

(8) Although we do not charge any additional fees for the initial training program, you must pay any wages due to your employees as well as travel, food and lodging expenses incurred by you and your employees during initial training. The cost will depend on the distance you and your employees must travel and the type of accommodations you choose.

(9) You must purchase certain proprietary beans and recipe items which constitute key components of the System, the cost of which is included here. Also included in our estimate is the opening food inventory, uniforms, linens, small wares, first aid supplies, office supplies, initial cleaning supplies, gift cards, menus and other printed items and opening cash drawer. The amount of your initial inventory will vary depending on the sales volume you anticipate for your Cafe and current market prices.⁽¹⁰⁾ Your miscellaneous pre-opening expenses may include utility deposits, installation of telephones, legal or accounting services, office supplies, menu printing, etc.

(10) This is an estimate only of the range of initial start-up expenses that you may incur. This amount does not include any payroll owner draw, or subcontractor installers' costs. The actual amount of additional funds that you will need depends upon a variety of factors, including your own management skill, economic conditions, competition in your area and other factors. The estimate is for a period of 3 months. The estimate of additional funds is based on our affiliate's experience and expertise in the metropolitan Detroit area, but no assurance can be given that these estimates are accurate for your franchise. These amounts are generally not refundable. Your personal living expenses are not included in the additional funds (working capital) estimates. You will need to make sure that you have appropriate reserves to cover your own living expenses during the first several months after your business commences.

(11) We relied on our affiliates' experience in developing and operating a similar business to compile these estimates. ~~You should, of course, review these figures carefully with a business advisor before making any decision to purchase the franchise.~~

(12) Except as may be noted, none of the payments to us are refundable. The refundability of payments to other parties is determined by your agreements with those parties.

(13) We do not offer any financing for any part of your initial investment. You may, however, finance a portion of your initial investment with a third party. The availability and terms of financing with third parties will depend on factors including the availability of financing generally, your credit history, collateral you may have, and the lending policies of financial or leasing institutions.

Multi-Unit Franchises

In addition to the initial investment described above for each individual franchise Cafe that Multi-Unit Developer owns and operates, Multi-Unit Developer will incur the following expenses:

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Multi-Unit Development Fee ⁽¹⁾	\$72,500 for 2 Cafes to \$140,000 for 5 Cafes	Lump sum	When the Multi-Unit Agreement is signed	Us

ITEM 21--FINANCIAL STATEMENTS

Our fiscal year end is July 31. The following financial statements are attached as Exhibit A: (i) Unaudited Profit and Loss Statement and Statement of Cash Flow for the period of January 1, 2024 to June 30, 2024, (ii) unaudited balance sheet dated June 30, 2024 (iii) Our audited balance sheet ending July 31, 2023 and statement of income and operations for the period of January 6, 2023 (date of inception) through July 31, 2023, (iv) unaudited balance sheet dated December 31, 2023 and (v) unaudited profit and loss statement for the period of January 1, 2023 – December 31, 2023. We have not been in business for three (3) years and therefore are unable to provide requisite financial statements for our past three (3) fiscal years.

ITEM 22--CONTRACTS

Attached to this disclosure document are copies of the following agreements relating to the offering of HARAZ COFFEE HOUSE franchise:

- B. Franchise Agreement
- C. Multi-Unit Agreement
- D. Personal Guaranty
- E. Confidentiality Agreement
- F. Assignment of Telephone Service Agreement
- G. Authorization Agreement for Electronic Funds Transfer
- H. Consent for Credit and Background Check
- I. Acknowledgment Addendum to Franchise Agreement
- J. Mutual Release

ITEM 23--RECEIPTS

Two copies of a Receipt that acknowledges your receipt of this Franchise Disclosure Document, including all Exhibits, are attached as Exhibit P. You must date and sign one copy of the Receipt and return it to us.

Management Report

Haraz Coffee House Franchise
For the period ended June 30, 2024



Marked
2024

Prepared by
Titan Tax & Accounting Services LLC

Prepared on
July 22, 2024

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Profit and Loss

January - June, 2024

	Total
INCOME	
Franchise Fee Revenue	325,000.00
Services	5,566.93
Total Income	330,566.93
GROSS PROFIT	
	330,566.93
EXPENSES	
Advertising & marketing	1,200.00
Charitable Contributions	6,500.00
Commissions & fees	587,500.00
Contract labor	3,000.00
General business expenses	
Bank fees & service charges	100.00
Total General business expenses	100.00
Legal & accounting services	
Legal fees	13,865.50
Total Legal & accounting services	13,865.50
Management Fees	604,157.07
QuickBooks Payments Fees	55.67
Total Expenses	1,216,378.24
NET OPERATING INCOME	-885,811.31
OTHER EXPENSES	
Home office	
Mortgage interest	25,000.00
Total Home office	25,000.00
Total Other Expenses	25,000.00
NET OTHER INCOME	-25,000.00
NET INCOME	\$ -910,811.31

Balance Sheet

As of June 30, 2024

	Total
ASSETS	
Current Assets	
Bank Accounts	
PERFBUS CHK (9658) - 1	910,203.81
Total Bank Accounts	910,203.81
Other Current Assets	
Inventory Asset	
Tiles	14,865.00
Total Inventory Asset	35,175.88
Notes Receivable	
Haraz Corcktown	180,000.00
Total Notes Receivable	180,000.00
Total Other Current Assets	230,040.88
Total Current Assets	1,140,244.69
TOTAL ASSETS	\$1,140,244.69
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Deferred Revenue	2,322,851.00
Total Other Current Liabilities	2,322,851.00
Total Current Liabilities	2,322,851.00
Total Liabilities	2,322,851.00
Equity	
Opening balance equity	150,415.00
Retained Earnings	-422,210.00
Net Income	-910,811.31
Total Equity	-1,182,606.31
TOTAL LIABILITIES AND EQUITY	\$1,140,244.69

Statement of Cash Flows

January - June, 2024

	Total
OPERATING ACTIVITIES	
Net Income	-910,811.31
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Inventory Asset	
Inventory Asset:Tiles	-14,865.00
Notes Receivable:Haraz Corcktown	-35,175.88
Deferred Revenue	-180,000.00
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	1,900,641.00
Net cash provided by operating activities	1,670,600.12
NET CASH INCREASE FOR PERIOD	759,788.81
Cash at beginning of period	759,788.81
CASH AT END OF PERIOD	150,415.00
	\$910,203.81