediately to the insurer with partial refunds if you should cancel your insurance.
- (10) Your initial start-up expenses include payroll costs. These figures are estimates. We cannot guarantee you will not have additional expenses starting your business. Your costs will depend on factors such as: how you follow our methods; your management skill; your business experience; local economic conditions; local market for our product; prevailing wage rate; competition; and sales levels reached during the initial period.
- (11) Installation and configuration of all networking with our support center, POS system, and franchisee's computer hardware and software.
- (12) The construction manager(s) will approve and oversee all contractors, oversee equipment placement and furniture per our floor plan.
- (13) The architect/engineer will review and approve structural specifications provided by us. We will provide specifications for furniture, fixtures, equipment, initial floor plan, reflective ceiling and interior and exterior elevations. You are responsible for paying for and providing final construction documents.
- (14) Includes utility costs, incorporation or professional service fees such as attorney's or accountant's fees.

We relied on the experience of Cabin Coffee Clear Lake Inc. and Cabin Coffee Company of Mason City Partnership in compiling these figures. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

- (15) Franchisee understands operating a Licensed Business requires knowledge and skill. Franchisee agrees it will not operate the Licensed Business if, in the opinion of CCF, Franchisee has not learned or acquired the proper knowledge and skills to conduct the Licensed Business. In the event CCF makes such a determination, Franchisee and CCF agree to enter into good faith negotiations to retrain Franchisee which may be at Franchisee's expense.
- (16) The Committed Franchise Fees are only associated with Committed Franchisees and are due when the first franchise agreement is signed. The Committed Franchise Fees are intended to cover ½ of the franchise fees for subsequent committed licensed locations.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase the following items or services from the suppliers listed below. These designated suppliers all conform to and are a part of our standard specifications:

Goods	Designated Supplier
Green Coffee beans and drink products	Cabin Coffee Roasting and Distribution or Espresso Services Inc./Intermix Beverage
Espresso, white coffee, menus, employment apps., retail products, store décor and small wares	CCF, Cabin Coffee Roasting and Distribution
Retail/Clothing products with logos	CCF, Cabin Coffee Roasting and Distribution, Vinyl Addictionz (Mason City), Gifts Sew Sweets, and Texteijl
Food products/paper products/ kitchen equipment/small wares	Martin Brothers
Drink products, coffee brewing and roasting equipment, small wares and green coffee	Espresso Services, Inc./Intermix Beverage, Inc.
Smallwares	CCF or Cabin Coffee Roasting and Distribution
Menu boards	CCF or Cabin Coffee Roasting and Distribution and/or Control Print or Nagle Sign Company
Menus and employment applications, all printing products	Cabin Coffee Roasting and Distribution and/or Control Print
Retail products: stars, signs, hooks, Cowboy Brand Furniture	CCF or Cabin Coffee Roasting and Distribution, and Cowboy Brand Furniture
Saddles and Fireplace Insert	Franchisee will purchase local or online
Barn wood signs	CCF or Cabin Coffee Roasting and Distribution
Point of Sale System	24x7 Hospitality/Par Brink
Exterior Signs/Interior Signs/Window Graphics/Marketing Boards/Installation	Nagle Sign Company
Furniture, wall decorations, bar tops, bar stools, table tops, trash enclosures, chairs, merchandise, mantle, logs & log furniture, wood packages, POS top	Fireside Lodge Furniture Company/Cowboy Brand Furniture or Cabin Coffee Roasting and Distribution
Installation of POS system, routers and configuration and computer hardware and software.	TQ Technologies, 24x7 Hospitality, and Par Brink
Credit Card Processing through 24/7 and set up	Worldpay – 24/7/FIS Global
Architect	Hartman/Trapp Architects, Atura Architecture
General Contractor	Snyder Construction
Project Management	CCF
Franchise Development	Jordan Yant, Brad Barber, and Sherry Woiwod

Audio Music Video Drive Thru Equipment and headsets, installation	Wayne Communication
Nutrition Information	Eagle Nutrition and Haley Smidt
Misc Food and Retail Items	Approved Vendors on FIP
Kitchen Equipment Installers and Maintenance, linen services	Martin Bros, ESI, Derek Gibson, and CINTAS
Online order, app and set up	Lunch Box
Marketing	JW Morton

We negotiate with various suppliers who are approved or revoked on the basis of service and delivery, pricing, products' quality and business reputation. We will notify you within 30 days of any changes in designated suppliers.

Roasting and Distribution receives revenues from sales of coffee beans, drink syrups and items for retail. Its total revenue in 2023 from required purchases was \$418,718.24 We received rebates from designated suppliers during the year 2023 in the amount of \$53,578.99.

Other than the point-of-sale system, router installation and configurations, back office computer and software, there is no requirement for purchasing any other specific computer hardware or software.

If you wish to purchase goods and services which fall into the "designated supplier" category or suppliers not approved by us, you must first notify us in writing with a vendor product request form. We may ask you to submit samples to us for review. Based on the information and samples you supply to us, we will review the items supplied and the proposed supplier. If the supplier is approved by us, we will give you notice in writing. Our review normally is completed in 30 days. **(License ¶5.I.)**

You do not receive any discount, rebate or other type of monetary remuneration for using designated or approved sources. You do not receive any material benefit such as renewal or granting additional franchises based on your use of the designated or approved sources. We may negotiate special prices with our equipment or other suppliers for your benefit.

You must have insurance from the company of your choice covering worker's compensation, products liability, property damage, and automobiles. **(License ¶12).**

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligation in the agreement and in other items of this disclosure document.

	Obligation	Section in Agreement	Item in Disclosure Document
a.	Site selection and acquisition/lease	5.D.	7; 11
b.	Pre-opening purchases/leases Architect/engineering fees	5.F. 5.A	8 7
c.	Site development and other pre-opening requirements	¶ 1.B	6; 7; 11
d.	Initial and ongoing training	¶ 5.C	11
e.	Opening	¶ 1.B	
f.	Fees	¶ 2.A., 5.B, 10	5;6
g.	Compliance w/standards and policies/operating manual	¶ 5.A, 5.D, 5E & 5.F, 5.G	11
h.	Trademarks and proprietary information	¶ 1A, 3, 4 & 8	13; 14
i.	Restrictions on product/services offered	¶ 5.E., 5.F., 7B & 15	8; 16
j.	Warranty and customer service requirements	None	None
k.	Territorial development and sales quotas	None	None
l.	Ongoing product/service requirements	¶ 7	8
m.	Maintenance, remodeling & appearance requirements	¶ 5.D & 16	7
n.	Insurance	12	7
o.	Advertising	¶ 10	6, 7, 11
p.	Indemnification	¶ 11	None
q.	Owners participation/ management/staffing	¶ 7	15
r.	Records & Reports	¶ 6.A	None
s.	Inspection/Audits	¶ 6.B & 7	None
t.	Transfer/Assignment	¶ 13	17
u.	Renewal	¶ 19	17

	Obligation	Section in Agreement	Item in Disclosure Document
v.	Obligations after termination	¶ 8, 9 & 18C	17
w.	Non-competition covenants/promises	¶ 9	17
x.	Dispute Resolution	None	None

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we need not provide any other assistance to you.

Before you open your business, we or our designated supplier, will:

- (1) Assist you with the purchase, installation and operation of equipment **(License ¶5.A)** site selection, construction design, budgeting and schedule, floor plans, reflective ceiling. **(License ¶5.D)**
- (2) Provide you with fixture and equipment specifications, a list of miscellaneous equipment and supplies necessary for the businesses operation, and a list of the designated suppliers. **(License ¶5.A)**
- (3) Provide you with a copy of our Operations Manual which contains our standards and procedures. **(License ¶5G)** This manual is confidential and remains our property. We may modify this manual, but the modification will not alter your status and rights under the franchise agreement. The table of contents of our Operations Manual is attached as Exhibit B.
- (4) Provide you a mandatory training program which includes a minimum of 326 consecutive hours to take place about two to four months before opening your Cabin Coffee. The training will occur at a designated training facility (as determined by CCF). For purposes of clarity, the training is mandatory and will take place over at least eight (8) consecutive weeks.

<u>SUBJECT</u>	<u>INSTRUCTIONAL MATERIAL</u>	<u>CLASSROOM TRAINING HOURS</u>	<u>ON-JOB TRAINING HOURS</u>	<u>INSTRUCTOR</u>	<u>INITIALS</u>
Coffee Preparation	Operations & Training Manuals and material from designated supplier	3	40-50	Our designated representatives	_____
Food Preparation	Training Manuals	4	40-50	Our designated representatives	_____
Daily Operations including cleaning serve safe, customer service	Operations & Training Manual	8	40-50	Our designated representatives	_____
People Factor- Employees/ Customers	Operations Manual	2	40-50	Our designated representatives	_____
Point of Sale System	Operations Manual & material from designated supplier	15	50-60	Our designated representatives	_____
Miscellaneous	Operations Manual	4	40-50	Our designated representatives	_____
Back Office	Operations Manual	8	15-30	Our designated representatives	_____
Sales and Marketing	Community Impact Manual	6	6	Our designated representatives	_____
Total		50	326-356		

You will be charged \$15,000 for this training and you must pay your own and your employee's travel and living expenses. If you are a Committed Franchisee you will be charged \$15,000 for training associated with your first Licensed Business and you must pay your own and your employee's travel and living expenses. For subsequent Licensed Businesses, you, as a Committed Franchisee, will be charged \$10,000 per Licensed Business and you must pay your own and your employee's travel and living expenses for training. **(License ¶5.C)**

Two weeks before you open your business and during the first week of operation, we will provide training at your Cabin Coffee that will cover the subjects listed above. **(License ¶5.C).**

The training programs may be shortened or lengthened at our discretion depending upon your previous experience. We have written requirements that you or a person chosen by you complete the training program to our satisfaction.

(5) Provide you with recipes and other techniques for proper preparation, sale and service of drink or food items. **(License ¶5.E)**

(6) Designate suitable sources of raw materials and other supplies for preparation, service and sale of drink or food items conforming to our standard specifications. **(License ¶5.F)**

During the operation of the franchised business, we will:

(1) Send our supervisors to personally visit your Cabin Coffee to advise or consult with you and your key people. You may call us for advice at any time for no extra charge. **(License ¶5.H)**

(2) Permit you to use all of our registered or unregistered trademarks, trade names, trade dress, trade secrets, logos and business features in the operation of your business per our brand management Agreement. **(License ¶1.A)**

If we decide to advertise regionally or nationally, we will give you 30 days' notice. We may then collect an advertising fee from all franchisees which are under a franchise agreement requiring the payment of the fee. The amount of advertising fees we have the right to collect is a percentage of the gross sales of your Cabin Coffee for the previous month. You must contribute the percentage of gross sales for the previous month as described in Item 6, under the heading "Advertising Fees and Expenses." Presently, we do not advertise regionally or nationally. We will provide advertising for your use at your expense.

You may develop advertising for print, radio or television for your own use at your own cost, but only with our approval. We are not required to advertise in your territory, unless we have determined to conduct area, regional or nationwide advertising in your Cabin Coffee's area. Since we have a web page on the internet, we ask that you do not advertise on the World Wide Web other than through the yellow pages, Facebook, Twitter and other social media.

You select the site of your Cabin Coffee within your exclusive area subject to our approval. Our approval will not be unreasonably withheld. We may assist you in determining whether a particular site will be acceptable. In evaluating a site, we consider population and area's demographics, traffic count, accessibility, availability of utilities, and zoning. We will either approve or disapprove the site within 30 days after it is submitted to us. If we disapprove a site, you may submit other proposed sites until we approve one. Your selection of a site should be final within 15 to 30 days contingent on how you update us during the site selection.

It is expected that you will be able to open your Cabin Coffee 6 months to 1 year after you sign a franchise agreement. The factors that affect this time are the ability to obtain a lease, building, obtaining local or state permits, or delayed installation of equipment, fixtures or signs. You must open the Cabin Coffee within 1 year from signing the franchise agreement. **(License ¶1.B.)**

The point of sale system (p.o.s.) is a touch screen system. All orders are entered on and taken from the p.o.s. The system is cloud based. If we have company-wide specials, we can change your screens from our home office to reflect menus and prices. The system is purchased through our designated supplier described in Item 8 above. The software is proprietary and is exclusive to Cabin Coffee Company, Inc.. When you receive the p.o.s. system, it is already programmed and ready to operate, and may be put into a training mode for your use. A credit card swipe and EMV reader is built into the p.o.s. You will have a separate contract/agreement with 24/7 to provide upgrades to the system and support to you. The annual fee for these upgrades and support is \$5,000- \$6,000 per year paid directly to designated supplier listed in Item 8..

You must have high speed internet and 2 dedicated phone lines, voice mail, and a fixed internet protocol (IP) address.

We do have the right of unrestricted access to your business data and materials supporting your monthly and annual reports. **(License ¶6.B)**

ITEM 12

TERRITORY

You will receive one or more territories in which you will have the exclusive right to operate one or more Cabin Coffees under the name "Cabin Coffee Co." Territory size is negotiable depending on various things such as size of a city and the territory's demographics. Unless specified differently in the AGREEMENT FOR LICENSE AND SERVICE (also known as the franchise agreement), the minimum territory for one Cabin Coffee bar is described as a circle having a radius of three miles with the Cabin Coffee located at the circle's center, the location to be approved by us.- You do not receive the right to acquire additional franchises or open additional Cabin Coffees in your territory. However, there are no restrictions on the number of customers you may seek, except for any local or state restrictions.

You may relocate your Cabin Coffee in your territory, but only with our written approval.

If your franchise agreement has not been terminated with us, we will not operate Cabin Coffees or grant other franchises within your territory without your written consent.

There is no minimum sales volume in order for you to keep your territory. We have no right to modify your territory because of changes in the area such as population increase. There are no other circumstances that permit us to modify your territory.

We do not plan to franchise any other coffee business that would sell the drinks, food or offer services similar to Cabin Coffee Co.'s.

Other than through the internet and social media, we will not directly market drinks, food and/or offer services to consumers in your territory without your written permission. Similarly, other than through the internet and social media, you will not directly market drinks, food, and/or offer services to consumers outside your territory without our written permission.

ITEM 13

TRADEMARKS

We grant you the right to operate a coffee café and restaurant under the name "Cabin Coffee Co". **(License ¶1.A)** You may also use our other current or future trademarks/service marks to operate your Cabin Coffee. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Cabin Coffee's goods and services. The following service marks are registered on the United States Patent and Trademark Office Principal Register:

Trademark	Registration #	Class	Registration Date
Cabin Coffee Co.	3,017,005	43	November 22, 2005
Just Be Happy...and Have Fun!	3,000,301	43	September 27, 2005
Cabin Coffee Co. with Design	4,710,811	43	March 31, 2015
Just Be Happy...and Have Fun! Cabin Coffee Co. with Design	4,797,127	43	August 25, 2015
EVERYTHING'S BETTER AT THE CABIN	6,714,502	43	April 26, 2022

There are no agreements that limit our right to use or license the use of our trademarks.

You must notify us immediately when you learn about an infringement of or challenge to your use of the trademarks. We will take any action that we think appropriate. We will reimburse you for any liability you incur in connection with an infringement claim made against you and us, together or individually. **(License ¶11.A.)**

If we were ever directed by judicial order or by agreement in order to avoid litigation to cease to use the name "Cabin Coffee Co.", we have the right to require you to change the name of your Cabin Coffee to another name of our choice by giving you 60 days written notice of the name change. **(License ¶4)**

We do not know of any infringing uses that could materially affect your use of the trademarks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

All radio and television advertising that may be provided to you by us for use in connection with Cabin Coffee Co. has been copyrighted although no registrations have been obtained for copyrights.

We do not know of any infringing uses that could materially affect your use of our copyrights. If we add, modify or discontinue the use of an item or process covered by a copyrighted item, you must also do so.

We will protect you against claims of copyright infringement for any material we provide you so long as: 1) you notify us of any allegation of a copyright infringement claim within one week of receiving the notice; 2) your use is, and has been, consistent with the terms set forth in the AGREEMENT FOR LICENSE AND SERVICE; and 3) when instructed by us, you immediately modify or cease using the allegedly infringing copyrighted material. We will control any litigation involving any licensed copyrights and you agree to assist in any such litigation. So long as the above conditions are satisfied, we will indemnify you against any damages in a proceeding involving the allegedly infringing copyrighted material. Please note the AGREEMENT FOR LICENSE AND SERVICE requires you to take affirmative actions when notified of infringement and failure to discontinue use and or modify the subject matter covered by the copyright, when requested by us, is grounds for termination of the AGREEMENT FOR LICENSE AND SERVICE.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We do require that you personally supervise the Cabin Coffee, or if you are a partnership, corporation, limited liability company, that one of your principals supervise the Cabin Coffee. You may choose a manager who has completed our training program to help supervise on-premises the day-to-day operation. **(License ¶7)**. We do not require you to place any restrictions on your manager. You are expected to devote your best effort to develop, establish, maintain and promote the business operation. You will be responsible for the proper operation of the business. **(License ¶7)**.

The manager need not have an ownership in a corporate or partnership franchisee agreement. You and your key employees will be required to sign a non-compete/confidentiality agreement for our and your protection.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

In the Cabin Coffee, you may not offer or sell drink or food or retail or clothing items which are not in compliance with our product specifications and menu. You cannot serve any other drink or food item without our consent. **(License ¶7B)**. We have the right to add, change, or to delete our products or services that you are required to offer. There are no limits on our rights to do so. There are no restrictions regarding customers.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

	Provision	Section in Agreement	Summary
a.	Term of franchise	¶ 14	Initial term of 5 years.
b.	Renewal	¶ 19.A	If you are in good standing and you agree to upgrade all software, hardware, physical assets, and equipment deemed necessary by CCF at your expense, you can renew for 5 years. Failure to make the necessary upgrades may result in a termination of the franchise by CCF.
c.	Requirements for you to renew	¶ 19.B, C	You give us 6 months notice, sign new agreement, pay fee
d.	Termination by you	¶ 18	You give us 90 days notice or you give 60 day's notice of breach of contract by us and we do not cure breach
e.	Termination by us without cause	NA	NA
f.	Termination by us with cause	¶ 18.B	We can terminate if you default
g.	"Cause" defined – defaults which can be cured	¶ 18.B	You have 30 days to cure: non-payment of fees, failure to open Cabin Coffee, disregard for operation of business, defaults under agreement
h.	"Cause" defined – defaults which cannot be cured	¶ 18.B (1)-(6)	Non-curable defaults: abandonment, bankruptcy, unauthorized transfer, unauthorized use of trademarks, false representation to us, 3 consecutive non-payment of fees in 12 months
i.	Your obligations on termination/non-renewal	¶ 8; 9 & 18.C	Payment of fees, cease use of our Proprietary Property and de-identification of your Cabin Coffee.
j.	Assignment of contract by us	¶ 13.A.	No restrictions on our right to assign
k.	"Transfer" by you – definition	N/A	
l.	Our approval of transfer by you	¶ 13.B, 13.C	You must have consent from us. In the event transfer is to corporation in which you or your principals own a majority interest you must still have our consent, approval of which will not be unreasonably withheld

	Provision	Section in Agreement	Summary
m.	Condition for our approval of transfer	¶ 13.C	New franchisee qualifies; assumption of obligations by assignee; you have paid all fees, assignee completes training; new franchise agreement signed but fees remain for term of franchise; training & assignment fee paid; general release executed.
n.	Our right of 1 st refusal to acquire your business	¶ 13.D	We can match any offer for your business
o.	Our option to purchase your business		See n. above
p.	Your death or disability		See n. above
q.	Non-competition covenants during term of your franchise	¶ 9	No involvement in competing business within 25 miles of a Cabin Coffee
r.	Non-competition covenants after the franchise is terminated or expires		Neither you nor any active participant in the franchise can compete with us or our franchisees for 24 months after termination or expiration
s.	Modification of the agreement	¶ 25	By mutual, written agreement
t.	Integration/merger	¶ 25	No prior agreements are considered a part of Franchise Agreement
u.	Dispute resolution		None
v.	Choice of forum		N/A
w.	Choice of law	¶ 21	The laws of the state where the franchise is located apply. (See below and Exhibit G for specific governing law.)
x.	Class Action Law Suits	¶ 22	
y.	Reserve of right		It is anticipated Franchisee will be competent to open and run their coffee shop after the mandatory training offered by CCF. If, in good faith, CCF does not believe Franchisee is capable of efficiently operating their coffee shop and CCF informs Franchisee of such belief, Franchisee agrees not to open their coffee shop until approved by CCF.
z.	Change of Membership		Any change of franchisee membership or ownership must be approved by CCF.

- * These states have statutes which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise:

ARKANSAS [Stat. Section 70-807],
CALIFORNIA [Bus. & Prof. Code Sections 20000-20043],
CONNECTICUT [Gen. Stat. Section 42-133e et seq.],
DELAWARE [Code, tit.],
HAWAII [Rev. Stat. Section 482E-1],
ILLINOIS [815 ILCS 705/19 and 705/20]
INDIANA [Stat. Section 23-2-2.7],
IOWA [Code Section 537A.10],
MICHIGAN [Stat. Section 19.854(27)],
MINNESOTA [Stat. Section 80C.14],
MISSISSIPPI [Code Section 75-24-51],
MISSOURI [Stat. Section 407.400],
NEBRASKA [Rev. Stat. Section 87-401],
NEW JERSEY [Stat. Section 56:10-1],
SOUTH DAKOTA [Codified Laws Section 37-5A-51],
VIRGINIA [Code 13.1-557-574-13.1-564],
WASHINGTON [Code Section 19.100.180],
WISCONSIN [Stat. Section 135.03].

These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATION

The FTC's Franchise Rule permits us to provide information about the actual or potential financial performance of our franchised and/or franchisor-owned business unit, 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) we provide the actual records of an existing outlet you are considering buying; or (2) we supplement the information provided in this Item 19, for example by providing information about possible performance at a particular location or under particular circumstances.

Cabin Coffee franchisees are located in towns of various sizes in various states. Cabin Coffee franchisees have had sales ranging from \$276,981.00 to \$1,091,000.00. These sales figures do not include the sales from franchisees located in grocery stores (Savanna, MO and Lisbon, IA) since such locations have different overhead and capacities compared to brick and mortar stores. Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.- ~~There is no assurance you'll do as well. If you rely upon our figures, you must accept the risk of not doing as well.~~

Bases

These sales figures are derived from the actual historical performance of all Cabin Coffee franchisees having dine-in areas including franchisees located in: Georgia (1), Iowa (7), Minnesota (6), Wisconsin (3), Indiana (2), and Tennessee (2). These sales figures were achieved over calendar year 2023.

There are twenty one (21) Cabin Coffee franchisees in the entire Cabin Coffee system, the geographic locations of which are identified in the brackets above. For example there is one (1) Cabin Coffee franchisee in Georgia, seven (7) in Iowa, six (6) in Minnesota, and so on.

Assumptions

Our study measured all of the Cabin Coffee franchisees' performance. The market where your Cabin Coffee shop is located, however, may be in a smaller urban or suburban area than those of existing franchisees. ~~Accordingly, the results achieved by these franchisees may not be typical for those in your area.~~

———Further, each of the franchises studied has been in business at least three years. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.
~~Our study and other financial information that forms the bases for our financial performance representation is available to you upon reasonable request.~~

We do not make any representations about a franchisee's future financial performance. 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 business unit, however, we may provide you

with the actual records of that business unit. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our President, Angela Barber, 408 South 15th Street, Clear Lake, IA 50428, Telephone 641.357.4736 or the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

LIST OF OUTLETS

A list of Cabin Coffees is attached as Exhibit C. See the following charts for the number of franchises at the end of each year for the last 3 years, the number of franchises which have been transferred, cancelled or have stopped doing business, the status of company-owned Cabin Coffees, and the projected opening of new franchises.

A list of franchisees who had a franchise terminated, cancelled, not renewed or who voluntarily or involuntarily stopped doing business under their franchise agreement during the most recently completed fiscal year or who had not communicated with us within 10 weeks prior to fiscal year end is attached as Exhibit D.

Systemwide Outlet Summary for years 2021 to 2023

Outlet Type	Year	Outlets at Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	16	19	3
	2022	19	20	1
	2023	20	23	3
Company-Owned	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
Total Outlets	2021	18	21	3
	2022	21	22	1
	2023	22	25	3

Transfers of Outlets from Franchisees to
New Owners (other than Franchisor) for years 2021 to 2023

State	Year	Number of Transfers
Iowa	2021	0
	2022	0
	2023	0
Colorado	2021	0
	2022	0
	2023	0
Georgia	2021	0
	2022	0
	2023	0
Indiana	2021	0
	2022	0
	2023	0

Minnesota	2021	0
	2022	0
	2023	0
Missouri	2021	0
	2022	0
	2023	0
Wisconsin	2021	0
	2022	0
	2023	2
Tennessee	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	1
	2023	2

Status of Franchise Outlets for Years 2021 to 2023

State	Years	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - other reasons	Outlets at End of Year
Iowa	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	2	0	0	0	0	8
Colorado	2021	1	0	0	0	0	0	1
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Georgia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Indiana	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Minnesota (see note 3) below)	2021	3	2	0	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	5	0	0	0	0	0	5
Missouri	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Tennessee	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1

	2023	1	1	0	0	0	0	2
Totals	2021	15	5	0	0	0	0	20
	2022	19	1	0	0	0	0	20
	2023	20 19	3	0	0	0	0	22

Status of Company-Owned Outlets for Years 2021 to 2023

State	Years	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets closed	Outlets sold to Franchisees	Outlets at End of the Year
Iowa	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Colorado	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Georgia	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Indiana	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Minnesota	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Missouri	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Wisconsin	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Tennessee	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2

Projected New Franchised Outlets as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In the Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Iowa	0	0	0
Colorado	0	0	0
Georgia	0	0	0
Indiana	0	1	0
Minnesota	0	0	0
Missouri	0	0	0
Nebraska	1	1	0
Wisconsin	0	0	0
Tennessee	0	0	0
Total	0	1	0

(1) Note: All numbers are as of December 31 for each year.

(2) The numbers in the “Total” column may exceed the number of stores affected because several events may have affected the same store. For example, the same store may have had multiple owners.

(3) [Note: Store in Jackson, MN closed in 2024 such that the total number of franchised outlets in MN at end of 2024 is 4.](#)

ITEM 21

FINANCIAL STATEMENTS

Our audited financial records for year-end 2023, 2022, 2021 as well as the balance sheet and income statement from Quarter 1 of 2024 are attached as Exhibit E. [Our fiscal year ends 12/31.](#)

ITEM 22

CONTRACTS

The agreements for use in this state regarding the offering of a franchise are attached as Exhibit A (Agreement for License and Service.)

State Effective Dates

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

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

State	Effective Date
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Exempt
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Pending
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	6-28-2017

ITEM 23

RECEIPTS

Receipts are the last 2 pages of this document.

EXHIBIT A

CABIN COFFEE FRANCHISING, INC.

AGREEMENT FOR LICENSE AND SERVICE

THIS AGREEMENT is made effective _____, 2024, between Cabin Coffee Franchising, Inc. ("Company"), and _____. ("Licensee").

Company is the exclusive owner of all business techniques, goodwill, recipes, trade dress, trademarks, and trade secrets ("Proprietary Property") associated with an artifact themed coffee operation under the trademark, "Cabin Coffee Co®." ("Licensed Business") and has established a good reputation and public demand for such operation and its associated products.

Licensee desires, under the conditions in this Agreement, to establish and operate one Licensed Business under the guidance and permission from the Company.

In consideration of the money paid or to be paid and of the matters recited and their mutual promises,

IT IS AGREED by Company and Licensee as follows:

1. License:

A. Company grants to Licensee during the term of this Agreement an exclusive license for use of Proprietary Property for the following trademarks ("Licensed Marks") in conjunction with the operation of a single Licensed Business to be located in _____, _____ ("Licensed Location"):

- *Cabin Coffee Co.* (Reg. No. 3,017,005);
- *Just Be Happy...and Have Fun!* (RN. 3,000,301);
- *Cabin Coffee Co.* (with Design) (RN. 4,710,811);
- *Just Be Happy...and Have Fun!* (with Design)(RN. 4,797,127);
- *EVERYTHING'S BETTER AT THE CABIN* (RN. 6,714,502)

The territory of Licensee's exclusive right under this Agreement is defined in Exhibit 1 to this Agreement, but in no event shall be less than an area around Licensed Location with a radius of three miles.

B. Licensee shall have one (1) year from the effective date of this Agreement to open Licensed Business at a location approved in writing by Company or this

Agreement may be terminated at Company's option according to Section 18 of this Agreement.

C. From time to time Company will provide Licensee copyrighted materials. Company will protect Licensee against claims of copyright infringement for any material Company provides so long as: 1) Licensee notifies Company of any allegation of a copyright infringement claim within one week of receiving the notice; 2) Licensee's use is, and has been, consistent with the terms provided by Company when the copyrighted material is provided; and 3) when instructed by Company, Licensee immediately modifies or ceases use of the allegedly infringing copyrighted material. Company will control any litigation involving any licensed copyrights and Licensee agrees to assist in any such litigation. So long as the above conditions are satisfied, Company will indemnify Licensee against any damages in a proceeding involving the allegedly infringing copyrighted material. Please note failure to take the above actions is grounds for termination of this Agreement.

2. Royalties:

- A. To secure its license, Licensee shall on a semi-monthly basis throughout the term of this Agreement, pay Company a royalty/service fee of six percent (6%) based on semi-monthly Gross Revenues of Licensed Business during the term of this agreement. This royalty/service fee, in part, compensates Company for its continuing assistance to Licensee in the operation of Licensed Business.

Licensee further agrees to pay Company a one and one-half percent (1 ½ %) penalty fee per month on all late payments of royalty/service fees. Within the fifth (5th) day after the end of each month and twentieth (20th) day after the fifteenth (15th) day of each month, Licensee will pay to Company all required royalties for the prior period.

- B. Gross Revenues as used in this Agreement means the entire amount of the receipts from all business conducted in or from Licensed Business, including all beverage and food sales and other products or services such as vending machines, coin or token operated amusement devices, delivery fees, legal gaming devices and pay telephones without taking any deduction for operators' percentages or any other deductions whatsoever for sale at Licensed Business, but will not include any sums collected and paid out for any sales or excise tax imposed by any governmental authority.

- C. Company will have the unqualified right at any reasonable time to examine or audit Licensee's books, records and correspondence and to make copies. If any such examination or audit discloses a deficiency in any payment due Company, Company will give notice of the deficiency to Licensee and Licensee must pay the amount of the deficiency within 10

days of receipt of the notice. In addition, if any audit shows that Gross Revenues of Licensed Restaurant for any semi-monthly period exceeded the sum reported by Licensee to Company for that period by more than 2%, Licensee must reimburse Company for the reasonable cost of the examination or audit.

3. Retention of Interests: Company will retain all ownership of Proprietary Property, and Licensee will have no claim or right to Proprietary Property except as expressly authorized under the provisions of this Agreement.
4. Control of Name: Licensee will identify and operate the Licensed Business exclusively by use of the name, "Cabin Coffee Co®.", but will not, without the express written consent of Company, make any other use of such name. In the event Company is directed to cease use of the name "Cabin Coffee Co.®" either by judicial order or in accordance with the terms of an agreement to avoid litigation, Company shall have the right to require licensee to change the name of Licensed Business to the name of Company's choice by giving licensee a ninety (90) day written notice of such name change.
5. Service and Fees:
 - A. Where necessary, Company agrees to provide Licensee with architectural specifications for Licensed Business and the assistance, guidance and supervision required to purchase, install and effect proper initial operation of all equipment, fixtures, furniture and other essential items in the Licensed Location necessary for the establishment of Licensed Business in conformity with the standard specifications established by Company ("Standard Specifications"). Licensee must hire an independent architect/engineer, approved by Company, to review and approve Company's architectural specifications at Licensee's expense.
 - B.C. To recompense Company for its assistance to Licensee in preparation for the commencement of business by Licensee and establishment of a Licensed Business, Licensee will pay Company a nonrefundable initial fee as set forth below.
 - a. If the Licensee of this Agreement is opening their first Licensed Business and the Licensee is not a Committed Franchisee (a Franchisee/Licensee who has committed to opening more than one, Licensed Businesses), then the nonrefundable initial fee is Forty Thousand Dollars (\$40,000) upon the signing of this Agreement for License and Service.
 - b. If the Licensee to this Agreement is a Committed Franchisee and this License Agreement is for Licensee's first Licensed Business, then Licensee shall additionally pay Company a nonrefundable Committed

Franchise Fee equal to \$15,000 x (n-1) (where “n” equals the number of Licensed Businesses you, as a Licensee, committed to open). For example, if you are a Committed Franchisee and you agreed to open 5 Licensed Businesses then you would owe \$40,000+\$15,000 x (5-1) = \$100,000 when the first Franchise Agreement is signed. If you are a Committed Franchisee and this License Agreement is not for the first Licensed Business, then to recompense Company for its assistance to Licensee in preparation for the commencement of business by Licensee and establishment of Licensed Business, Licensee will pay Company a nonrefundable initial fee of fifteen thousand dollars (\$15,000) upon the signing of this Franchise Agreement.

- |
- C. Two to four months prior to opening of the Licensed Business, Company will provide a forty (40) to fifty (50) day initial training period at one of the Company’s designated training facilities for key personnel of Licensee. Training must be consecutive days. For example; Monday – Saturday 5:00 AM -5:00 PM for 8 to 10 consecutive weeks and a minimum of 40 hours per week. The designated training facilities are Mason City, Iowa, Clear Lake, Iowa and/or Avon, Indiana. The length of the initial training period is at the discretion of Company dependent upon the prior experience of Licensee and its personnel. Training will be provided at a charge of \$15,000 due to Company, by Licensee, at least two weeks before training is scheduled to begin. Licensee must provide travel and living expenses of Licensee and its key personnel. Key personnel will include at least Licensee's designated representatives. Two weeks prior to opening of Licensed Business and during the first week of operation of such business, Company will provide training at Licensed Location. For purposes of clarity, Company will provide two weeks of training at Licensed Location and will pay for Company’s living expenses. If Licensee is a Committed Franchisee and this License Agreement is not for Licensee’s first Licensed Business, then the training fee shall be \$10,000 payable at least two weeks before training is scheduled to begin.
- D. With respect to the site and building of Licensed Business, Company will provide assistance in site selection, construction related documents, periodic construction inspections, construction schedule, floor plan and reflective ceiling, and budgeting for construction and approval of building plan. Company will further provide a review of lease exhibits and business plan.
- E. Company will furnish Licensee with the recipes and other directions for the proper preparation, service and sale of all drink or food items according to the Standard Specifications.
- _____

- F. Company will designate for Licensee suitable sources of raw materials and other supplies for preparation, service and sale of drink or food items in conformity with Standard Specifications. Such sources will constitute a part of Standard Specifications.
- G. Company will provide to Licensee the Company's Operations Manual describing the proper operation of the Licensed Business and the conduct of its employees in accordance with Standard Specifications.
- H. Company's supervisory personnel or its designees will with reasonable frequency personally inspect Licensed Business without further charge to Licensee and will be available for consultation at Licensee's request. If, however, unnecessary trips by Company's supervisory personnel or its designees are required because Licensee is not in compliance with this Agreement, Licensee will reimburse Company for costs of the unnecessary trips, such costs including, but are not limited to, travel, lodging, and meals for the Company's supervisory personnel or its designees. For example, Licensee shall pay Company 50 cents/mile for every mile the Company's supervisory personnel or designees travel for the unnecessary trips. As another example, Licensee shall pay \$60/hour for each of Company's supervisory personnel or designees for each hour the supervisory personnel or its designees spend during travel and spend at the Licensed Business, such hours not to exceed 10 hours/day. As yet another example, Licensee shall pay for hotel accommodations for Company's supervisory personnel or its designees.
- I. Licensee may purchase paper products (except for coffee cups), business furnishings, and services from undesignated suppliers, provided that such goods and services conform in quality to Licensor's Standard Specifications and approval and provided such undesignated suppliers are approved by Company. If Licensee desires to purchase such goods and services from undesignated suppliers, Licensee must fill out the vendor product request form and then submit samples to the Company for testing to determine whether the goods and services comply with Licensor's Standard Specifications. The written approval of the Company must be obtained by Licensee prior to the time that any such goods and/or services are used at Licensed Business.

6. Reports and Examinations:

- A. Licensee will not later than the 15th day after the end of each month prepare and submit a monthly report of the Gross Revenues of Licensed Business; and not later than sixty (60) days after the end of each year prepare and submit to Company an unaudited annual report including a balance sheet and profit and loss statement.

- B. Company will have the right to examine at reasonable times all original records kept or maintained by or for Licensee and to exercise unrestricted access to all accounting and business data and materials supporting the monthly and annual reports required to be submitted by Licensee.

7. Conduct and Operation of Business:

- A. Licensee and its principals will devote their best efforts to develop, establish, maintain and promote Licensed Business in conformity with Standard Specifications. Company will have the right at reasonable times to enter and inspect Licensed Business and to view the conduct and operation of Licensed Business.
- B. Licensee will not be permitted to serve items that are not in Standard Specifications or have not been approved in writing by the Company.

8. Confidentiality and Exclusivity: Licensee and its principals will not, either during or after termination of this Agreement, without the express written consent of Company, disclose to any other person any trade secrets or other business information of Company or allow use by any other person or make any use of any Proprietary Property of Company other than through the Licensed Business under the provisions of this Agreement. Licensee shall return all copies of Company's manuals and other Proprietary Property within 30 days of termination.

9. Noncompetition: Licensee and its principals and anyone in active participation therewith will not, during the term of this Agreement and for a period of 24 months after termination or expiration thereof, without the express written consent of Company, engage directly or indirectly in any business or other enterprise similar to Licensed Business within twenty-five (25) miles of Licensed Location or that is competitive with Company or with any other person under a like franchise with Company. Licensee and its principals will not, during the term of this Agreement, operate any business similar to Licensed Business at any place other than the Licensed Location except under a separate contract with Company.

10. Advertising:

- A. To promote Licensee's goods and services, Licensee shall advertise monthly the Licensed Business throughout the term of this Agreement in an amount equal to three percent (3%) of Gross Revenues of Licensed Business with a maximum to be spent of \$15,000 annually.
- B. Company will have the right to accept or reject any sign incorporating the name, "Cabin Coffee Co® proposed or used by Licensee to identify Licensed Business and also to prescribe standards for any signs and will provide written approval of signage if acceptable. Licensee will have the

right at its separate expense to advertise or to promote the name, "Cabin Coffee Co.®"; but Company will have the right to accept or reject the concept, content, format or theme of any advertisement or promotion proposed or used by Licensee and also to prescribe standards for any such advertisement or promotion.

- C. If Company deems it advisable to conduct area, regional or nation-wide advertising in Licensee's exclusive territory, Company shall give Licensee thirty (30) days notice before beginning such advertising. Following such thirty (30) day period, Licensee shall for each semi-monthly period after that throughout the term of this Agreement and each extension or renewal, pay Company advertising expenses not greater than one percent (1%) of the Gross Revenues of Licensed Business for each semi-monthly period, which advertising expenses shall be deductible from the amount of advertising required by Paragraph 10A.
- D. Advertising before the Cabin Coffee is opened depends on your market area. Initial advertising costs after opening depends also on your market area. Large metropolitan areas may require advertising in newspapers and on radio and television. Smaller communities may get to know your product and services with little advertising. All licensees are required to advertise using social media, examples of which include Facebook and Instagram. You may develop advertising for print, radio or television for your own use at your own cost, but only with our approval. We are not required to advertise in your territory, unless we have determined to conduct area, regional or nationwide advertising in your Cabin Coffee Co.'s area. Since we have a web page on the internet, we ask that you do not advertise on the World Wide Web other than through the yellow pages, Facebook, Instagram and other social media.

11. Liability Claims.

- A. Company will fully indemnify Licensee for all liabilities arising from, or directly or indirectly in connection with, any infringement claim against both or either of Company and Licensee; but Licensee will give Company prompt and timely notice of any infringement claim made against Licensee alone.
- B. Licensee will fully indemnify Company for all liabilities arising from, or directly or indirectly in connection with, any claim against both or either of Company and Licensee. Company and Licensee will promptly and timely give notice to each other of any claim made against either one involving Licensee or Licensed Business.

12. Insurance Coverages: Licensee will procure and during the term of this Agreement maintain all insurance as follows: General Liability at \$1,000,000 per occurrence

with \$1,000,000 umbrella policy; business auto liability of \$1,000,000 (hired auto/non-owned auto insurance coverage); combined single limits, workers compensation and employer's liability \$100,000/\$100,000/\$500,000. Licensee will name Company as additional insured under its contracts or policies of products and public liability insurance and will furnish Company with the certificate or certificates of the insurer of such coverages. Such contracts or policies must also stipulate that Company shall receive a 10-day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against Company and Cabin Coffee Roasting and Distribution LLC. See Exhibit I for example of Certificate of Liability Insurance.

13. Assignment: This Agreement will be subject to the following limitations upon assignment:
- A. By the Company. This Agreement and the franchise is fully assignable by Company and shall inure to the benefit of any assignee or other legal successor to the interest of the Company.
 - B. By Licensee. Licensee understands and acknowledges that the rights and duties created by this Agreement are personal to Licensee and its principals and that company has granted the franchise in reliance upon the skill aptitude, attitude, business ability and financial capacity of Licensee and its principals. Accordingly, Licensee will not without the express written consent of Company assign or otherwise transfer to any person any majority part of its interest under the provisions of this Agreement except to a corporation, trust or any other business entity in which Licensee or its principals own a majority interest.
 - C. Conditions For Approval of Assignment. If Licensee and its principals are in full compliance with this Agreement, Company shall not unreasonably withhold its approval of an assignment, provided that the proposed assignee is, in the opinion of Company, owned by principals of good moral character who have sufficient business experience, aptitude and financial resources to serve as a licensee of Company and otherwise meet Company's applicable standards for licensees and all of the following conditions are met:
 - (1) All obligations of Licensee and its principals incurred in connection with this Agreement have been assumed by the assignee;
 - (2) Licensee shall have paid such royalty/ service fees, advertising contributions, amounts owed for purchases by Licensee from the Company and its affiliates and any other amounts owed to the Company or its affiliates which are then due and unpaid;

- (3) The assignees shall complete the training program required of new Licensees.
- (4) The assignee and its principals shall have executed and agreed to be bound by Company's then existing License Agreement which shall provide for the same royalty/service fee and advertising contributions required by this Agreement for a term equal to the remaining term of this Agreement;
- (5) Licensee gives Company a sixty (60) day advance written notice stating Licensee's intent to assign and provide Company with sufficient information to determine if the proposed assignee meets the Company's applicable standards for licensees;
- (6) Licensee or the assignee shall have paid a training and assignment fee to the Company in an amount equal to:

\$25,000 for training at support center and at new Licensee's location

Any transfer or change of membership must be approved by Company, consent for which shall not be unreasonably withheld. No transfer fee is due if Licensee transfers this license to a corporation or partnership in which Licensee owns a controlling interest if the transferee is a partnership or corporation in good standing in its home state. The License may be transferred without a transfer fee to Licensee's heirs in the event of Licensee's death. Licensee's heirs must give Company thirty (30) days written notice of the transfer.

- (7) Licensee and its owners shall have executed a general release in a form satisfactory to the Company of all claims against Company and its affiliates, officers, directors, employees and agents.

D. Company's Right of Refusal. If Licensee or its principals shall at any time decide to sell an interest in the Licensed Business or an ownership interest in Licensee that would result in a change of control, Licensee or its principals shall first obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit to the Company an exact copy of such offer. The Company shall have the right, exercisable by written notice delivered to Licensee or its principals within thirty (30) days from the date of delivery of a copy of the offer to the Company, to purchase such interest in the Licensed Business or such ownership interest in Licensee for the price and on the terms and conditions contained in such offer. If the Company does not exercise its right of first refusal, Licensee

or its principals may complete the sale to such purchaser on the terms of such offer, subject to the Company's approval of the purchaser as provided above in this section. If the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to the Company, or there is a material change in the terms of the sale, the Company shall again have the right of first refusal provided in this Agreement.

14. Term of Agreement: Unless terminated under other provisions, this Agreement will be in effect for a term comprised of an initial period of five (5) years following the effective date of this Agreement; but the term of this Agreement will be and remain subject to renewal as set forth in Section 19.
15. Confinement to Licensed Business. Licensee will not sell any drink or food items at retail or otherwise offer any drink or food items for consumption except from the Licensed Business and will not allow redistribution or resale of any drink or food items from any other place under the name, "Cabin Coffee Co®.", or other designation. In certain limited circumstances Licensee may sell drink and/or food items, for example, by kiosk or trailer, however, Licensee must obtain permission by Company and Company may impose, at Company's discretion, terms and conditions under which such drink and/or food items may be sold.
16. Nondisruption: Except for annual vacation (not to exceed two weeks), refurbishment, or other reasonable business purpose and except for any cause beyond its control, Licensee will not without the express written consent of Company close or suspend its business operation or otherwise disrupt the public sale of drink or food items at retail at the Licensed Business.
17. Purchase of Equipment: The Licensee is required to purchase from an equipment supplier approved by Company all equipment necessary to properly make all drink or food items offered for sale at Licensed Business. New locations are required to purchase new equipment.
18. Termination:
 - A. By Licensee. If Licensee is in substantial compliance with this Agreement, Licensee may terminate this Agreement as follows:
 - (1) By giving Company a ninety (90) day prior written notice of Licensee's intent to terminate this Agreement without cause; or
 - (2) Upon a material breach by Company of this Agreement and a failure by Company to cure such breach within sixty (60) days after written notice of such breach is delivered to the Company.
 - B. By the Company. Company shall be entitled to terminate this Agreement and cancel the franchise granted upon the occurrence of any of the following

(which shall be referred to as an "event of default"), provided that if such event of default is curable under this Section 18, Licensee fails to cure to Company's satisfaction within the time limits provided:

- (1) Any commencement of bankruptcy or other insolvency proceedings by or against Licensee or any one of its principals;
- (2) Any purported assignment or transfer of this Agreement, the franchise or an ownership interest in the franchise other than in accordance with the provisions of Section 13;
- (3) Licensee uses the licensed marks for any unauthorized purpose or otherwise materially impairs the goodwill associated with the licensed marks or makes any unauthorized disclosure or use of any know-how provided by Company;
- (4) Submission of a materially false financial report to Company, intentional misrepresentation by Licensee to Company in connection with obtaining this Agreement or in operating the franchise;
- (5) Licensee fails on three (3) or more separate occasions within any twelve (12) consecutive month period to pay when due any fee or amount required under this Agreement or for purchases made from Company or to otherwise comply with the terms of this Agreement or the procedures in the Operations Manual or any training materials provided by Company, regardless of whether such events of noncompliance are cured after notice from Company;
- (6) Voluntary abandonment of the franchise, including acts or omissions indicating a willingness, desire or intent to discontinue operating such business;
- (7) An obvious disregard for the operation of such business in accordance with Standard Specifications in this Agreement and in the Operations Manual or any training material provided by Company;
- (8) Licensee commits a material breach of, or defaults under the terms of, any agreement relating to the franchise;
- (9) Licensee fails to replace, repair, and/or upgrade software, hardware, equipment, and physical assets before the renewal date, such assets to be identified by Company approximately 6 months before the date of renewal per Exhibit 3.

Upon an event of default, Company shall give Licensee written notice of the event of default which shall specify the grounds of default and, if applicable, inform Licensee of its right to cure and the time limits to cure.

Termination of this Agreement shall be effective: (i) immediately upon receipt of notice if such default is an event of default specified in Sections 18B(1), 18B(2), 18B(3), 18B(4), 18B(5) or 18B(6) above, to which no right of cure exists; or (ii) thirty (30) days after receipt of notice if such default is an event of default specified in Sections 18B(7), 18B(8) or 18B(9) above, and such default is not cured within the period.

In the event applicable state law requires that Licensee be given a longer period to cure a particular event of default than is otherwise provided in this Section 18, the statutory period for cure shall control and Company shall not terminate this Agreement until: (i) Licensee has been notified of the statutory cure period in the written notice of default; and (ii) Licensee has failed to cure the event of default to Company's satisfaction within such statutory cure period.

- C. Upon termination of this Agreement for any reason by either Company or Licensee, Licensee shall immediately pay Company all fees and other amounts due Company, cease of use of all Company Proprietary Property and De-Identification of Licensed Business as specified by Exhibit 2 to this Agreement and in the Operations Manual.
- D. Required Software, Hardware, Physical Assets, and Equipment Upgrade. To renew this Agreement Licensee must upgrade, at Licensee's expense, all software, hardware, physical assets, and equipment deemed necessary by Company. This includes, but is not limited to, upgrading any point of sale system, operating systems, email systems, computer systems, and physical assets such as chairs, tables, and countertops (see Exhibit 3).

19. Renewal of Franchise.

- A. Licensee's Right to Renew. If, upon expiration of the initial term of this Agreement, Licensee has substantially complied with all the provisions of this Agreement and the Company in its sole discretion agrees to renew, Licensee shall be granted a renewal of the License Agreement for an additional term of five (5) years upon the payment of a Two Thousand Dollar (\$2,000.00) renewal license fee and the acceptance by Licensee of Company's then existing License and Service Agreement.

- B. Notice of Renewal. Licensee shall give Company written notice of its desire to renew at least six (6) months prior to the expiration of the initial term of this Agreement. If Company elects not to renew the Agreement, Company agrees to give Licensee written notice of such election within sixty (60) days following receipt of Licensee's notice to renew.
- C. Renewal. To renew this Agreement, the Company, Licensee and its principals shall execute the standard form of Agreement at that time used by Company with appropriate modifications to reflect that the Agreement relates to the grant of a renewal franchise, and payment of the renewal fee at the time of such execution shall be made by Licensee.
20. Relationship of Company and Licensee: Licensee will be and remain an independent contractor under this Agreement without any express or implied authority or power as agent or otherwise to act for or bind Company, and Company will have no liability or other responsibility to Licensee or to any other person or persons for financial or other commercial success of Licensee.
21. Governing Law: This Agreement and all provisions of this instrument shall be subject to the application, construction, enforcement and interpretation under the governing laws of the state in which the franchise is located.
22. [This item left blank intentionally]
23. Notices and Addresses:
- A. Mailed Notice. Any express written notice or other communication required under the provisions of this Agreement will be effective and operative from the date of mailing when mailed with adequate postage to either party's then currently designated mailing addresses or by electronic communication.
- B. Mailing Addresses. The mailing addresses of Company and Licensee will be designated and may be changed.
- (1) The initial designated mailing addresses of Company and Licensee will be the following addresses:

Cabin Coffee Franchising, Inc.

408 South 15th Street
Clear Lake, IA 50428
Telephone 641.357.4736

Telephone: _____

(2) Company and Licensee may change their designated mailing addresses by an express written notice given by one to the other at its then most recently designated mailing address.

24. Severability of Provisions. Should any provision of this Agreement be held invalid, illegal or unenforceable, that provision will be deemed restricted in application only to the extent required to render it invalid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes.
25. Whole Agreement; Amendments. This Agreement contains the parties' entire understanding except for additional written agreements and understandings that may be concurrent with or after this Agreement and signed by both Company and Licensee.

CABIN COFFEE FRANCHISING, INC.

By _____

LICENSEE

By _____

Title: _____

EXHIBIT 1 TO LICENSE AGREEMENT

TERRITORIAL RIGHTS

EXHIBIT 2 TO LICENSE AGREEMENT

CABIN COFFEE FRANCHISING INC.

De-Identification

Following are the items you will need to change for completing the de-identification of your Licensed Business. It is imperative that the de-identification immediately follows termination of your Agreement and before you begin conducting business thereafter.

Exterior (Remove and/or Replace)

- Pylon Sign face and paint pole different color. (Cannot be the burgundy/black or the same color family)
- Signs below Cabin Coffee Pylon sign.
- Building sign.
- Menu boards. (Cannot be the log frame/ or the new metal frame)
- Log siding to be painted or changed to a different stain color that Cabin Coffee does not use.
- All roadway directional signage and state highway signage.

Interior (Remove and/or Replace)

- All table tops.
- Coffee table.
- Wood counter top at POS.
- Merchandise.
- Stars under counter top, fill in squares with drywall and paint.
- Repaint all walls. Cannot use Cabin Coffee or similar type paint colors.
- All painted sayings on walls.
- Paint over all red, yellow, and green walls to another color
- All retail items.
- Anything that bears the "Cabin Coffee" and "Just Be Happy and Have Fun!" trademarks and any other trademarks and trade dress of the Company.
- Roasting house sign, logs and storefront.
- Interior menu boards.
- Log shelving for bottles behind bar and in dining area.
- Saddles and the table by saddles.
- Trash enclosures.
- Sofas.
- All log type furniture.
- Barn wood.
- Remove Cabin Coffee POS menu.
- Delete and/or remove POS software from POS system24x7 will reprogram inventory in POS.
- Removal and return to Company all training materials, Operations Manuals and any other written Proprietary Property.
- Removal of all files and Cabin Coffee related items from Computer.

EXHIBIT 3 TO LICENSE AGREEMENT

CABIN COFFEE FRANCHISING INC.

Upkeep, Preventive Maintenance, Cleaning, Facelift, Remodel, Transfer, Change of Control

Upkeep and improvements of your property is important for you, your team and customers. As your business ages the use of furniture, fixtures, equipment and the physical appearance of your business deteriorates. Continuous preventive maintenance on furniture, fixtures, equipment and property, replacing filters, not only cleaning but deep cleaning and repairing things before they get beyond repair will save you thousands of dollars. Failure to maintain proper condition of equipment may: 1) result in a fine of an amount of what the repairs would be to bring the store up to date; and/or 2) termination of this agreement. Six Months prior to resigning your franchise agreement Company will perform a comprehensive audit of your property to review your physical assets and see what needs to be replaced, repaired and upgraded. You will have to the date of your renewal to complete the upgrades. Also, in the event of a transfer of ownership, Owner will do an evaluation of your property and operations and you will be responsible for all costs associated with such an evaluation. Anything out of date must be updated prior to transfer. Additionally, in the event you are an LLC and you anticipate a change of control of the LLC you must seek permission from Company to approve any new members. Below are the areas but not limited to inspecting:

Exterior	Roof, Siding, Logs, Stone, Stain/paint, Windows, Doors, Porch, Drive Thru, Porch, Logs
Site	Pavement (Parking, Curbs, Sidewalks, Pavers), Landscaping, Signage, Lighting, Approaches, Stop signs, Menu boards, Speaker system (if applicable)
Kitchen	Equipment working optimally and looks good, Flooring, Walls, Menus, Drive thru, Sinks, Lighting, Ceiling
Dining	Tables, Table bases, Chairs, Saddles, Bar stools, Walls, Flooring, Condiment center, Fireplace, Roasting House storefront, Bar wall and stars, Trim, Lighting, Retail, Painting, Sound System
Interior	Floor Coverings, Walls, Fill and repair drywall, Restrooms (Stalls, Toilet, Sink, Mirrors, Lighting, Toilet Roll Dispenser, Paper Towel Dispenser, Soap Dispenser, Ceiling, Shelving)
Equipment	Coffee Equipment, Food Equipment, POS, Headsets, Bump Screens, Speaker Post, Line Buster, Computer -back office, Electronic soap and towel dispensers, Water Softener, Filter System, HVAC Equipment, Roaster and Hood
Software	Online Ordering Application, Credit Card, Processing, 24x7 Updates/Upgrades

Exhibit B – Table of Contents

Table of Contents

Your training will follow the sequence of the subjects listed below. After each section you will be quizzed on your progress. The purpose of the quiz is to make sure there have been no gaps in training. You will master each subject before moving onto the next. Sections build on one another so you will need material in earlier subjects to fully understand the next. It is important that each team member is fully trained in all areas to serve our customers well! It is equally important that you feel prepared, knowledgeable and confident in all areas to perform to the best of your ability.

Subject	Date	Score	Date	Score	Date	Score
* Handbook						
* Customer Service						
* Food Safety						
* Daily Operations						
* Communications						
* Brewed Coffee						
* Espresso						
* Drinks						
* Cold Drinks						
* Hot Drinks						
* Food						
* Catering						
* Coffee 101						
* Roasting						
* Single Origins and Blends						
* Sales						
* Register Training						

Goals	Target Date	Completion Date

EXHIBIT C ~~OF OFFERING CIRCULAR~~

LIST OF FRANCHISEES
AS OF JANUARY 1, 2023

GEORGIA

J Squared of North Georgia, LLC
305 Muirfield Way
Blairsville, GA 30512
Telephone:

IOWA

DKLV, L.C.C.
206 North Highway 69
Forest City, IA 50436
Telephone: 641.585.1776

Giant Coffee Co., LLC
2040 Kimball Avenue
Waterloo, IA 50702
Telephone: 563-940-4262

Brother's Market, Inc.
706 Hwy. 57
Parkersburg, IA 50665
Telephone: 319.455.2376

Iowa Covered Bridges Coffee Company Inc.
1217 N 6th Avenue Unit A
Winterset, Iowa 50273
Phone #: 515-493-1430
Covered Bridges Coffee
910 East Second Avenue
Indianola, IA 50125

Cresco Coffee Company LLC
119 N Elm Street
Cresco, IA 52136
Phone No. 641-220-4729

MINNESOTA

Cacila LLC
460 Sixth Street West
St. Charles, MN 55972
Telephone: 507.932.8222

Chatty Coffee Chix, LLC
391 Main Street N.
Chatfield, MN 55923
Telephone:

Common Grounds LLC
42 N. Main
Plainview, MN 55964

Brighter Days Café, LLC
1555 Domes Drive
Blue Earth, MN 56013
Phone No. 507-525-6426

Hunthaus Kaffee, LLC
310 N Main street
Stewartville, MN 55976

TempleRock, LLC
114 2nd Avenue
Jackson, MN 56143
Phone No. 507-840-0614

MISSOURI

Brothers Market 9, LLC
402 East Price Avenue
Savanah, MO 64485

WISCONSIN

E & C Ventures, LLC
401 Jay St.
La Crosse, WI 54601
Telephone: 608.519.3055

Purple Martin Holdings
2462 Main Street South

Rice Lake, WI 54868
Telephone:

Gribo Coffee L.L.C.
2922 Meadowlark Lane
Altoona WI. 54868
Telephone 715.717.5075

INDIANA

Rod N Reel Coffee Inc.
707 Lincolnway
Goshen, IN 46526
Telephone: 574.971.3905

Outsiders Coffee LLC
1282 Normandie Drive
Avon, IN 46123
Telephone: 317.366.3451

Difference Maker Coffee, LLC
5328 East U.S. Highway 40
Plainfield, IN 46168
Telephone: 317.366.3451

TENNESSEE

Music City Mud, LLC
1909 Shady Brook Street
Columbia, TN 38401
Telephone: 931.223.5347

Cabin Coffee Franchising, Inc.

EXHIBIT D-~~OF OFFERING CIRCULAR~~

LIST OF CANCELLED OR TERMINATED FRANCHISES

Franchisees who terminated, cancelled, not renewed or who voluntarily or involuntarily stopped doing business under their franchise agreement during the most recently completed fiscal year are:

EXHIBIT E

CABIN COFFEE FRANCHISING, INC.

CLEAR LAKE, IOWA

DECEMBER 31, 2023

Income and Balance Sheet from Quarter 1, 2024

FINANCIAL STATEMENTS

CABIN COFFEE FRANCHISING, INC.

CLEAR LAKE, IOWA

DECEMBER 31, 2023, 2022 and 2021



Independent Auditor's Report

Board of Directors
Cabin Coffee Franchising, Inc.
Clear Lake, Iowa

Opinion

We have audited the accompanying financial statements of Cabin Coffee Franchising, Inc., which comprise the balance sheets as of December 31, 2023, 2022 and 2021, and the related statements of income 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 Cabin Coffee Franchising, Inc. as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Cabin Coffee Franchising, Inc. 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 Cabin Coffee Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cabin Coffee Franchising, Inc.'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 Cabin Coffee Franchising, Inc.'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.

HOGAN - HANSEN

HOGAN - HANSEN

Mason City, Iowa
June 14, 2024

Balance Sheets

As of December 31, 2023, 2022 and 2021

	2023	2022	2021
Assets			
Current Assets			
Cash.....	\$ 87,591	\$ 76,371	\$ 136,781
Restricted cash - franchisee gift cards.....	285,153	284,417	243,911
Receivables			
Trade accounts (net of allowance for credit losses).....	56,857	47,725	50,264
Cabin Coffee Roasting and Distribution	10,149	10,000	11,431
Total Current Assets	439,750	418,513	442,387
 Furniture and equipment, net of accumulated depreciation (2023 - \$21,305; 2022 - \$19,007; and 2021 - \$16,668).....	 <u>4,120</u>	 <u>6,418</u>	 <u>8,737</u>
Total Assets	\$ 443,870	\$ 424,931	\$ 451,124
 Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable	\$ 1,256	\$ 2,462	\$ 11,099
Accrued Expenses			
Wages	11,867	11,359	6,056
Payroll taxes	4,020	15,032	7,462
Retirement plan contribution	261	301	2,102
Franchisee gift cards	285,459	284,444	243,938
Total Current Liabilities	302,863	313,598	270,657
 Stockholders' Equity			
Common stock (authorized 1,000 shares, issued and outstanding 1,000 shares at no par value)	<u>5,725</u>	<u>5,725</u>	<u>5,725</u>
Retained Earnings			
Balance - January 1	105,608	174,742	143,805
Net income.....	66,925	5,277	101,808
Distributions	(37,251)	(74,411)	(70,871)
Balance - December 31	135,282	105,608	174,742
Total Stockholders' Equity	141,007	111,333	180,467
 Total Liabilities and Stockholders' Equity	\$ 443,870	\$ 424,931	\$ 451,124

See accompanying notes to the financial statements.

Statements of Income

As of December 31, 2023, 2022 and 2021

	2023	2022	2021
Revenue			
Initial franchise fees.....	\$ 101,000	\$ 111,000	\$ 253,000
Royalties	577,151	565,183	515,022
Other franchise revenue	84,940	—	—
Total Revenue	<u>763,091</u>	<u>676,183</u>	<u>768,022</u>
Operating Expenses			
Franchise development costs.....	545,379	507,387	493,271
General, administrative and selling expenses.....	230,888	231,877	211,333
Total Operating Expenses	<u>776,267</u>	<u>739,264</u>	<u>704,604</u>
Income (Loss) From Operations.....	<u>(13,176)</u>	<u>(63,081)</u>	<u>63,418</u>
Other Income			
Miscellaneous.....	4,091	2,018	1,266
Rebate income	53,579	43,852	37,124
Unclaimed gift card income	22,431	22,488	—
Total Other Income	<u>80,101</u>	<u>68,358</u>	<u>38,390</u>
Net Income	<u>\$ 66,925</u>	<u>\$ 5,277</u>	<u>\$ 101,808</u>

See accompanying notes to the financial statements.

Statements of Cash Flows

As of December 31, 2023, 2022 and 2021

	2023	2022	2021
Cash Flows From Operating Activities			
Net income	\$ 66,925	\$ 5,277	\$ 101,808
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	2,298	2,319	2,320
Change in Assets and Liabilities			
(Increase) decrease in accounts receivable	(9,281)	3,970	4,570
Decrease in accounts payable	(1,206)	(8,637)	(13,516)
Increase (decrease) in accrued expenses	(10,544)	11,072	2,803
Increase in franchisee gift cards	1,015	40,506	72,152
Decrease in deferred revenue	—	—	(89,000)
Net Cash Provided by Operating Activities	<u>49,207</u>	<u>54,507</u>	<u>81,137</u>
Cash Flows From Investing Activities			
Loans to related parties	—	—	(1,431)
Cash Flows From Financing Activities			
Distributions.....	<u>(37,251)</u>	<u>(74,411)</u>	<u>(70,871)</u>
Net Increase (Decrease) in Cash	11,956	(19,904)	8,835
Cash at beginning of year.....	<u>360,788</u>	<u>380,692</u>	<u>371,857</u>
Cash at End of Year.....	<u>\$ 372,744</u>	<u>\$ 360,788</u>	<u>\$ 380,692</u>
Unrestricted cash	\$ 87,591	\$ 76,371	\$ 136,781
Restricted cash - franchisee gift cards	<u>285,153</u>	<u>284,417</u>	<u>243,911</u>
Total Cash.....	<u>\$ 372,744</u>	<u>\$ 360,788</u>	<u>\$ 380,692</u>

See accompanying notes to the financial statements.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies and Other Matters

Nature of Business

Cabin Coffee Franchising, Inc. is a franchisor of coffee shops located throughout the United States. The franchise locations operate as an upscale coffee house designed to serve coffee lovers and noncoffee lovers alike. Franchisees sell fresh locally roasted beans by the pound and half pound. Customers can purchase fresh roasted coffee off the shelf, order by phone or online. A roasting, distribution and franchise support and training center operates in Clear Lake, Iowa.

Franchisees also offer for sale fresh baked bagels, scones, cinnamon rolls and cookies in addition to lunches which include bagel or croissant sandwiches. Specialty soups compliment the deli style sandwiches.

Revenue Recognition

Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The primary impact of revenue recognition for franchisors is to recognize the initial franchise fee over the franchise term (or remaining term). The Company has consistently recognized franchise fees when substantially all material conditions required by the franchise agreement to get a store opened have been met and the Company has no obligation to refund any portion of the franchise fee. The Company has chosen to continue to recognize franchise fees in this manner and is not recognizing the revenue over the term of the franchise agreement.

Franchise Fees

A franchise fee is charged by the Company to assist in site selection, lease negotiations, design, construction, training and operation support services. Franchise fees are recognized as income once the Company has performed substantially all material conditions required by the franchise agreement and has no obligation to refund any portion of the franchise fee. These conditions are generally met at the time a franchisee commences operations.

Royalties

As part of its franchise agreements, the Company collects a royalty based upon a fixed percentage of the franchisees' net sales. Royalties are generally collected on a semi-monthly basis. Royalties were \$577,151, \$565,183 and \$515,022 for the years ended December 31, 2023, 2022 and 2021, respectively.

Franchisee Gift Cards

The Company maintains a checking account dedicated to gift card funds and is acting as a fiscal agent for the franchisees. Each franchisee provides the Company weekly payments from the sale of gift cards and the funds are deposited into the checking account until the franchisees notify the Company that gift cards have been used at their location. The Company then remits the funds back to the respective franchisee.

This method of accounting for gift card funds creates an asset and a liability. As of December 31, 2023, the asset and liability related to gift cards had respective balances of \$285,153 and \$285,459, respectively. The difference is due to bank fees deducted from the account.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies and Other Matters

During the year ended December 31, 2022, the Company began estimating that approximately 5% of gift cards go unclaimed on an annual basis. The Company began transferring the estimated unclaimed amount from the gift card bank account to its general checking account and recognizing the amount as income. During the years ended December 31, 2023 and 2022, the Company recognized estimated unclaimed gift card income of \$22,431 and \$22,488, respectively.

Adoption of New Accounting Pronouncement

In June, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Prior to this ASU, credit losses were based on an incurred loss methodology that delayed recognition of a credit loss until it was probable that a loss has been incurred. This ASU, along with related ASU's issued subsequently, introduces a forward-thinking methodology that reflects expected credit losses and requires the Company to consider all relevant information, including historical experience, current conditions and reasonable and supportable forecasts. The objective of this new standard is to present the Company's estimate of the net amount expected to be collected on the financial assets.

The Company adopted the ASU effective January 1, 2023, on a prospective basis.

Accounts Receivable

Accounts receivable include royalties and are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with franchisees having outstanding balances and current relationships with them, it has concluded that realized losses on balances outstanding at year end will be immaterial; and therefore, the allowance for credit losses was zero as of each of the years ended December 31, 2023, 2022 and 2021. Payment of invoices is due within ten days of the invoice date, otherwise the amounts are deemed past due. The Company imposes a finance charge on all invoices that remain unpaid after the due date.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses.

Income Taxes

The stockholders have elected to have the Company treated as an "S corporation" under the provisions of the Internal Revenue Code. Under these provisions, the taxable profit or loss is passed through to the individual stockholders in proportion to their stockholdings, and accordingly, no provision for income taxes is reflected in the financial statements.

Management annually makes an appropriate evaluation of any uncertain income tax positions based upon current statutes in completing these financial statements and the notes to the financial statements. As of December 31, 2023, management believes that there were no uncertain income tax positions for which a material change in the unrecognized effect would be reasonably possible within the next 12 months.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies and Other Matters

Cash Management

As part of its normal banking practices, the Company makes deposits in financial institutions in amounts which may exceed the limits provided by federal depository insurance. As of December 31, 2023, \$149,326 of such deposits, as reflected on the financial institution's records, exceeded the insured limits.

Furniture and Equipment

Furniture and equipment are stated at cost with depreciation computed under the straight-line method over a five- to ten-year useful life. Depreciation expense was \$2,298, \$2,319 and \$2,320 for the years ended December 31, 2023, 2022 and 2021, respectively.

Subsequent Events

Management has evaluated subsequent events through June 14, 2024, the date which the financial statements were available to be issued.

(2) Cash Flow Statement Supplementary Information

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

(3) Franchises

The Company had a total of 26 franchised outlets as of December 31, 2023. There were three, four and three franchises sold during the years ended December 31, 2023, 2022 and 2021, respectively. Two of the four franchises sold during 2022 were due to franchised outlets whose existing franchise agreements were canceled, and the Company sold franchises for each outlet to new franchisees. There were no franchises purchased during 2023, 2022 or 2021, nor were there any franchisor-owned outlets in operation.

(4) Related Party Transactions

As part of the initial franchise agreement, the Company provides training and ongoing support to the franchisee and may utilize Cabin Coffee Company of Clear Lake, Inc. (CCCL) or Cabin Coffee Company of Mason City Partnership (CCMC) to provide these services. The Company paid CCCL \$0, \$0 and \$21,000 for training expenses during the years ended December 31, 2023, 2022 and 2021, respectively. The Company paid no training expenses to CCMC during the years ended December 31, 2023, 2022 and 2021. CCCL is owned by the stockholders of Cabin Coffee Franchising, Inc. CCMC is 55% owned by CCCL. Neither CCCL nor CCMC is a franchisee of Cabin Coffee Franchising, Inc.

The Company's operations, including the support and training center, are conducted from facilities owned by a limited liability company owned by one of the stockholders. The Company paid \$38,500, \$39,500 and \$35,000 for rent during the years ended December 31, 2023, 2022 and 2021, respectively. This operating lease is on a month-to-month basis.

Notes to the Financial Statements

(4) Related Party Transactions

As of December 31, 2023, 2022 and 2021, the Company had a \$10,149, \$10,000 and \$11,431 receivable, respectively, from Cabin Coffee Roasting and Distribution, which is owned 100% by the stockholders of Cabin Coffee Franchising, Inc.

(5) Retirement Plan

The Company has committed to a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) qualified under the Internal Revenue Code and covering substantially all employees.

The plan allows employees to defer income on a pre-tax basis through contributions to the SIMPLE plan. The Company will contribute 3% of compensation for each eligible employee. The plan is funded currently by payment to an independent trustee.

Contributions to the plan for the years ended December 31, 2023, 2022 and 2021 were \$8,327, \$9,018 and \$4,652, respectively.

(6) Leases

The Company conducts its operations from facilities leased from a company controlled by one of its stockholders. The lease is month to month. Total rent expense for the years ended December 31, 2023, 2022 and 2021 was \$38,500, \$39,500 and \$35,000, respectively.

Cabin Coffee Franchising, Inc.

EXHIBIT F

AGENT FOR SERVICE OF PROCESS

Georgia:

Division of Securities and Business Regulations
2 Martin Luther King Jr. Drive, S.E.
Suite 802 – West Tower
Atlanta, GA 30334

Indiana:

Office of the Indiana Secretary of State
200 W. Washington St., Room 201
Indianapolis, IN 46204
Iowa:

Financial Freedom Controls, Inc.
825 S Taft Avenue, Suite 2
Mason City, IA 50401

Minnesota:

Commissioner of Commerce
Department of Commerce
Securities Division
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

Wisconsin:

Department of Financial Institutions
Division of Securities 4th Floor
345 W. Washington Avenue
Madison, WI 53703

Missouri:

Office of the Secretary of State
Corporations Division
PO Box 778/ 600 W Main St., Rm. 322
Jefferson City, MO 65102

Tennessee:

Not required to register as a foreign corporation in the state of Tennessee

Cabin Coffee Franchising, Inc.

EXHIBIT G

**ADDENDUM TO CABIN COFFEE FRANCHISING, INC. FRANCHISE DISCLOSURE
DOCUMENT REQUIRED BY THE STATE OF MINNESOTA**

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise

to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 L-8 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

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

ADDENDUM TO CABIN COFFEE FRANCHISING, INC. FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement or Area Development Agreement, as applicable, to the extent that the Franchise Agreement or Area Development

Agreement, as applicable, contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and

franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement or Area Development Agreement, as applicable, shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C,

including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement or Area Development Agreement, as applicable, shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement or Area Development Agreement, as applicable contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement or Area Development Agreement, as applicable.

3. Except as expressly modified by this Addendum, the Franchise Agreement or Area Development Agreement, as applicable, remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement or Area Development Agreement, as applicable. In the event of any conflict between this Addendum and the Franchise Agreement or Area Development Agreement the terms and conditions of this Addendum shall apply.

Cabin Coffee Franchising, Inc.

EXHIBIT H

	Action Step	Description of Action Step	Common Obstacles
SIGNING AGREEMENTS	1. Complete Application/ Validate Financial Criteria	• Must have \$150K minimum investment. Investment varies with location.	
	2. Meet the Support Team	• Meet team face to face, discuss territories in detail.	
	3. Approved to Move Forward		
	4. Provide Lender Commitment Letter	• Provide letter of Commitment from the Lender to CCFI.	• Lender isn't interested. • Assume the new store will be less expensive. • Inability to effectively communicate the Cabin Coffee vision.
	5. Sign Receipt of Franchise Docs	• The law requires that you sign and return the Receipts of Franchise docs. • The Official Agreement cannot be signed until 14 days after the date you return this signed Receipt.	• Try to use "Cabin Coffee" in the business name, but you cannot. • Setting up the right type of business entity.
	6. Receive/Complete Checklist	• The returned Checklist is used by CCFI's attorney to draft the final Franchise Agreement.	• Spend time shopping for vendors not qualified.
	7. Register Business Entity	• Register the legal name of your business.	
	8. Sign Franchise Agreement and Pay Franchise Fee	• You have one year from the date you sign the Agreement to open your store.	• Wrong assumption about what's being signed.
	9. Receive Certificate of Insurance		
DEVELOPMENT	10. Research Locations	• Locate a local Real Estate Specialist. This person acts as Advocate/Representative for your business.	• Set mind/focus on one site. • Assume this step goes quickly (it doesn't!). • Lack of understanding.
	11. Negotiate/Agree on Location Terms	• Negotiate the lease or purchase of property.	• This takes time and patience, can't be in a rush.
	12. Finalize Location Requirements	• Finalize zoning requirements and then take possession of the property.	• Assume zoning ordinance process is simple/quick.
	13. Provide Business Plan to Lenders	• Send to three lenders.	
	14. Start Construction Documents	• John Riley leads the architects, this is non-negotiable. • Construction documents take 6-9 weeks for completion.	• Assume that all information has already been provided. • Lack of understanding construction manager's and architect's role.
	15. Secure Financing		
	16. Complete Construction docs	• Completed drawings will depend on Architect's workload and governmental requirements.	• Assume process goes quickly (it doesn't!).
	17. Request Contractor Bids	• Send out invitation for construction bids. It generally takes 2 weeks for bidding and one week to qualify proposals.	• Contractor will have many questions about scope of work. • John Riley has all the answers and your back.
	18. Send FF&E Plans	• Send out plans to FF&E suppliers. It takes two weeks for bidding, one week to qualify proposals.	
	19. Acquire/Qualify Contractor Bids	• Takes time, utilize and hold the lender accountable for time frame.	• Think this step will go quickly (it doesn't!). • Assumes all documents have been provided to Lender/Contractor. • Believe these are the final numbers, may be additional costs during construction.
	20. Finalize Financing	• Send to three lenders.	
CONSTRUCTION (3 - 7 months)	21. Begin Construction		
	22. Pay Tuition for Cabin Coffee University		
	23. Train Owners	• Franchisee training takes place in the Clear Lake and Mason City stores. • Training last 320 hours/8-10 weeks. • You must complete training requirements before you can open!	• Inadequate preparation for training. • Lack of focus/enthusiasm/drive. • Missing "teachable" moments. • Thinking you have learned all you need and now you've reached the top.
	24. Select Internet Provider	• Set up date to visit site and date for install.	• Internet provider/install falls through. Your store will not open without internet!
	25. Interview Team	• Will want to over hire 2-3 people so you are prepared for possible turn over.	• Lack of applications or applicants aren't a good fit. • Dismiss recommendations from Support Team. • Waiting too late for recruiting.
	26. Hire Team	• Give notice of when they will begin employment.	• Hiring the right mix of full/part-time employees. • Wait too late for recruiting.
	27. Complete Construction	• Construction will take 3-7 months.	• Assume that delays won't occur. • There are extra costs.
	28. Install FF&E, Retail and Receive Food/Drinks	• Takes three full weeks. • Verify and organize where products go.	• Many owners think they can do this. • These are approved vendors responsibilities.
	29. Train Team	• You and the Support Team will utilize all efforts to ensure your team will be ready when you open (2-3 weeks).	• Not prepared to lead. • Too much flexibility with new team members. • Too many distractions and lack of focus during training time.
	30. Serve Friends & Family	• Get off to a great start by serving your Friends & Family before opening day.	
OPENINGS	31. Open Your Store!	• Have a list of Support Team and vendor contact information for easy access.	• Try to handle issues internally instead of asking for help from the Support Team. • Do not know who to call.

EXHIBIT I cont.

CERTIFICATE OF LIABILITY INSURANCE

CC-CAB2

CP ID: DM

DATE (MM/DD/YYYY)
04/28/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION** IS **WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER First Gibraltar Agency P.O. Box 223 615 4th Avenue South Clear Lake, IA 50428 Jay LeFevre		641-357-6117 CONTACT NAME: Jay LeFevre PHONE (A/C, No, Ext): 641-357-6117 FAX (A/C, No): 641-357-6587 ADDRESS:	
INSURED SAMPLE		INSURERS AFFORDING COVERAGE INSURER A: <u>Acuity</u> SAIC # <u>64184</u> INSURER B: _____ INSURER C: _____ INSURER D: _____ INSURER E: _____ INSURER F: _____	

COVERAGES **CERTIFICATE NUMBER** **REVISION NUMBER**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INS. #	TYPE OF INSURANCE	ADDITIONAL INSURED	POLICY NUMBER	POLICY EFF. DATE	POLICY EXP. DATE	LIMITS	
A	COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR ☒ Business Owners GEN. AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ CGL ☐ LOC COVER:	Y	Y	Z09448	01/15/2021	01/15/2022	EACH OCCURRENCE \$ 1,000,000 SERVICE TO PARTIES (EPL/MSA/CLA/PRODUCED) \$ 100,000 MED EXP. (incl. one person) \$ 10,000 PERSONAL & ADV INURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG. \$ 2,000,000 \$
A	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ SCHEDULED AUTOS ☒ AUTOES ONLY ☒ NON-OWNED AUTOES ONLY ☒ AUTOES ONLY	Y	Y	Z09448	01/15/2021	01/15/2021	CLAIMED SPIRAL LIMIT (LA included) \$ 1,000,000 BODILY INJURY (ONE PERSON) \$ BODILY INJURY (ONE PERSON) PROPERTY DAMAGE (ONE ACCIDENT) \$ \$
A	☒ UMBRELLA LIA ☐ OCCUR ☐ EXCESS LIA ☐ CLASS-MADE (SEE RETENTIONS)	Y	Y	Z09448	01/15/2021	01/15/2022	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$
A	WORKERS COMPENSATION AND EMPLOYERS LIABILITY Y/N ☐ N/A ANY WORKERS COMPENSATION EXCLUSIVE (EPL/CLAIMS/RE) IS EXCLUDED (mandatory in WA) EPL COVER UNDER DESCRIPTION OF OPERATIONS	Y	Y	Z09448	01/15/2021	01/15/2022	EPL EACH ACCIDENT \$ 100,000 EPL DISEASE - EMPLOYEE \$ 100,000 EPL DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER Cabin Coffee Franchising PO Box 869 Clear Lake, IA 50428	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Jay LeFevre
---	---

RECEIPT

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

IF CCF OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR-DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

(Maryland New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.)

(Michigan, Oregon and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.).

YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE (5) BUSINESS DAYS BEFORE YOU SIGN ANY FRANCHISE AGREEMENT.

IF CCF DOES NOT DELIVER THIS DISCLOSURE DOCUMENT OFFERING CIRCULAR ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 OR TO THE STATE AGENCY LISTED ON EXHIBIT F OF THE OFFERING CIRCULARDISCLOSURE DOCUMENT.

CCF authorizes the state agency~~ies~~ or person listed on Exhibit F to the Offering CircularDisclosure Document to receive service of process it in the particular statefor CCF. I have received a disclosure document datedUniform Franchise Offering Circular dated January 1, 2024~~2~~ that. ~~This Offering Circular~~

- A. Agreement for License and Service
- B. Table of Contents of Operations Manual
- C. List of Franchisees
- D. List of Cancelled or Terminated Franchisees
- E. Financial Statements
- F. State Agency and Our Agent for Service of Process
- G. Addendum to Offering Circular and Franchise Agreement (If required by state law).
- H. Trail
- I. Certificate of Insurance

Date

Franchisee

RECEIPT

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CCF authorizes the state ~~agency~~ agencies or person listed on Exhibit F to the ~~Offering Circular~~ Disclosure Document to receive service of process ~~for CCF~~ in the particular state. I have received ~~a Uniform Franchise Offering Circular~~ disclosure document dated January 1, ~~2022~~ 2024. ~~This Offering Circular~~ that included the following Exhibits:

- A. Agreement for License and Service
- B. Table of Contents of Operations Manual
- C. List of Franchisees
- D. List of Cancelled or Terminated Franchisees
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- F. State Agency and Our Agent for Service of Process
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- H. Trail
- I. Certificate of Insurance

Date

Franchisee