



FRANCHISE DISCLOSURE DOCUMENT

Blue Moon Franchise Systems, LLC
900 Wilshire Drive, Suite 102
Troy, MI 48084
(919) 632-4902
www.BlueMoonEstateSales.com

Blue Moon Franchise Systems, LLC (“Blue Moon”) offers franchises for the operation of a business that provides services dedicated to selling the personal property including, but not limited to, furniture, tools, jewelry, and décor, as well as the provision of consignment sales for those who are downsizing, relocating, or are deceased.

The total investment necessary to begin operation of a ~~single~~ Blue Moon franchise ~~ranges from~~ \$57,015 to \$113,325. This includes ~~paying us~~ \$62,100- that must be paid to the franchisor or its affiliate(s).

The total investment necessary to develop two (2) or three (3) Blue Moon franchises is \$102,165 to \$234,225. This includes \$56,700 to \$157,300 that must be paid to the franchisor or its affiliate(s).

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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

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 David Tarr at 900 Wilshire Drive, Suite 102, Troy, MI 48084, (248) 499-5190, dtarr@bestlifebrands.com.

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, 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.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “we,” “us,” “our,” or “Blue Moon” means Blue Moon Franchise Systems, LLC, the franchisor. “You,” “your,” or “Franchisee” means the person, and its owners, if the Franchisee is a business entity, who buys the franchise from Blue Moon.

The Franchisor

Blue Moon Franchise Systems, LLC previously known as Blue Moon Estate Sales USA, LLC is a North Carolina limited liability company that was organized on April 26, 2013. Our principal business address is located 900 Wilshire Drive, Suite 102, Troy, MI 48084 and our telephone number is (919) 632-4902. We do not do business under any names other than our legal name “Blue Moon Franchise Systems, LLC” and our trade names “Blue Moon Estate Sales.” We have offered franchises since 2013.

We are not engaged in any business other than offering Blue Moon franchises and administering the Blue Moon franchise system, nor have we offered franchises in any other line of business. We have not operated a business similar to the Blue Moon business being offered under this franchise. We do not have any predecessors required to be disclosed in this Item 1.

Our Parents and Affiliates

Our immediate parent company is Best Life Brands, LLC, a Michigan limited liability company, whose principal place of business is 900 Wilshire Drive, Suite 102, Troy, MI 48084-1600. Best Life Brands, LLC is owned entirely by CFC Holding Company, LLC, a Delaware limited liability company, whose principal place of business is 45 Rockefeller Center 630 Fifth Avenue, Suite 400, New York, NY 10111. CFC Holding Company, LLC’s majority owner is TRC CFC, LLC, whose principal place of business is 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

The name and principal business address of each of the companies that directly or indirectly control TRC CFC, LLC are as follows:

NAME OF COMPANY	PRINCIPAL BUSINESS ADDRESS	OWNERSHIP OR CONTROL OF COMPANY
RMCF IV Associates AIV I, L.P.	45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111	Owned by various individual investors and investor groups.
Riverside Micro-Cap Fund IV-A, L.P.	45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111	Owned by various individual investors and investor groups.
CFC Blocker Corporation	45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111	Wholly owned by Riverside Micro-Cap Fund IV-A, L.P.
TRC CFC, LLC	45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111	Majority owned by RMCF IV Associates AIV I, L.P. Minority owned by CFC Blocker Corporation

RMCF IV Associates AIV I, L.P. and Riverside Micro-Cap Fund IV-A, L.P. are part of The Riverside Company, a global private equity firm focused on investing in and acquiring growing businesses and it maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

Blue Moon offers a 20% discount off the initial franchise fee for each unit purchased to individuals who serve (or have served) their communities and country as first responders. The term "first responder" refers to those individuals who in the early stages of an incident are responsible for the protection and preservation of life, property, evidence, and the environment, including emergency response providers as defined in section 2 of the Homeland Security Act of 2002 (6 U.S.C. § 101), as well as emergency management, public health, clinical care, public works, and other skilled support personnel (such as equipment operators) that provide immediate support services during prevention, response, and recovery operations. This discount does not apply to Conversion Franchises.

Current Franchise Employee Discount

We offer a \$15,000 discount off the initial franchise fee to any current employee of a Blue Moon Franchised Business who wishes to become a Blue Moon franchisee. In order to qualify for this discount, the employee must have worked for an existing Blue Moon Franchised Business for at least 12 months as well as meet our then current new franchisee standards and requirements. Thereafter, if the employee is awarded a Blue Moon Franchised Business, the owner of the Blue Moon that employed him/her will receive a \$15,000 referral fee (upon receipt by us of the full discounted initial franchise fee from the employee.) These prospective franchisees are still required to complete all new franchisee training programs although we may accelerate or modify the training requirements, at our discretion, based on the prospective franchisee's operational experience or business acumen. The prospective franchisee cannot be bound by any existing franchise broker and/or franchise referral programs. In addition, you or your immediate relatives cannot have any ownership or equity in their proposed Franchised Business. The Referral Fee is not available for the state of Washington and for the resales of existing Franchised Businesses. We reserve the right to offer, modify, withdraw or reinstate any referral program in the future prior notice to you (but we will let you know once any changes have been implemented).

General Information Regarding Initial Fees

If you have signed a deposit agreement or a promissory note in favor of us for a portion of the initial franchise fee, you will pay to us the portion that has not been financed. The aforementioned initial fees are not refundable, and are fully earned by Blue Moon upon receipt. No other payments will be made to us for goods or services before the opening of your Franchised Business.

Referral Fee

If you refer an unrelated, third-party prospective franchisee directly to us and the prospective franchisee is granted the right to purchase a Franchised Business, upon receipt of the full initial franchise fee, we will pay you a single \$15,000 referral fee ("Referral Fee"). These referred prospective franchisees cannot be bound by any existing franchise broker and/or franchise referral programs. In addition, You or your immediate relatives cannot have any ownership or equity in their proposed Franchised Business. The Referral Fee is not available for the state of Washington and for the transfers of existing Franchised Businesses. We reserve the right to offer, modify (including reducing the Referral Fee), withdraw or reinstate any referral program in the future without prior notice to you (but we will let you know once any changes have been implemented).

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OTHER FEES

OTHER FEES			
TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee (Notes 1, 2 & 3)	<i>Standard Offering.</i> 5% of the Gross Sales with a Minimum Royalty Fee per month <i>Reduced Initial Fee Offering.</i> 7.5% of the Gross Sales with a Minimum Royalty Fee Per Month	25 th day of each month (Or as updated in operational manuals)	Your Royalty is an ongoing payment that allows you to use the Proprietary Marks and the intellectual property of the System and pays for our ongoing support and assistance.
National Advertising Fee (Note 1, 2 & 4)	1% of Gross Sales with a Minimum and Maximum National Advertising Fee per month	25 th day of each month (Or as updated in operational manuals)	
Local Marketing Spend (Note 1 & 5)	The greater of 1% of your previous month's Gross Sales or \$1,000, per month	Month incurred	Payable to third-party vendors. See Item 7 & 11 for additional information.
Electronic Point-of-Sale Device (Cash Register)	Currently \$715 per device to purchase. In addition, you will need to purchase an iPad for each point-of-sale device you purchase which ranges in costs from \$100 to \$700 per iPad.	One time	Payable to third party vendors. You are required to have one point-of-sale device and two iPad for your business but we recommend that you obtain a second device and iPad within the first six months of your operation. This fee may be increased by the vendor with 60 day's written notice. We reserve the right to change this vendor.
Point-of-Sale Software Fee	Currently \$115 per outlet and \$69 per month per point-of-sale device	20th day of each month (Or as updated in operational manuals)	Payable to directly to us. We reserve the right to change the vendor utilized for this service as well as increase the fees with 60 days written notice.
Accounting Software	\$37 to \$75 per month depending on software package you elect to license	Monthly	Payable directly to vendor. This fee may be increased by the vendor with 60 day's written notice. We reserve the right to change this vendor.
Credit Card Payment Provider Processing Software and Device	Varies by vendor. Can range from 2% to 4%	As incurred	Payable directly to approved vendor

OTHER FEES

Payroll Processing	Currently \$80.00 per month plus \$12.00 per month per payroll processed	Monthly	Payable directly to vendor
Time Sheet Processing	Currently \$1.50 per employee, per week	Weekly	Payable directly to vendor
Google Workspace® Fee	Currently \$14.00 per month, per Google Workspace license	20th day of each month (Or as updated in operational manuals)	You and your key employees are required to use Google Workspace as your email platform. At the time of this disclosure, this fee is \$14.00 per month per Google Workspace license (plus taxes, if applicable). We reserve the right to increase this fee, per license, with 30 days written notice.
Learning Management System	Currently \$0	Monthly	No currently charged but may be up to \$50.00 per employee per year. We reserve the right to increase this fee with 30 days written notice.
Applicant Tracking System	Currently \$25.00 per month	20th day of each month (Or as updated in operational manuals)	We recommend, but do not require, that you utilize our approved applicant tracking system software provider. If you elect to utilize our approved applicant tracking system, you will pay us this fee directly. We reserve the right to increase this fee, per license, with 60 days written notice.
Smartphone	At least \$50/month	Monthly	Payable directly to third-party vendor. Monthly fees vary but you can expect them to be at least \$50.00 per month. See Item 11 for additional information.
Estatesales.net Membership	Currently \$144 per month	Monthly	Payable directly to Estatesales.net
American Society of Estate Liquidators Membership	Currently \$100 per year	Upon demand	Payable directly to American Society of Estate Liquidators
Firearm Safety Course	Varies by provider and state	Month incurred	Payable directly to third-party vendor. Training fees vary but you can expect it to cost at least \$50.00. In addition, there may be a continuing education requirement. Course must be completed within 3 months of opening your Franchised

OTHER FEES

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OTHER FEES

Estate Sale Fulfillment Deposit	\$7,500	Your Open Date	Payable to us via EFT. We hold this money in an interest-bearing bank account to ensure Clients receive their estate sale commissions in case you are unable to pay them directly. We will refund this money, plus any accrued interest, to you upon the transfer, sale, or closing of your Franchised Business less any monies owed to us, if applicable.
Protected Territory Change Fee	\$5,000	At the time of change	In the event you unilaterally request that we change your Protected Territory from the one granted to you in the Franchise Agreement/s. We are not obligated to grant such a request.
Annual Conference Registration Fee (Notes 6 & 11)	Up to \$500 for first attendee; \$250 per attendee, thereafter	Upon event registration	Payable to us
Annual Conference Absentee Fee (Notes 6 & 11)	\$1,750	10 days after Annual Conference	Payable to us
Training for Additional Persons	\$2,000	Seven days prior to Training	Payable to us. We provide training programs to you. We do not charge fees for the Initial Training Program, but if you appoint another owner to manage the business, we may charge you a fee.
Supplemental Training at Your Office, if needed	\$300 per day plus expenses	Seven days prior to Training	This expense is for any optional training you may request. We will provide, at your request, additional training after you have opened for any new key employees.

OTHER FEES			
Interest	Lesser of 18% or the maximum amount allowed by state law	Upon demand	Payable on any fees or payments due to us. The interest rate is per annum, calculated daily.
Late Payment Fee	Up to \$150 per week for each individual payment past due	Upon demand	Payable to us. Late fees begin from the date payment was due, but not received, or date of underpayment.
Late Reporting Fee	Up to \$150 per report per week for each required report that has not been submitted	Upon demand	Payable to us. Late fees begin from the date the report was due, but not received.
Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs incurred in enforcing your obligations to us if we prevail.
Fines	Up to \$500 per violation	Upon demand	In the event you use unauthorized advertising, fail to attend our convention, or otherwise fail to adhere to system standards following written notification of such violation.
Insurance	Varies	Annually	Payable to us as a reimbursement only if you fail to maintain required insurance coverage and we elect, at our sole discretion, to obtain coverage for you.

Notes to "Other Fees" Table:

All fees paid to us, unless otherwise noted, are uniform and are non-refundable and are due and payable for each territory owned. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us via electronic funds transfer ("EFT") or other similar means. You must complete the Automated Clearing House Payment Authorization Form (for Electronic Funds Transfer) "ACH Payment Authorization," attached as Addendum D to the Franchise Agreement, for direct debits from your business bank operating account. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the issuance date of this Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

1. "Gross Sales" means the aggregate amount of all sales of services and the aggregate of all of your charges for all services performed (including service charges in lieu of gratuity) whether for cash or credit or otherwise, made and rendered in, about or in connection with your Franchised Business including, but not limited to, revenue derived the total revenue you receive from estate sales, packing services, cleaning services, handyman services, landscaping services, and staging services. In addition, "Gross Sales" will include all revenues or receipts of any kind derived from the

you are unable to pay them directly. We will refund this money, plus any accrued interest, to you upon the transfer, sale, or closing of your Franchised Business less any monies owed to us, if applicable. We relied upon the experience of our existing franchised outlets in compiling these figures. These figures are estimates and we cannot guarantee that you will not incur additional expenses starting the business.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications that we list in our proprietary and confidential Manual, which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Proprietary Marks or the System. Our Manual states our standards, specifications, and guidelines for all goods and services that we require you to obtain in establishing and operating your Franchised Business.

We may, from time to time, notify you of new or modified standards, specifications, and guidelines through periodic amendments, or supplements to the Manual or through written communication (including electronic communication).

You must purchase, install, maintain in sufficient supply, and use, only those items that conform to the standards and specifications described in the Manual or otherwise in writing; you must not use nonconforming items. In addition, you must sell or offer for sale only those products and services that we have expressly approved for sale in the Manual or otherwise in writing, and discontinue selling any products or services that we, at our discretion, determine may adversely affect the System. You must not offer any unapproved products or services.

Purchases from Approved Suppliers

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: computer equipment; marketing materials; certain operating supplies; credit card processor, and insurance policies. We estimate that between 5% and 8% of the total purchases and leases that will be required to establish your Franchised Business as well as your ongoing operating expenses will consist of source restricted goods or services. There are not any officers of the franchisor who own any interest in our approved suppliers nor are we the approved suppliers for any products or services. Information about the supplier approval process criteria is available to you upon request.

Computer Hardware and Software

You must purchase the minimum computer hardware and software from the vendors we designate. You are required to purchase a PC computer, a Square point of purchase terminal, our designated accounting software, and access to our Digital Platform. You are required to use Google Workspace as your email platform. At the time of this disclosure, this fee is \$8.50 per month per Google Workspace license (plus taxes, if applicable). You will purchase the hardware and software directly from the vendors. You must license our proprietary Digital Platform to use in your business and pay us the first month license fee prior to opening. More information on the computer equipment required is included in Item 11.

Marketing Materials

Non-owned vehicle coverage with minimum coverage of Five Hundred Thousand Dollars (\$500,000); and Business interruption insurance.

Auto Coverage. We recommend purchasing a commercial auto insurance policy for your vehicle. In the event you elect to continue your personal auto insurance policies, a “Business Use Endorsement” is required to be added to the policy along with a One Million Dollar (\$1,000,000) personal umbrella policy. Proof of both coverages must be provided to us annually.

You must also purchase any other limits and coverage that we periodically require. The required coverage and policies are subject to change. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days’ prior written notice of the termination, expiration, cancellation or modification of the policy.

ITEM 9

FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 1, 5	Item 11
b. Pre-opening purchase/lease	Section 1 & 5	Item 11
c. Site development and other pre-opening requirements	Section 1, 5	Items 7, 8, & 11
d. Initial and ongoing training	Section 4	Item 11
e. Opening	Section 4	Item 11
f. Fees	Section 3	Items 5, 6, 7, 11,
g. Compliance with standards and policies/Operating Manual	Section 4, 5, 6, 7, 9, 11, & 12	Item 11
h. Trademarks and proprietary information	Section 8 & 9	Items 13 & 14
i. Restrictions on products/service offered	Section 1, 5, & 7	Items 8 & 16
j. Warranty and customer service requirements	Section 5, 6, & 7	Item 11
k. Territorial development and sales quotas	Section 1, 5, & 6	Item 12
l. Ongoing product/service purchases	Section 5 & 6	Item 8
m. Maintenance, appearance and remodeling requirements	Section 1, 2, & 5	Item 11
n. Insurance	Section 12	Item 7
o. Advertising	Section 3 & 10	Items 7 & 11

Obligation	Section in Agreement	Disclosure Document Item
p. Indemnification	Section 18	Not applicable
q. Owner's participation/ management/ staffing	Section 5	Item 15
r. Records and reports	Section 12	Item 11
s. Inspections and audits	Section 12	Items 6
t. Transfer	Section 13	Item 17
u. Renewal	Section 2	Item 17
v. Post-termination obligations	Section 15	Item 17
w. Non-competition covenants	Section 16	Item 17
x. Dispute resolution	Section 23	Item 17

ITEM 10

FINANCING

FINANCING PROGRAM OVERVIEW	
Loan Amount	Up to 50% of Initial Franchise Fee (for Standard Offering only)
Interest Rate	10% per annum
Term	60 months
Loan Start Date	Open Date

We have no obligation to provide you any financing, but we may agree to finance up to 50% of the Initial Franchise Fee for qualified prospective franchisees who are awarded a franchise under our Standard Offering under specified terms and conditions. Our decision to finance the Initial Franchise Fee may be based, in part, on your credit-worthiness, the collateral you have available to secure the financing and our then-current financing policies. We also explicitly reserve the right to conduct credit score inquiries as long as the loan exists. This Financing Program is not available to those who elect to purchase their Franchised Business under our Reduced Initial Fee Offering Program.

You must make a written representation to us, in a form we specify, confirming the dollar amount of your obligations. The representation must remain true through execution of your Franchise Agreement and we may elect not to approve a transfer, including a transfer to a corporation or other entity wholly owned by you, if you do not either maintain the same investment in your Franchised Business or pay any loans payable to us and our affiliates, if applicable, in full.

Your Loan Start Date will be the earlier of your Open Date or six months from your Contract Date. Interest will begin accruing on your Loan Start Date. We currently charge an interest rate of 10% per annum.

If we agree to finance a portion of the Initial Franchise Fee, you must sign a promissory note when you sign the Franchise Agreement. An example of our promissory note is attached as Addendum G to the Franchise

a maximum monthly fee depending on your time in business (see Item 6.) All franchisees contribute to The Fund at 1% of gross sales, but the minimum may differ based on when their Franchise Agreement originated. Currently, we do not have any Franchisor owned outlets, so there is no contribution to The Fund. If we did open a Franchisor owned outlets, it would contribute at the same rate as other franchisees. The Fund will be administered by us, or our affiliates or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Fund will be in a separate bank account, commercial account, or savings account. We may use the Fund for marketing, advertising, research, sales promotion, collateral material development, public and consumer relations, recruitment efforts, website development and search engine optimization, the development of marketing-technology for the System, content and social media development, and any other purpose to promote the franchised brand. In addition, the Fund may be applied toward: franchisor specific (not franchisee) internet and/or e-commerce programs, corporate SEO efforts, client and referral lead management, and the reasonable salaries, benefits, and expenses of personnel who create, manage and administer recruiting and branding programs, may include but not limited to, marketing department personnel, external agencies and consultants. We will not use the Fund to defray any of our expenses except for our costs and overhead that we incur in activities related to the administration of the Fund, including costs of personnel for creating, implementing, and managing advertising and marketing programs.

We will not use the Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating “franchises available” or similar phrasing.

The Fund is not a trust fund, and we do not have any fiduciary duty to you with respect to the Fund’s administration, activities, or expenditures. We will direct all advertising and promotional programs, with sole discretion over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof. We are not required to spend any amount on advertising in the area or territory in which you are located. The Fund’s objectives are to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System; and that we are not obligated, in administering the Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee or geographic region benefits directly or pro rata from the advertising or promotion conducted under the Fund. We have established a Marketing Advisory Council (“MAC”) with representatives from a group of franchisees and Blue Moon management personnel. The MAC serves in an advisory capacity and does not have authority to establish or modify the policies of Blue Moon. The MAC will have input into formulating advertising and marketing plans, programs and policies that affect franchisees. The MAC will initially have four franchisee members and four management members. As the systems grows, the MAC will have the authority to expand the representation. The MAC may be dissolved at any time by Blue Moon by issuing notice to all members of the MAC and the MAC will determine the proper method for handling any remaining balances in the Fund.

An unaudited statement of the operations of the Fund, as shown on the book of the Fund, will be prepared annually by us. Upon thirty (30) days of a written request by you, we will provide you an unaudited statement of the expenditures from the account. During our last fiscal year ending December 31, 2023, we ~~spent \$313,829~~ expended Fund contributions as follows: (i) 26% on reserves; (ii) 25% on real estate sponsorships; (iii) 21% on loyalty marketing software; (iv) 20% on web development, SEO and hosting; and (v) 8% on administrative expenses. (See Sections 3 & 11 of the Franchise Agreement for additional information.)

Local Marketing Spend

In addition to required contributions to the Fund, we recommend that you spend, on a monthly basis, the greater of 1% percent of your previous month’s gross revenues or \$1,000 a month. Guidance on specific marketing activities, strategies, and tactics can be found in the most current Local Marketing Playbook.

operation of the Franchise Business; (iii) we have the right to modify or supplement our policies regarding social media and internet use at any time in writing, whether as part of the Manuals, or otherwise.

If you are in default of any obligations under the Franchise Agreement, we may, in addition to our other remedies, temporarily remove reference to your Franchised Business from the Website until such defaults are cured to our satisfaction. We may, at our option, discontinue, replace, and/or modify the Website at any time and at our sole discretion. Nothing in this Section will limit our right to maintain websites other than the Website.

Unless otherwise authorized by us, you will only use an e-mail address, related to or associated with the operation of your Franchised Business, which is a part of the “BlueMoonEstateSales.com” internet domain name or other domain as authorized by the Manual.

Smartphones

You are required to obtain and maintain a “Smartphone” (or upgrade your existing Smartphone) for your Franchised Business. A smartphone is a mobile phone with highly advanced features. A typical smartphone has a high-resolution touch screen display, WIFI connectivity, Web browsing capabilities, and the ability to accept sophisticated applications. The majority of these devices run on Android or iOS operating systems. We expressly reserve the right to implement further policies or guidelines regarding these devices.

Information Security System Requirements

We expressly reserve the right to implement further policies or guidelines regarding information security including, but not limited to: risk management protocols, email encryption standards, document retention policies, PCI compliance and the use of third-party security advisors and their security systems/products. You understand that either us, or our approved third-party information security system providers, may charge you both initial and ongoing fees for the creation, implementation and maintenance of any information security system we, at our sole discretion, deem necessary.

Accounting System

You will use and maintain, at your expense, a specific system and/or process of accounting (“Accounting System”). The Accounting System may involve, at our discretion, third-party subscription fees, the purchase of software and updates, storing and/or transferring information electronically, and your active and continual participation in entering data and information needed to ensure the accuracy of the Accounting System. We, at all times, have the right to access the information and data related to the Accounting System. We and our selected third-party vendors, at all times, have the right to access the information and data related to the Accounting System. We will also, at all times, have the right to modify, change, or replace the Accounting System, at which time you will be required to, at your expense, comply with such modification, change, or replacement.

Table of Contents of our Manuals:

We disseminate the manuals electronically. Therefore, the following number of pages per section is just an approximation of the actual size of the information provided.

Topic	Section	Approximate No. of Pages
The History of Blue Moon Estate Sales	1	1
The Opportunity	2	1
The Blue Moon Culture, Standards & Brand	3	2
Core Values	4	3
Ethics	5	6
Building A Team	6	5

Topic	Section	Approximate No. of Pages
The Hiring Process	7	1
The Blue Moon Estate Sale Process	8	17
The Blue Moon Pricing System	9	4
Conducting A Sale	10	9
Accounting/Bookkeeping	11	1
Incident Reports	12	1
Staff Breaks	13	1
Connecting with Other Services in Your Area	14	1
Marketing the Blue Moon Way	15	4
Firearms and Other Weapons	16	1
Testing Precious Metals & Stones	17	4

Training Program

Our Training Program has three phases and takes approximately 8-10 weeks to complete. Phase One Training takes approximately two-four weeks to complete and occurs at your Approved Location/Protected Territory via a mix of eLearning and Virtual classes. Phase Two Training takes approximately 2.5 weeks to complete and occurs at our Designated Location and/or via a mix of eLearning and Virtual classes in your Approved Location/Protected Territory. Phase Three Training takes between 2 to 4 weeks to complete and occurs in your Approved Location/Protected Territory via a mix of in-person (if allowed) and/or eLearning and Virtual classes. You are expected to complete this Training Program within three months of the execution of your Franchise Agreement.

You, the owners, must attend and complete all three phases of our Training Program. You must pay all travel and lodging expenses incurred by you or your other approved attendees in connection with any training conducted at our Designated Location. However, we expressly reserve the right to conduct any training scheduled at our Designated Location, or conducted in-person within your Approved Location/Protected Territory by a member of our team, remotely via a mix of eLearning and Virtual classes.

Our training program is conducted under the supervision of Kayla Smith, our Director of Training. Kayla has worked for us in this capacity since May, 2021.

PHASE ONE TRAINING PROGRAM

Phase One Training begins once you have signed your Franchise Agreement and takes up to 2-4 weeks to complete. It occurs at your Approved Location/Protected Territory and it consists of a mix of administrative set-up, community research, and eLearning. You, the owner, must complete all of Phase One Training. We will not schedule Phase Two Training until you have completed Phase One Training to our sole satisfaction.

PHASE ONE TRAINING			
SUBJECT	HOURS OF INTERACTIVE TRAINING	HOURS OF FIELD TRAINING	LOCATION
Learning the Platform/Tech	1	N/A	Remote/Online within the Approved Location/Protected Territory
Establishing your Business	5	N/A	Remote/Online within the Approved Location/Protected Territory
Outfitting your Business	5	N/A	Remote/Online within the Approved Location/

PHASE TWO TRAINING			
Peer Mentorship	1	N/A	Designated Location and/or Remote/On-line within the Approved Location/ Protected Territory
Totals	56.5		

PHASE THREE TRAINING PROGRAM

Phase Three Training begins once you have completed your Phase Two Training **and** have opened your Franchised Business. It takes place over approximately 4 weeks and consists of 20 hours of intensive support, at our expense, in your Approved Location/Protected Territory via a mix of in-person and/or eLearning and Virtual classes. However, we expressly reserve the right to conduct this training remotely via a mix of eLearning and Virtual classes. If you cancel a scheduled in-person visit, this cancelled visit will count toward 5 hours of the 20 hours. If you fail to attend and/or cancel a scheduled eLearning or Virtual Class without prior notice, this canceled class or meeting will count toward 2 hours of the 20 hours.

PHASE THREE TRAINING			
SUBJECT	HOURS OF INTERACTIVE TRAINING	HOURS OF FIELD TRAINING	LOCATION
Financials and Profitability II	N/A	3	In-person and/or Remote/ Online within the Approved Location/ Protected Territory
Face-to-Face Marketing II	N/A	8	In-person and/or Remote/ Online within the Approved Location/ Protected Territory
Building a Team – II	N/A	1	In-person and/or Remote/ Online within the Approved Location/ Protected Territory
Digital & Social Media Marketing – II	N/A	2	In-person and/or Remote/ Online within the Approved Location/ Protected Territory
Totals		14	

Firearm Safety Training

You are required to successfully complete a firearm safety course within three months of opening your Franchised Business. Fees vary by location and you may be required to participate in continuing education courses.

Supplemental/Additional Training

We do not provide you any additional or supplemental training, however, you can request additional on-site assistance at any time. We will provide it at our option, but the Franchise Agreement does not require us to do so.

Periodic Training

From time to time, and at our sole discretion, we may offer additional training courses for you. We may designate these training courses as optional or mandatory. You are required to attend all mandatory additional training courses.

ITEM 12

TERRITORY

The Franchise Agreement designates the Approved Location for the Franchised Business. If no Approved Location exists at the time you sign the Franchise Agreement, as is typically the case, we will describe the Approved Location in an amendment to the Franchise Agreement after you select and we approve the Approved Location. You may not relocate your office without our express written consent, not to be unreasonably withheld. Any relocation is at your sole expense.

Territory

You will have the right to operate your Franchised Business in a specific geographic area (“Protected Territory”). Your Protected Territory will have a population of approximately 500,000 people. Your Protected Territory will be defined by reference to specified U.S. Postal Service ZIP codes that will be described in Addendum B of the Franchise Agreement. ZIP codes are a system of postal codes used by the United States Postal Service (“USPS”) and are changed by the USPS from time to time. The map of your Protected Territory will be for illustrative purposes only and will illustrate the ZIP codes as they exist in your Protected Territory on the date that you sign your Franchise Agreement. Changes by the USPS will affect the ZIP code and area that make up your Protected Territory. For example, if the USPS moves certain addresses from a ZIP code in your Protected Territory into a ZIP code in another franchisee’s area or into an unassigned area, those addresses will no longer be part of your Protected Territory. However, we will work with you to minimize the impact of such a change. We determine Protected Territory populations using GbBis mapping application, and population statistics/estimates are updated every 6 months as released by the United States Census Bureau. Statistics for housing units, facilities, et.al., are updated on an annual basis. More information regarding GbBis can be found at www.gbbis.com.

Your Protected Territory is protected only to the extent that we will not locate another franchise or company-owned location within its geography and to the extent that we will not facilitate estate sales under the Mark “Blue Moon Estate Sales” for clients who live within your Protected Territory (as long as you are in compliance with your Franchise Agreement). ~~You will not receive an exclusive territory.~~

You will not receive an exclusive territory. You may face competition from other franchises or from other channels of distribution or competitive brands that we control.

For purposes of this disclosure document, “clients” are those for whom you perform estate sales and whose items you sell as part of the estate sales. “Customers” refer to those persons who purchase the items sold at the estate sales. At your estate sales, you may sell to any customers who visit the estate sales, regardless of where those customers reside.

You may not directly market to, or solicit, clients located outside of your Protected Territory including other channels of distribution including the internet, catalog sales, telemarketing or other direct marketing. You may only hold estate sales for clients who live within your Protected Territory, unless no other franchise has that protected territory, in which case you may hold that estate sale. If a client contacts you from another protected territory to conduct an estate sale, you must direct that client to the franchisee within whose Protected Territory that client resides. Regardless of the sources, you are required to generate at least 75% of your annualized Gross Sales from estate sales conducted within your Protected Territory.

Your failure to meet these Minimum Performance Requirements constitutes a material default under your Franchise Agreement, permitting us to terminate your franchise, refuse to enter into a renewal agreement with you, reduce the size of your Protected Territory, or terminate your territorial rights. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

~~The designated minimum performance levels do not imply you will achieve these amounts or any other amounts within any certain time frame.~~

ITEM 13 TRADEMARKS

The following table shows the status of federal trademark registrations and applications for federal registration on the Principal Register with the United States Patent and Trademark Office (“USPTO”) for registrations of these Marks licensed to you.

MARK	REGISTRATION NUMBER	REGISTRATION DATE
Blue Moon Estate Sales (standard character mark)	4509571	April 8, 2014
	5714186	April 2, 2019

We have filed and intend to file all necessary affidavits of use and renewal applications when they become due.

We may establish new Marks in the future and you must use and display the Marks according to our specifications. You must modify or discontinue use of a trademark or trade dress if we modify or discontinue using it. You will bear all costs associated with changes to the Marks or introduction of new Marks. ~~You must follow our rules when you use these Marks. You cannot use a name or Mark as a part of a corporate name or with modifying works, designs, or symbols except for those which Blue Moon has licensed to you. You may not use the registered Blue Moon Estate Sales name in the sale of an unauthorized product or service or in any manner we do not authorize in writing. You may not use any other Mark, name, commercial symbol or logo in connection with the operation of your Franchised Business.~~

There is presently no effective determination of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state, or any state or federal court, of any pending infringement, opposition or cancellation proceeding or any pending material litigation involving the Marks which is relevant to the use of the Marks in accordance with the terms of the Franchise Agreement in this state, and no agreements exist which significantly limit in any manner material to you, the rights of Blue Moon to use or license the use of Marks, names, logos, or symbols.

~~You may not use the terms “Blue Moon” or “Blue Moon Estate Sales” in your business entity’s legal name. You must not contest, directly or indirectly, our use or, rights in and ownership of the Marks, trade secrets or methods and procedures are a part of the System. You must not register, seek to register or contest our sole right to register, use and license others to use the Marks, names, information, and symbols.~~

You must immediately notify us of the use of, or claim or rights to, a trademark identical to or confusingly similar to any Marks, and we have sole discretion to take the action it deems appropriate. If it deems such action necessary and appropriate, although we are not required to do so, we will protect the right to use the

Marks and defend you against claims of infringement or unlawful competition arising out of the use of the Marks. We have the right to control any administrative proceedings or litigation involving a trademark license to you by us.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not currently own any rights to any patent that is material to the Franchised Business, nor are there any pending patent applications material to the Franchised Business.

The information in the Manual, as well as certain other written materials developed by us to assist you in the operation of your Franchised Business, is proprietary, and is protected by copyright and other laws. The designs contained in the Proprietary Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. In addition, although we have not applied for copyright registration for some of our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (the “Works”) for the operation of your Franchised Business, but such copyrights remain our sole property.

You are prohibited from copying, or otherwise reproducing or making the Works available to any unauthorized person. Any software or Work provided to you, in whole or in part, must be returned to us if you materially breach the Franchise Agreement, or if the Franchise Agreement is terminated or expires.

You must not directly or indirectly contest our right to our claimed copyrights that are a part of the Franchised Business. You must notify us immediately if you learn about an infringement or challenge to our copyrighted Works. We will take the action we think is appropriate. We have the right to control any administrative proceedings or litigation involving a Work subject to copyright that is licensed to you by us. You must modify or discontinue use of a Work if we modify or discontinue using it. You will bear all costs associated with changes to Works or introduction of new Works. You must follow our rules when you use these Works.

Our Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, client lists, pricing, customer service, networking, concepts and systems on, knowledge of, and experience in the development, operation, and franchising of Blue Moon Businesses, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Blue Moon Businesses, and other related materials, are proprietary and confidential (“Confidential Information”) and are our property, to be used by you only as described in the Franchise Agreement and the Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Franchised Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners, if you are a business entity, and employees, agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you personally supervise the Franchised Business full-time as either a dedicated Field Manager or dedicated Marketer. You may not personally fulfill both of these roles. In addition, we have found that the most successful franchise owners also employ, full-time, a person to serve as the dedicated marketer or Field Manager (depending on your role in the Franchised Business) as well as two to three Sales Associates. Any Field Manager is not required to possess any equity interest in the franchised business and is not required to complete our training program. "Full-time" is defined as the expenditure of at least 35 hours of work per week, including vacation, sick leave, and other excused absences.

If you are awarded multiple franchised businesses, in addition to the staffing indicated above, you should also employ at least one "Field Team" for each Protected Territory you are awarded. A Field team consists of a Field Manager, a Team Leader, and two to three Sales Associates.

All of your officers, employees, independent contractors and other agents or representatives who attend our Initial Training Program and/or may have access to our confidential information must sign the Confidentiality Agreement which is attached to the Franchise Agreement.

All of the owners of the Franchise must sign a personal guaranty in the form attached to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only products and services that we have expressly approved for sale in the Manual or otherwise in writing. You must discontinue selling and offering for sale any products or services that we disapprove in writing at any time. You must not offer any unapproved products or services. You have the ability to set your own prices for products or services sold through your Franchised Business.

You may not solicit sales outside your Protected Territory (see Item 12 and Section 6 of the Franchise Agreement for more information on restrictions).

Except as described in the preceding paragraph, you are not restricted by the Franchise Agreement, or any of our practices or customs, regarding the products or services you offer for sale or to whom you may sell. You must comply with all reasonable requirements if we supplement, improve, or modify the System, including offering and selling new or different services and products that we specify. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY

THE FRANCHISE RELATIONSHIP

a. Length of the franchise term	Section 2	10 years
b. Renewal or extension of the term	Section 2	If you are in good standing and you meet other requirements, you may add one (1) successor renewal term. In addition, if you purchase your Franchised Business(es) under the Reduced Initial Fee Program, upon renewal, you may not switch your Royalty Fee to the then lower Standard Offering rate. Your renewal agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.
c. Requirements for franchisee to renew or extend	Section 2	Renewal means the right to sign a new franchise agreement. Give timely written notice; not be in default; be current in debt obligations; execute our then-current franchise and any ancillary documents (this new franchise agreement may have materially different terms and conditions than your original Franchise Agreement); at our option, execute with us a mutual general release of claims; pay renewal fee. In addition, if you purchase your Franchised Business(es) under the Reduced Initial Fee Program, upon renewal, you may not switch your Royalty Fee to the then lower Standard Offering rate. Your renewal agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.
d. Termination by franchisee	Not applicable	Franchisees may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 14	We cannot terminate the Franchise Agreement without cause.
g. "Cause" defined – curable defaults	Section 14	You have 30 days to cure: nonpayment of fees, failure to obtain an office lease, failure to attend training, unauthorized use of Proprietary Marks, failure on three or more occasions in any 12 months to submit financial statements, reports or other data, and any other breach of the agreement not listed.
h. "Cause" defined – non-curable defaults	Section 14	Bankruptcy, unsettled judgments, loss or right to conduct business, abandonment of Franchised Business.
i. Franchisee's obligations on termination/nonrenewal	Section 15	Termination of the Franchise Agreement will require removal of identification, payments of amounts due and return of Manual, operating software and confidential information
j. Assignment of contract by franchisor	Section 13	No restrictions on our right to assign.
k. "Transfer" by franchisee – defined	Section 13	Includes transfer of contract or assets or ownership change
l. Franchisor approval of transfer by franchisee	Section 13	We have the right to approve all transfers but will not unreasonably withhold approval. However, if you purchase your Franchised Business(es) under the Reduced Initial Fee Program, upon transfer, the transferee may not switch their Royalty Fee to the then lower Standard Offering rate. The transferee's franchise agreement, if so

THE FRANCHISE RELATIONSHIP

		offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.
m. Conditions for franchisor approval of transfer	Section 13	New franchisee qualifies, business transfer fee paid, business transfer training reserve provided, purchase agreement approved, training arranged and current franchisee agreement signed by new franchisee. No transfer fee for transfer to immediate family member. However, if you purchase your Franchised Business(es) under the Reduced Initial Fee Program, upon transfer, the transferee may not switch their Royalty Fee to the then lower Standard Offering rate. The transferee's franchise agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13	We can match any offer for the franchisee's business
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Section 13	Franchise must be assigned by estate to an approved buyer in twelve months
q. Non-competition covenants during the term of the franchise	Section 16	No involvement in competing business anywhere in US
r. Non-competition covenants after the franchise are terminated or expires	Section 16	No competing business for two years within 75 miles of your location or within 75 miles of another Blue Moon franchise
s. Modification of the agreement	Section 21	No modifications generally, except in writing. Manual may be modified. Only the terms of the franchise agreement and Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document or franchise agreement may not be enforceable.
t. Integration/merger clause	Section 19	Only the terms of the Franchise Agreement are binding (subject to federal law). Any other promises may not be enforceable, except as set forth in this Disclosure Document. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 23	Except for certain claims, the parties must first mediate any dispute subject to applicable state law.
v. Choice of forum	Section 22	North Carolina (subject to applicable state law)
w. Choice of law	Section 22	North Carolina law applies (subject to applicable state law)

ITEM 18

PUBLIC FIGURES

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

ITEM 19

**TABLE A – GROSS SALES INFORMATION BY FRANCHISE TERRITORY
OPERATING PRIOR TO JANUARY 1, 2023**

TOTALS	64	\$250,141	26	(41%)	\$195,990	32	(50%)	\$1,048,740	\$4,589
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**TABLE B – GROSS SALES INFORMATION BY FRANCHISE OWNER
OPERATING PRIOR TO JANUARY 1, 2023**

TIME IN BUSINESS	TERRITORIES	AVERAGE GROSS SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED AVERAGE		MEDIAN GROSS SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED MEDIAN		HIGHEST PERFORMER	LOWEST PERFORMER
			NUMBER	PERCENT		NUMBER	PERCENT		
60+ months	9	\$504,691	4	(44%)	\$498,781	5	(56%)	\$967,631	\$191,169
49-60 months	0	\$0	0	(0%)	\$0	0	(0%)	\$0	\$0
37-48 months	7	\$431,658	5	(71%)	\$432,665	4	(57%)	\$623,002	\$114,840
25-36 months	25	\$284,686	9	(36%)	\$225,903	13	(52%)	\$1,048,740	\$38,854
12-24 months	15	\$169,702	6	(40%)	\$159,484	8	(53%)	\$387,261	\$4,589
TOTALS	56	\$307,616	22	(39%)	\$243,223	28	(50%)	\$1,048,740	\$4,589

**TABLE C – AVERAGE AND MEDIAN NUMBER OF ESTATE SALES BY FRANCHISE TERRITORY
OPERATING PRIOR TO JANUARY 1, 2023**

TIME IN BUSINESS	TERRITORIES	AVERAGE # ESTATE SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED AVERAGE		MEDIAN # ESTATE SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED MEDIAN		HIGHEST PERFORMER	LOWEST PERFORMER
			NUMBER	PERCENT		NUMBER	PERCENT		
60+ months	7	39	2	(29%)	35	4	(57%)	69	15
49-60 months	0	\$0	0	(0%)	\$0	0	(0%)	0	0
37-48 months	8	29	3	(38%)	26	4	(50%)	64	3
25-36 months	27	23	9	(33%)	19	15	(56%)	59	7
12-24 months	22	18	9	(41%)	17	12	(55%)	32	1
TOTALS	64	24	26	(41%)	21	32	(50%)	69	1

**TABLE D – AVERAGE AND MEDIAN GROSS ESTATE SALES BY FRANCHISE TERRITORY
OPERATING PRIOR TO JANUARY 1, 2023**

TIME IN BUSINESS	TERRITORIES	AVERAGE GROSS SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED AVERAGE		MEDIAN GROSS SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED MEDIAN		HIGHEST PERFORMER	LOWEST PERFORMER
			NUMBER	PERCENT		NUMBER	PERCENT		
60+ months	7	\$13,249	4	(57%)	\$14,024	4	(57%)	\$ 14,799	\$ 8,686
49-60 months	0	\$0	0	(0%)	\$0	0	(0%)	\$ -	\$ -
37-48 months	8	\$10,161	4	(50%)	\$10,230	4	(50%)	\$ 13,518	\$ 6,357

- (c) “Median Gross Estate Sales” means the middle revenue value within the subset.
- (d) **Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will this much.**
- (e) The figures for franchises in operation for 60 months or greater includes the gross sales of our former affiliate, Blue Ribbon Business Ventures, LLC. For the 12 months ending December 31, 2023, this former affiliate’s gross sales were \$654,756 and were derived from a territory with a population of 647,152 people. In contrast, your territory will likely contain a population of approximately 400,000 people.
- (f) Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting David Tarr at Blue Moon Franchise Systems, LLC, 900 Wilshire Drive, Suite 102. Troy, MI 48084-1600, (248) 499-5190, dtarr@bestlifebrands.com, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021-2023 (AS OF DECEMBER 31 OF EACH YEAR)				
OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2021	31 ³	63	+32
	2022	63	92	+29
	2023	92	109	+17
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets*	2021	31 ³	63	+32
	2022	63	92	+29
	2023	92	109	+17

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023		
STATE	YEAR	NUMBER OF TRANSFERS
Arizona	2021	1
	2022	0

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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.

Items 5 and 7:

The Minnesota Department of Commerce has required us to defer payment of the initial franchise fee until the franchisor has completed its pre-opening obligations under the franchise agreement.

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, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 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.

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.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

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. The Minnesota Department of Commerce has required us to defer payment of the initial franchise fee until the franchisor has completed its pre-opening obligations under the franchise agreement.

3. 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.

2.4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3.5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Blue Moon Franchise Systems, LLC
A North Carolina Limited Liability Company

FRANCHISEE:

By: Stephen D. Greenwald
Title: In-house Counsel

By: _____
Title: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 5, Additional Disclosures:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement, or, for certain ongoing fees including the Technology Fee and Google Workspace Fee, until the date that we begin providing such related services to you.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

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

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

“The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement, or, for certain ongoing fees including the Technology Fee and Google Workspace Fee, until the date that we begin providing such related services to you.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

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

~~3.4.~~ Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
Blue Moon Franchise Systems, LLC
A North Carolina Limited Liability Company

By: Stephen D. Greenwald
Title: In-house Counsel

FRANCHISEE:

By: _____
Title: _____
