

FRANCHISE DISCLOSURE DOCUMENT



E & G FRANCHISE SYSTEMS, INC.

800 Wisconsin St. Mailbox 74Bldg D2

Suite 315

Eau Claire, Wisconsin 54703

(715) 833-1375

www.erbertandgerberts.com

ewolfe@egsubs.com

E & G Franchise Systems, Inc. (the "Company") franchises Erbert & Gerbert's Sandwich Shop restaurants ("E & G Restaurants"), which feature gourmet sandwiches and specialty soups to be served on the premises and for pick-up by, or delivery to, the customer.

The total investment necessary to begin operation of an E & G Restaurant in a Traditional Location is \$193,820 to \$460,270. This includes \$32,500 to \$35,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of an E & G Restaurant in a Non-Traditional Location is from \$39,500 to \$196,750. This includes \$6,250 to \$10,750 that must be paid to the franchisor or affiliate. ~~If you sign an Area Development Agreement, you will pay us a nonrefundable Territory Fee of \$10,000 times the number of E & G Restaurants you agree to develop. We will apply the \$10,000 payment against future Initial Franchise Fees for your E & G Restaurants that you develop under the Area Development Agreement.~~

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Eric Wolfe at 800 Wisconsin St Mailbox 74, Bldg D2 Suite 315, Eau Claire, Wisconsin 54703, (715) 271-4177.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 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 also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 24, 2024

ITEM 21

FINANCIAL STATEMENTS

Our fiscal year end is December 31.

Attached as Exhibit A to this disclosure document are the unaudited financial statements as of September 30, 2024 and the audited financial statements for the Company as of December 31, 2021, 2022 and 2023.

ITEM 22

CONTRACTS

The following are attached to this disclosure document:

Exhibit D – Franchise Agreement (Traditional)

Exhibit E – Franchise Agreement (Non-Traditional)

Exhibit F – Area Development Agreement

ITEM 23

RECEIPTS

See Exhibit I.

UNAUDITED FINANCIAL STATEMENTS

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

None

{0047256500179053.DOCX. }

Balance Sheet

As of September 30, 2024

	Sep 30, 24
ASSETS	
Current Assets	
Checking/Savings	
10500 · Cash on Hand	20.00
10700 · Cash on Bank - Checking	
10750 · Restricted Cash - Advertising	132,494.73
10700 · Cash on Bank - Checking - Other	1,310,715.01
Total 10700 · Cash on Bank - Checking	1,443,209.74
10900 · Advertising - Media	28,813.29
10975 · Advertising - Gift Card Account	241,403.84
Total Checking/Savings	1,713,446.87
Accounts Receivable	
1200 · *Accounts Receivable	72,363.76
Total Accounts Receivable	72,363.76
Other Current Assets	
11301 · Due from EGSUBS 1, Inc.	84,275.93
11303 · Due from EGSUBS 3, Inc.	172,532.98
11306 · Due from EGSUBS 6, Inc.	557,398.21
11307 · Due from EGSUBS 7, Inc.	164,512.71
11310 · Accounts Receivable - EW	9,766.44
11406 · Royalty Receivable -Bloomington	749.32
11407 · Royalty Receivable-New Brighton	1,139.31
11408 · Royalties Receivable - Anoka	896.87
11410 · Royalties Receivable-Eau Claire	263.52
11412 · Royalties Receivable - Duluth	1,678.93
11413 · Royalties Receivable -Menomonie	746.23
11414 · Royalties Rec.- Stevens Point	749.77
11416 · Royalties Receivable-W St. Paul	946.85
11417 · Royalties Receivable -Green Bay	702.16
11422 · Royalties Rec - Energy Park	559.91
11428 · Royalty Receivable-St. Peter	1,072.67
11429 · Royalties Rec. - Duluth West	1,281.00
11430 · Royalties Rec. - De Pere	642.03
11431 · Royalties Receivable - Casaloma	704.81
11432 · Royalties Receivable - Winona	2,160.43
11435 · Royalties Receivable - Superior	1,526.84
11436 · Royalties Rec. - Madison Ave.	933.04
11441 · Royalties Receivable - Antigo	599.45
11443 · Royalties Rec - Lake Hallie	698.81
11444 · Royalty Receivable - St.Cloud W	905.28
11445 · Royalty Rec - Rochester NW	821.53
11446 · Royalty Receivable - Champlain	424.09
11448 · Royalties Receivable - Willmar	662.77
11449 · Royalties Receivable -Moorhead	962.84
11450 · Royalties Receivable - Hudson	757.06
11452 · Royalties Rec - Green Bay West	483.61
11454 · Royalties Rec.- St. Paul	479.04
11455 · Royalties Receivable -Lakeville	572.55
11457 · Royalties Receivable - Sartell	803.49
11458 · Royalties Receivable - Fargo S.	817.47
11459 · Royalties Receivable - Cloquet	1,180.92
11462 · Royalties Receivable -Hiawatha	163.36
11463 · Royalties Receivable - Freedom	557.58
11464 · Royalties Receivable - Bemidji	1,235.68
11466 · Royalties Rec. - Apple Valley	631.44
11467 · Royalties Receivable - Big Lake	686.39
11469 · Royalties Rec. - Fargo Broadway	542.25
11470 · Royalties Rec - Princeton	864.15
11474 · Roy Receivable - Clairemont Ave	1,213.35
11478 · Royalties Rec - N Mankato	719.53
11482 · Royalties Receivable - Hibbing	1,636.04

Balance Sheet

As of September 30, 2024

	Sep 30, 24
11525 · Royalties Rec - Univer of Iowa	299.72
11548 · Royalties Rec - Otsego	836.84
11900 · Due from Advertising Fund	66,289.43
12100 · Prepaid Expense	49,100.38
12300 · Rent Security Deposit	5,449.86
Total Other Current Assets	1,145,634.87
Total Current Assets	2,931,445.50
Fixed Assets	
14800 · Furniture and Fixtures	5,354.13
15000 · Equipment	19,694.50
15100 · Vehicles	59,323.90
Total Fixed Assets	84,372.53
Other Assets	
15400 · Accumulated Depreciation	-80,103.86
17000 · Right of Use Asset - Gross	112,984.00
17100 · ROU Asset Accumulated Amortizat	-38,693.00
Total Other Assets	-5,812.86
TOTAL ASSETS	3,010,005.17
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20300 · Accounts Payable	39,960.27
Total Accounts Payable	39,960.27
Other Current Liabilities	
20100 · Ad Trust Fund Payable	95,018.59
20200 · Accrued Gift Cards	241,403.84
21100 · Accrued State Withholding	518.22
21300 · Accrued SUTA	166.76
21500 · Accrued FUTA	42.00
21700 · Accrued Payroll	40,245.44
21800 · Accrued Medical/Dental Deduct	-700.01
29000 · Lease Liability - Current	34,947.00
Total Other Current Liabilities	411,641.84
Total Current Liabilities	451,602.11
Long Term Liabilities	
29100 · Lease Liability - Long Term	40,907.00
Total Long Term Liabilities	40,907.00
Total Liabilities	492,509.11
Equity	
27500 · Common Stock	70,200.00
27700 · Additional Paid in Capital	16,726.61
28400 · Dividends	-300,508.01
3900 · Retained Earnings	2,264,663.28
Net Income	466,414.18
Total Equity	2,517,496.06
TOTAL LIABILITIES & EQUITY	3,010,005.17

Income Statement

September 2024

Ordinary Income/Expense	Sep 24	Jan - Sep 24
Income		
30200 · Franchise Fee Income	-12,500.00	38,500.00
30300 · Franchise Fee Income - Non-Trad	0.00	17,500.00
30400 · Accrued Royalty Fee Income	7,193.41	-128.75
30410 · Royalty Fee Income - Eau Claire	919.50	1,379.84
30412 · Royalty Fee Income - Duluth	4,267.00	45,796.09
30413 · Royalty Fee Income - Menomonie	2,859.25	24,048.45
30414 · Royalty Fee Income - Stevens Pt	2,873.14	29,350.33
30415 · Royalty Fee Income - Oshkosh	0.00	7,082.74
30417 · Royalty Fee Income - Green Bay	2,199.26	22,120.03
30423 · Royalty Fee Income - Sartell	3,468.93	26,951.54
30428 · Royalty Fee Income - St. Peter	3,308.81	28,396.75
30429 · Royalty Fee - Spirit Valley	4,431.90	41,011.11
30430 · Royalty Fee Income - DePere	1,918.37	20,794.24
30431 · Royalty Fee Income - Casaloma	2,582.88	25,580.01
30432 · Royalty Fee Income - Winona	8,806.39	80,986.58
30433 · Royalty Fee Income - Wausau	923.23	10,477.31
30435 · Royalty Fee Income - Superior	5,377.97	55,532.41
30436 · Royalty Fee Income - Madison St	3,044.03	30,312.55
30442 · Royalty Fee Income - Kenwood	0.00	18,824.44
30444 · Royalty Fee Income -St. Cloud W	2,970.96	30,385.75
30445 · Royalty Fee Income-RochesterNW	2,725.99	29,284.15
30448 · Royalty Fee Income - Willmar	2,063.46	20,555.98
30449 · Royalty Fee Income - Moorhead	2,748.50	26,932.10
30450 · Royalty Fee Income - Hudson	1,865.32	18,096.12
30451 · Royalty Fee Income - Bismarck	0.00	1,431.13
30454 · Royalty Fee Income - St. Paul	1,833.41	16,894.60
30455 · Royalty Fee Income - Lakeville	1,990.44	20,947.30
30458 · Royalty Fee Income - Fargo S.	2,504.00	26,520.17
30459 · Royalty Fee Income - Cloquet	4,516.67	39,743.80
30464 · Royalty Fee Income - Bemidji	3,811.28	38,365.80
30466 · Royalty Fee Income-Apple Valley	2,234.54	21,796.46
30469 · Roy Fee Income - Fargo Broadway	1,765.96	17,245.73
30474 · Roy Fee Income - Clairemont Ave	4,214.74	40,158.06
30482 · Royalty Fee Income - Hibbing	5,729.13	52,157.58
30484 · Royalty Fee Income - N. Mankato	2,570.50	22,550.46
30488 · Royalty Fee Income - Princeton	3,793.74	36,320.98
30489 · Royalty Fee Income - Bloomingto	2,688.75	25,728.32
30490 · Royalty Fee Income - Big Lake	3,644.34	26,637.05
30491 · Royalty Fee Income - Antigo	2,148.49	20,360.02
30492 · Royalty Fee Income - Freedom	1,809.24	14,842.28
30493 · Royalty Fee Income - Hiawatha	716.79	5,920.29
30498 · Royalty Fee Income -Energy Park	1,705.86	18,632.39
30503 · Royalty Fee Income-New Brighton	4,239.30	40,286.20
30506 · Royalty Fee Income -Lake Hallie	2,636.17	24,221.14
30507 · Royalty Fee Income - Anoka	3,167.29	30,946.99
30508 · Roy Fee Income - Green Bay West	1,828.59	18,861.79
30511 · Royalty Fee Income - Champlain	1,492.37	14,445.34
30512 · Royalty Fee Income - W St. Paul	2,738.04	28,862.35
30803 · Royalty Fee Income - UMN	0.00	7,513.71
30804 · Royalty Fee Income - UWEC	0.00	8,504.46
30807 · Royalty Income - UW La Crosse	0.00	7,048.38
30808 · Royalty Income - SD State Univ	814.38	7,956.26
30810 · Royalty Fee Income-UWWhitewater	0.00	31,456.93
30813 · Roy Fee Income - UW River Falls	0.00	6,910.17
30817 · Royalty Fee Income - Marquette	213.26	4,587.52
30820 · Royalty Fee - Univer of Iowa	175.92	1,623.15
30832 · Royalty Fee Income-Western Tech	0.00	3,174.82
30833 · Royalty Income- St. Cloud State	138.03	2,000.66
30835 · Royalty Fee Income Grand Valley	0.00	4,357.01
30839 · Royalty Fee Income-Ferris State	2,307.97	4,353.41
30841 · Royalty Fee Income -Wayne State	0.00	6,503.82
30842 · Royalty Fee Income - UNCC	803.15	3,487.52
30843 · Royalty Income - Univ of Toledo	138.63	3,235.27
30844 · Royalty Income-Univ of NE Omaha	56.59	1,674.37

E & G Franchise Systems, Inc.

Income Statement

September 2024

10/11/24

Accrual Basis

	Sep 24	Jan - Sep 24
30845 · Royalty Fee - Grand Valley 2	297.84	4,784.86
30846 · Royalty Fee Income - Otsego	3,961.35	14,783.35
Total Income	126,735.06	1,377,601.67
Gross Profit	126,735.06	1,377,601.67
Expense		
40000 · Sales & Development		
40100 · Auto/Travel Expense		
40120 · Sales	0.00	290.41
Total 40100 · Auto/Travel Expense	0.00	290.41
41000 · Construction Consultant	5,000.00	46,114.10
41050 · Real Estate Consultant	0.00	4,000.00
41400 · Trade Show Expense	0.00	4,950.00
41600 · Non-Traditional Advertising	0.00	1,191.10
418000 · SEO/Online Advertising	1,513.94	14,438.82
42000 · Franchise Sales Materials	45.80	45.80
Total 40000 · Sales & Development	6,559.74	71,030.23
42500 · Operations Department		
42525 · Wages	46,537.07	397,693.67
42550 · Payroll Taxes	3,226.44	29,784.35
42575 · Benefits	2,512.74	16,542.52
42600 · Auto/Travel Expense	5,199.53	33,114.38
42650 · Air Travel	0.00	1,897.10
42700 · Meal Expense	1,320.30	6,034.42
42800 · Lodging Expense	5,770.37	20,730.67
42900 · Cell Phone Expense	210.00	1,189.00
43000 · Training & Education Expense	0.00	258.43
43100 · Equipment/Supplies Expense	0.00	3,641.73
43200 · New Store Opening Expense	0.00	3,124.55
43300 · Uniform Expense	2,004.02	5,368.22
43400 · Research & Development	2,212.52	2,481.88
43600 · Bonus	0.00	5,500.00
Total 42500 · Operations Department	68,992.99	527,360.92
44000 · Corporate Store Division		
44100 · Auto/Travel Expense	58.03	118.03
Total 44000 · Corporate Store Division	58.03	118.03
45000 · IT Department		
45025 · Wages	0.00	5,700.18
45050 · Payroll Taxes	0.00	551.69
45075 · Benefits	0.00	1,166.80
45100 · Auto/Travel Expense	0.00	33.50
45900 · Hardware Expense	0.00	414.90
46100 · IT Consulting	0.00	15,427.29
46200 · Corporate IT Services Expense	2,907.76	39,501.17
Total 45000 · IT Department	2,907.76	62,795.53
46500 · POS Department		
46525 · Wages	5,930.96	54,169.41
46550 · Payroll Taxes	423.46	4,239.18
46575 · Benefits	272.41	2,562.40
46600 · Auto/Travel Expense	100.50	413.00
46700 · Meal Expense	0.00	90.65
46900 · Cell Phone Expense	74.70	737.74
47100 · Equipment & Supplies Expense	7.56	76.96
47400 · POS Expense	3,137.39	27,038.02
47425 · Bonus	0.00	1,179.48
Total 46500 · POS Department	9,946.98	90,506.84

Income Statement

September 2024

10/11/24

Accrual Basis

	Sep 24	Jan - Sep 24
50000 · Officer Expenses		
50025 · Wages	20,522.85	187,442.03
50050 · Payroll Taxes	825.65	13,081.91
50075 · Benefits	2,737.41	30,092.40
50100 · Auto/Travel Expense	1,349.83	16,284.40
50150 · Air Travel	0.00	1,838.57
50200 · Meal Expense	371.04	5,994.66
50300 · Lodging Expense	334.63	2,767.30
50400 · Cell Phone Expense	184.16	3,165.64
50500 · Equipment/Supplies Expense	0.00	731.24
50680 · Officer Training & Education	0.00	33.75
Total 50000 · Officer Expenses	26,325.57	261,431.90
52500 · Administrative Department		
52525 · Wages	7,417.58	109,477.03
52550 · Payroll Taxes	529.62	7,876.47
52575 · Benefits	58.17	2,364.78
52600 · Auto/Travel Expense	0.00	3,456.43
52700 · Meal Expense	0.00	32.32
52900 · Cell Phone Expense	74.70	737.74
53300 · Equipment/Supplies Expense	0.00	9.02
53600 · HR Consultant	2,500.00	22,500.00
Total 52500 · Administrative Department	10,580.07	146,453.79
56000 · Legal	4,860.00	26,925.00
56050 · Accounting Services	13,372.98	38,837.67
56150 · Employment Costs	124.00	28,637.92
56210 · Office Supplies		
56200 · Office Supplies Corp	998.30	2,874.06
56201 · Office Supplies - Postage	16.38	472.56
56203 · Office Supplies - Mpls Office	0.00	285.30
Total 56210 · Office Supplies	1,014.68	3,631.92
56250 · Postal Meter Rental	384.57	1,651.72
56500 · Bank Service Charge	412.62	3,868.12
56550 · Credit Card Service Fee	25.10	708.99
56600 · Telephone		
56650 · Minneapolis Office	255.86	2,315.66
56600 · Telephone - Other	0.00	3,181.89
Total 56600 · Telephone	255.86	5,497.55
57000 · Dues & Memberships	0.00	1,849.00
57100 · Licenses & Fees	0.00	26.00
57300 · Insurance	3,754.93	31,303.67
57500 · Rent		
57550 · Minneapolis Office	6,007.79	53,406.18
57500 · Rent - Other	320.00	2,935.00
Total 57500 · Rent	6,327.79	56,341.18
57800 · Franchisee Convention	-1,419.38	17,493.86
58000 · Repairs & Maintenance	319.50	3,654.81
58100 · Depreciation Expense	4,000.00	9,000.00
59000 · Contributions	0.00	9,950.00
60000 · Moving Expense	0.00	10,806.54
65000 · Miscellaneous Expense	-6.60	2,465.00
Total Expense	158,797.19	1,412,346.19
Net Ordinary Income	-32,062.13	-34,744.52

E & G Franchise Systems, Inc.

Income Statement

September 2024

10/11/24

Accrual Basis

	Sep 24	Jan - Sep 24
Other Income/Expense		
Other Income		
71000 · Miscellaneous Income	0.00	2,341.67
71200 · Training Fee Income	0.00	500.00
71500 · Management Fee Income	2,000.00	18,000.00
71600 · Rebate Income		
71601 · Rebates	37,205.57	442,346.52
71604 · Franchisee Convention	5,000.00	35,500.00
71611 · Marketing Support	-500.00	-4,500.00
Total 71600 · Rebate Income	41,705.57	473,346.52
72000 · Interest Income	4,117.30	38,103.54
Total Other Income	47,822.87	532,291.73
Other Expense		
75000 · Professional Services	5,700.00	31,110.03
82000 · State Income Taxes	0.00	23.00
Total Other Expense	5,700.00	31,133.03
Net Other Income	42,122.87	501,158.70
Net Income	10,060.74	466,414.18

Income Statement

September 2024

Ordinary Income/Expense	% of Income
Income	
30200 · Franchise Fee Income	-9.9%
30300 · Franchise Fee Income - Non-Trad	0.0%
30400 · Accrued Royalty Fee Income	5.7%
30410 · Royalty Fee Income - Eau Claire	0.7%
30412 · Royalty Fee Income - Duluth	3.4%
30413 · Royalty Fee Income - Menomonie	2.3%
30414 · Royalty Fee Income - Stevens Pt	2.3%
30415 · Royalty Fee Income - Oshkosh	0.0%
30417 · Royalty Fee Income - Green Bay	1.7%
30423 · Royalty Fee Income - Sartell	2.7%
30428 · Royalty Fee Income - St. Peter	2.6%
30429 · Royalty Fee - Spirit Valley	3.5%
30430 · Royalty Fee Income - DePere	1.5%
30431 · Royalty Fee Income - Casaloma	2.0%
30432 · Royalty Fee Income - Winona	6.9%
30433 · Royalty Fee Income - Wausau	0.7%
30435 · Royalty Fee Income - Superior	4.2%
30436 · Royalty Fee Income - Madison St	2.4%
30442 · Royalty Fee Income - Kenwood	0.0%
30444 · Royalty Fee Income -St. Cloud W	2.3%
30445 · Royalty Fee Income-RochesterNW	2.2%
30448 · Royalty Fee Income - Willmar	1.6%
30449 · Royalty Fee Income - Moorhead	2.2%
30450 · Royalty Fee Income - Hudson	1.5%
30451 · Royalty Fee Income - Bismarck	0.0%
30454 · Royalty Fee Income - St. Paul	1.4%
30455 · Royalty Fee Income - Lakeville	1.6%
30458 · Royalty Fee Income - Fargo S.	2.0%
30459 · Royalty Fee Income - Cloquet	3.6%
30464 · Royalty Fee Income - Bemidji	3.0%
30466 · Royalty Fee Income-Apple Valley	1.8%
30469 · Roy Fee Income - Fargo Broadway	1.4%
30474 · Roy Fee Income - Clairemont Ave	3.3%
30482 · Royalty Fee Income - Hibbing	4.5%
30484 · Royalty Fee Income - N. Mankato	2.0%
30488 · Royalty Fee Income - Princeton	3.0%
30489 · Royalty Fee Income - Bloomingto	2.1%
30490 · Royalty Fee Income - Big Lake	2.9%
30491 · Royalty Fee Income - Antigo	1.7%
30492 · Royalty Fee Income - Freedom	1.4%
30493 · Royalty Fee Income - Hiawatha	0.6%
30498 · Royalty Fee Income -Energy Park	1.3%
30503 · Royalty Fee Income-New Brighton	3.3%
30506 · Royalty Fee Income -Lake Hallie	2.1%
30507 · Royalty Fee Income - Anoka	2.5%
30508 · Roy Fee Income - Green Bay West	1.4%
30511 · Royalty Fee Income - Champlain	1.2%
30512 · Royalty Fee Income - W St. Paul	2.2%
30803 · Royalty Fee Income - UMN	0.0%
30804 · Royalty Fee Income - UWEC	0.0%
30807 · Royalty Income - UW La Crosse	0.0%
30808 · Royalty Income - SD State Univ	0.6%
30810 · Royalty Fee Income-UWWhitewater	0.0%
30813 · Roy Fee Income - UW River Falls	0.0%
30817 · Royalty Fee Income - Marquette	0.2%
30820 · Royalty Fee - Univer of Iowa	0.1%
30832 · Royalty Fee Income-Western Tech	0.0%
30833 · Royalty Income- St. Cloud State	0.1%
30835 · Royalty Fee Income Grand Valley	0.0%
30839 · Royalty Fee Income-Ferris State	1.8%
30841 · Royalty Fee Income -Wayne State	0.0%
30842 · Royalty Fee Income - UNCC	0.6%
30843 · Royalty Income - Univ of Toledo	0.1%
30844 · Royalty Income-Univ of NE Omaha	0.0%

E & G Franchise Systems, Inc. Income Statement September 2024

	% of Income
30845 · Royalty Fee - Grand Valley 2	0.2%
30846 · Royalty Fee Income - Otsego	3.1%
Total Income	100.0%
Gross Profit	100.0%
Expense	
40000 · Sales & Development	
40100 · Auto/Travel Expense	
40120 · Sales	0.0%
Total 40100 · Auto/Travel Expense	0.0%
41000 · Construction Consultant	3.9%
41050 · Real Estate Consultant	0.0%
41400 · Trade Show Expense	0.0%
41600 · Non-Traditional Advertising	0.0%
418000 · SEO/Online Advertising	1.2%
42000 · Franchise Sales Materials	0.0%
Total 40000 · Sales & Development	5.2%
42500 · Operations Department	
42525 · Wages	36.7%
42550 · Payroll Taxes	2.5%
42575 · Benefits	2.0%
42600 · Auto/Travel Expense	4.1%
42650 · Air Travel	0.0%
42700 · Meal Expense	1.0%
42800 · Lodging Expense	4.6%
42900 · Cell Phone Expense	0.2%
43000 · Training & Education Expense	0.0%
43100 · Equipment/Supplies Expense	0.0%
43200 · New Store Opening Expense	0.0%
43300 · Uniform Expense	1.6%
43400 · Research & Development	1.7%
43600 · Bonus	0.0%
Total 42500 · Operations Department	54.4%
44000 · Corporate Store Division	
44100 · Auto/Travel Expense	0.0%
Total 44000 · Corporate Store Division	0.0%
45000 · IT Department	
45025 · Wages	0.0%
45050 · Payroll Taxes	0.0%
45075 · Benefits	0.0%
45100 · Auto/Travel Expense	0.0%
45900 · Hardware Expense	0.0%
46100 · IT Consulting	0.0%
46200 · Corporate IT Services Expense	2.3%
Total 45000 · IT Department	2.3%
46500 · POS Department	
46525 · Wages	4.7%
46550 · Payroll Taxes	0.3%
46575 · Benefits	0.2%
46600 · Auto/Travel Expense	0.1%
46700 · Meal Expense	0.0%
46900 · Cell Phone Expense	0.1%
47100 · Equipment & Supplies Expense	0.0%
47400 · POS Expense	2.5%
47425 · Bonus	0.0%
Total 46500 · POS Department	7.8%

Income Statement

September 2024

	<u>% of Income</u>
50000 · Officer Expenses	
50025 · Wages	16.2%
50050 · Payroll Taxes	0.7%
50075 · Benefits	2.2%
50100 · Auto/Travel Expense	1.1%
50150 · Air Travel	0.0%
50200 · Meal Expense	0.3%
50300 · Lodging Expense	0.3%
50400 · Cell Phone Expense	0.1%
50500 · Equipment/Supplies Expense	0.0%
50680 · Officer Training & Education	0.0%
Total 50000 · Officer Expenses	20.8%
52500 · Administrative Department	
52525 · Wages	5.9%
52550 · Payroll Taxes	0.4%
52575 · Benefits	0.0%
52600 · Auto/Travel Expense	0.0%
52700 · Meal Expense	0.0%
52900 · Cell Phone Expense	0.1%
53300 · Equipment/Supplies Expense	0.0%
53600 · HR Consultant	2.0%
Total 52500 · Administrative Department	8.3%
56000 · Legal	3.8%
56050 · Accounting Services	10.6%
56150 · Employment Costs	0.1%
56210 · Office Supplies	
56200 · Office Supplies Corp	0.8%
56201 · Office Supplies - Postage	0.0%
56203 · Office Supplies - Mpls Office	0.0%
Total 56210 · Office Supplies	0.8%
56250 · Postal Meter Rental	0.3%
56500 · Bank Service Charge	0.3%
56550 · Credit Card Service Fee	0.0%
56600 · Telephone	
56650 · Minneapolis Office	0.2%
56600 · Telephone - Other	0.0%
Total 56600 · Telephone	0.2%
57000 · Dues & Memberships	0.0%
57100 · Licenses & Fees	0.0%
57300 · Insurance	3.0%
57500 · Rent	
57550 · Minneapolis Office	4.7%
57500 · Rent - Other	0.3%
Total 57500 · Rent	5.0%
57800 · Franchisee Convention	-1.1%
58000 · Repairs & Maintenance	0.3%
58100 · Depreciation Expense	3.2%
59000 · Contributions	0.0%
60000 · Moving Expense	0.0%
65000 · Miscellaneous Expense	-0.0%
Total Expense	125.3%
Net Ordinary Income	-25.3%

E & G Franchise Systems, Inc.
Income Statement
September 2024

	% of Income
Other Income/Expense	
Other Income	
71000 · Miscellaneous Income	0.0%
71200 · Training Fee Income	0.0%
71500 · Management Fee Income	1.6%
71600 · Rebate Income	
71601 · Rebates	29.4%
71604 · Franchisee Convention	3.9%
71611 · Marketing Support	-0.4%
Total 71600 · Rebate Income	32.9%
72000 · Interest Income	3.2%
Total Other Income	37.7%
Other Expense	
75000 · Professional Services	4.5%
82000 · State Income Taxes	0.0%
Total Other Expense	4.5%
Net Other Income	33.2%
Net Income	7.9%

STATE LAW ADDENDUM – ILLINOIS

Notwithstanding anything contained in the foregoing Franchise Agreement, Area Development Agreement (“ADA”) and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the Illinois Franchise Disclosure Act (“Act”) shall apply to any franchise located in the State of Illinois, which shall control to the extent of any inconsistency:

Illinois law governs the Franchise Agreement and the ADA.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement or ADA that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement or ADA may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

E & G FRANCHISE SYSTEMS, INC.	DEVELOPER
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

STATE LAW ADDENDUM – INDIANA

~~————— This Addendum shall pertain to franchises sold in the State of Indiana and shall be for the purpose of complying with Indiana statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement, Area Development Agreement and Franchise Disclosure Document ("FDD") to the contrary, each shall be amended as follows:~~

~~————— In recognition of the requirements of the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7, the parties agree as follows:~~

~~————— 1. The release that you must sign as a condition to renewal or transfer shall not apply to claims arising under the Indiana Deceptive Franchise Practices Law, Indiana Code 23-2-2.7.~~

~~————— 2. The Indiana Franchise Law (Indiana Code 23-2-2.5 and 23-2-2.7) will control where applicable.~~

~~Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement, Area Development Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.~~

~~E & G FRANCHISE SYSTEMS, INC. _____ DEVELOPER~~

~~By: _____ By: _____
Its: _____ Its: _____~~

~~Date: _____ Date: _____~~

STATE LAW ADDENDUM – MINNESOTA

~~Notwithstanding anything contained in the Franchise Agreement, Area Development Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:~~

- ~~1. Section X.B of the Franchise Agreement and Item 13 of the FDD: We agree to protect you against claims of infringement or unfair competition with respect to your authorized use of the Marks when, in the opinion of counsel to us, your rights granted therein warrant protection.~~
- ~~2.1. Section XIX.F of the Franchise Agreement, Article 11.6 in the Area Development Agreement, the State Cover Sheet and Item 17v and 17w of the FDD are modified to provide the following: Minn. Stat. §§80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the law of Minnesota.~~
- ~~3.1. Section XIX.F of the Franchise Agreement, Article 7 in the Area Development Agreement and Item 17 of the FDD are hereby modified to provide the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sect 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you will be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.~~
- ~~4.1. Sections V.C and XVI.B.4 of the Franchise Agreement and 17.b and 17.m of the FDD are hereby modified as follows: Any release executed in connection herewith will not apply to any claims that may arise under the Minnesota Franchise Act.~~
- ~~5.1. Sections XIX.F and XXIII.B of the Franchise Agreement, Articles 11.6 and 11.14 of the Area Development Agreement and 17b, 17.v and 17.w of the FDD are hereby modified to the extent required by the follows:~~

~~"Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400 (J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."~~

- ~~6.1. Section XXIII.D of the Franchise Agreement is hereby modified as follows: The limitation of claims is 3 years instead of 1 year pursuant to the Minnesota Statutes, Section 80C.17, Subd.5.~~

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

E & G FRANCHISE SYSTEMS, INC.

DEVELOPER

By: _____ By: _____
Its: _____ Its: _____
Date: _____ Date: _____

STATE LAW ADDENDUM - INDIANA

This Addendum shall pertain to franchises sold in the State of Indiana and shall be for the purpose of complying with Indiana statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement, Area Development Agreement and Franchise Disclosure Document ("FDD") to the contrary, each shall be amended as follows:

In recognition of the requirements of the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7, the parties agree as follows:

1. The release that you must sign as a condition to renewal or transfer shall not apply to claims arising under the Indiana Deceptive Franchise Practices Law, Indiana Code 23-2-2.7.

2. The Indiana Franchise Law (Indiana Code 23 2 2.5 and 23 2 2.7) will control where applicable.

Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement, Area Development Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

E & G FRANCHISE SYSTEMS, INC. DEVELOPER

By: By:
Its: Its:

Date: Date:

STATE LAW ADDENDUM - MINNESOTA

Notwithstanding anything contained in the Franchise Agreement, Area Development Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:

1. Section X.B of the Franchise Agreement and Item 13 of the FDD: We agree to protect you against claims of infringement or unfair competition with respect to your authorized use of the Marks when, in the opinion of counsel to us, your rights granted therein warrant protection.
2. Section XIX.F of the Franchise Agreement, Article 11.6 in the Area Development Agreement, the State Cover Sheet and Item 17v and 17w of the FDD are modified to provide the following: Minn. Stat. §§80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the law of Minnesota.
3. Section XIX.F of the Franchise Agreement, Article 7 in the Area Development Agreement and Item 17 of the FDD are hereby modified to provide the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sect 80C.14, subs. 3, 4 and 5 which require, except in certain specified cases, that you will be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.
4. Sections V.C and XVI.B.4 of the Franchise Agreement and 17.b and 17.m of the FDD are hereby modified as follows: Any release executed in connection herewith will not apply to any claims that may arise under the Minnesota Franchise Act.
5. Sections XIX.F and XXIII.B of the Franchise Agreement, Articles 11.6 and 11.14 of the Area Development Agreement and 17b, 17.v and 17.w of the FDD are hereby modified to the extent required by the follows:

"Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400 (J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

6. Section XXIII.D of the Franchise Agreement is hereby modified as follows: The limitation of claims is 3 years instead of 1 year pursuant to the Minnesota Statutes, Section 80C.17, Subd.5.
7. 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.

7-8. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement, Area Development Agreement and FDD shall remain in full force and effect, except

to the extent specifically modified herein.

E & G FRANCHISE SYSTEMS, INC.

DEVELOPER

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

State Effective Dates

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

This 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
Illinois	May 9 June 10, 2024
Michigan	Pending
Minnesota	Pending
North Dakota	June 24, 2024
South Dakota	May 9, 2024
Wisconsin	April 29, 2024

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.