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## FRANCHISE DISCLOSURE DOCUMENT

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Turquoise Franchise, LLC  
An Arizona Limited Liability Company  
8160 W Union Hills Suite B200,  
Glendale, AZ 85308  
(602) 418-0063  
[laura@turquoisewinebar.com](mailto:laura@turquoisewinebar.com)  
<http://www.turquoisewinebar.com>

As a Turquoise Wine Bar franchisee, you will operate a vibrant, modern wine bar and tasting room experience. The interior is designed with bistro-style seating, combining elegance with comfort to create an inviting space for guests to explore new wines and connect with other guests. Additional wine racks and shelving provide form and function. The community of guests and wine club members can enjoy winemaker dinners, education classes, tastings and food pairings, live music, wine festivals, travel opportunities, and more. Franchisees will operate the business under the brand “Turquoise Wine Bar.”

The total investment necessary to begin operation of a Turquoise Wine Bar franchise is \$305,400 to \$600,600. This includes \$40,000 ~~\$45,000 to \$49,000~~ that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a two to five-unit Multi-Unit Development Agreement (including the first unit) is \$34664,400 to \$750,600. This includes \$75,000 to \$180,000 that must be paid to the franchisor. There is a two unit minimum number of Turquoise Wine Bar units that you are required to develop under the Multi-Unit 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, please contact Laura J. Hernandez and Jennifer Sinconis at 8160 W Union Hills Suite B200, Glendale, AZ 85308 and (602) 418-0063.

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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: January 16th, 2026 ~~April 4<sup>th</sup>, 2025~~

recommend that you have a Franchise Attorney review the Franchise Agreement prior to making your investment and these costs are all included in this investment range.

15. The cost of training is included in your Initial Franchise Fee, but you will be responsible for the cost of travel, food and lodging needed to attend training. This range of investment includes this cost and will vary depending on where you are located and the type of accommodations you choose.

16. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Turquoise Wine Bar business by our affiliate, and our general knowledge of the industry.

17. This estimate assumes you sign a Multi-Unit Development Agreement for two to five franchises. The franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table. Your initial franchise fees are reduced to \$35,000 for the third and each additional franchise. You will pay all franchise fees upon signing the MUDA.

### **Item 8**

## **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

### Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to ~~this disclosure document as Exhibit D~~ the Franchise Agreement as Attachment 4).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Brand Standards Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$3,000,000 aggregate limit, (iv) Liquor Liability Insurance coverage of \$1,000,000-\$3,000,000, (v) Business Automobile Liability insurance including owned, leased,

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Turquoise Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Turquoise Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Laura Hernandez Jennifer Sinconis	8160 W Union Hills Suite B200, Glendale, AZ 85308	(602) 418-0063

Issuance Date: January 16th, 2026 ~~April 4<sup>th</sup>, 2025~~

I received a disclosure document that included the following Exhibits:

- A. State Addenda to Disclosure Document
- B. Franchise Agreement (with State Addenda to Agreements, Guaranty and Non-Compete Agreement, Rider to Lease Agreement, and Form of General Release)
- C. Multi-Unit Development Agreement
- D. Item 21 Financial Statements
- E. State Administrators and Agents for Service of Process

Signature: \_\_\_\_\_

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

Date Received: \_\_\_\_\_

**Return This Copy To Us  
Turquoise Franchise, LLC**

### List of Terminated Franchisees

The following is a list of the franchisees who have had an unit terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with Franchisor within 10 weeks of the application date:

None.

### List of Units for Sale

The following is a list of the franchised units now under Franchisor control that Franchisor is selling:

None.

### Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

### Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

**We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.** Exhibit D~~F~~ contains our audited opening balance sheet dated 3/31/2025 and our most recent audited financial statements as of 12/31/2025. Our fiscal year end is December 31.

## **Item 22 CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with State Addenda to Agreements, Guaranty and Non-Compete Agreement, Rider to Lease Agreement, and Form of General Release)
- C. Multi-Unit Development Agreement

Alaska Airlines	Head of Brand Studio	4/2019	12/2020	Phoenix, AZ
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**Dan Hernandez- President.** Dan Hernandez has been our President in Glendale, Arizona, since 9/2024.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Turquoise Wine Bar, LLC	President	4/2022	Present	Glendale, AZ
Turquoise Wine Bar Peoria, LLC, DBA The Audrey	Founder/Owner	8/2024	4/2025	Peoria, AZ
Copperpoint Insurance	VP of Operations	3/1994	12/2022	Phoenix, AZ

### **Item 3 LITIGATION**

No litigation is required to be disclosed in this Item.

### **Item 4 BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

### **Item 5 INITIAL FEES**

#### Franchise Fee

When you sign your franchise agreement, you must pay us \$40,000 as the initial franchise fee. This fee is uniform and is not refundable.

All initial Franchise Fees are deferred until the Franchisee's business is open and Franchisor has completed all pre-opening obligations.

#### Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement ("MUDA") in the form of Exhibit C to this disclosure document. Your franchise fees will be reduced to \$35,000 for each additional franchise after the second franchise. You will pay all franchise fees upon signing the MUDA. They are uniform and not refundable.

Additional funds (for first 3 months) (see Note 16)	\$40,000 - \$60,000	Varies	Varies	Employee/team members, suppliers, utilities
Total	\$305,400 - \$600,600			This is the total estimated initial investment to open and commence operating your initial location for the first three months (as described more fully in Chart A of this Item 7).

### YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First franchise (see table above)	\$305,400 - \$600,600	Varies	Varies	Varies
Additional initial franchise fees (see Note 17)	\$40,000 - \$145,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers
Total	\$346,400 - \$750,600			This is the total estimated initial investment to enter into a Multi-Unit Development Agreement for the right to own a total of 2 or 5 locations.

#### Notes

1. The Franchise Fee is due and payable at the time of executing the Franchise Agreement. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

All initial Franchise Fees are deferred until the Franchisee's business is open and Franchisor has completed all pre-opening obligations.

## MINNESOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside 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 Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

All initial Franchise Fees are deferred until the Franchisee's business is open and Franchisor has completed all pre-opening obligations.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TURQUOISE FRANCHISE, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement subject to the following conditions prior to each expiration:

- (i) Franchisee notifies Turquoise Franchise of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Turquoise Franchise (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Turquoise Franchise) renovations and changes to the Business as Turquoise Franchise requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute Turquoise Franchise's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section;
- (v) Franchisee and each Owner executes a general release (on Turquoise Franchise's then-standard form) of any and all claims against Turquoise Franchise, its affiliates, and their respective owners, officers, directors, agents, team members and employee/team members.

## **ARTICLE 1. FEES**

**1.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

All initial Franchise Fees are deferred until the Franchisee's business is open and Franchisor has completed all pre-opening obligations.

**4.2 Royalty Fee.** Franchisee shall pay Turquoise Franchise a weekly royalty fee (the "Royalty Fee") equal to 6% of Gross Sales. The Royalty Fee for any given week is due on Tuesday of the following week.

**4.3 Marketing Contributions.**

(a) Marketing Fund Contribution. Franchisee shall pay Turquoise Franchise a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to 1% of

Notes:

1. The foregoing data are historic financial performance representations. They are not projections of future performance. The Company Owned Outlet included in this Item 19 is the same model as what future franchise Outlets would open. There are no other material and/or operational characteristics of the company-owned outlets that are reasonably anticipated to differ materially from future operational franchise outlets.
2. “Total Income” means the total revenue derived from the sale of goods or services less sales tax, discounts, and returns.
3. “Total Cost of Goods Sold” means the cost of the food product, alcohol, beverages and products which were sold from our Company Owned Outlet during this time period.
4. “Gross Profit” means the Total Income minus the Total Cost of Goods Sold.
5. “Total Operating Expenses” is the sum of each operating expense disclosed as a total of these line items. These are essentially all of the costs associated with operating the Company Owned Outlet during this time period.
6. “Net Profit” means the Gross Profit minus the Total Operating Expenses.
7. Our Affiliates do not pay royalties or marketing fees to us; however, we have shown the estimated expenditures (6% Royalty, 1% Marketing Fund) for each Affiliate had they incurred those expenses.
- 8. Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you’ll sell or earn as much.**
9. Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Except for what is included in this Item 19, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employee/team members, team members 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, Laura Hernandez and Jennifer Sinconis, 8160 W Union Hills Suite B200, Glendale, AZ 85308, and (602) 418-0063, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For Years 2023 to 2025**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2025</u>	<u>0</u>	<u>1</u>	<u>+1</u>
Company-Owned	<u>2023</u>	<u>0</u>	<u>1</u>	<u>+1</u>
	<u>2024</u>	<u>1</u>	<u>1</u>	<u>0</u>
	<u>2025</u>	<u>1</u>	<u>1</u>	<u>0</u>
Total Outlets	<u>2023</u>	<u>0</u>	<u>1</u>	<u>+1</u>
	<u>2024</u>	<u>1</u>	<u>1</u>	<u>0</u>
	<u>2025</u>	<u>1</u>	<u>2</u>	<u>+1</u>

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2023 to 2025**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

**Table 3**  
**Status of Franchised Outlets**  
**For Years 2023 to 2025**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Arizona</u>	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2025</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Texas</u>	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2025</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Totals</u>	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2025</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

**Table 4**  
**Status of Company-Owned Outlets**  
**For Years 2023 to 2025**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Arizona	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Totals	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1

**Table 5**  
**Projected Openings for 2026 As Of December 31, 2025**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
Arizona	0	6	0
Nevada	0	1	0
Texas	0	3	0
Totals	0	10	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

List of Current Franchisees

The following is a list of the current franchisees who as of the end of our last fiscal year were open and operating in our system:

Name	location address	Phone	Units	Agreement	FEE PAID
Oly Salgado	504 E Roosevelt Street, Phoenix, AZ 85004	602-451-8999	1	4/5/25	\$40,000.00
Heather Chaykowski	TBD open 2028	407-284-9813	1	8/23/25	\$40,000.00
Heather Chaykowski	4772 East Sunrise Drive, Tucson, Arizona 85718	407-284-9813	1	8/23/25	\$30,000.00
Tara & Neil Cruz	TBD Cypress Texas	832-773-4271	1	12/4/25	\$40,000.00
Teresa Rodewald	TBD open 2028	425-327-1520	1	10/20/25	\$40,000.00
Tim Wagenseller	14462 West Elm Street, Suite 113, Surprise, Arizona 85374	480-381-3858	1	10/24/25	\$40,000.00
Rene Murphy	TBD The Woodlands, Texas	713-591-0435	1	11/25/25	\$42,000.00
Teresa Rodewald	23423 N. 67th Avenue, Suite 109, Glendale, Arizona, 85310	425-327-1520	1	12/30/25	\$20,000.00

The following is a list of the current franchisees who have signed a Multi-Unit Agreement:

Heather Chaykowski	4772 East Sunrise Drive, Tucson, Arizona 85718	407-284-9813	1	8/23/25	\$30,000.00
Teresa Rodewald	23423 N. 67th Avenue, Suite 109, Glendale, Arizona, 85310	425-327-1520	1	12/30/25	\$20,000.00

**EXHIBIT D**  
**FINANCIAL STATEMENTS**

**TURQUOISE FRANCHISE, LLC**  
**FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED DECEMBER 31, 2025  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

**TABLE OF CONTENTS**

<u>Description</u>	<u>Page</u>
Independent Auditor's Report.....	3-4
Balance Sheet.. ..	5
Statement of Income .....	6
Statement of Changes in Shareholders' Equity.....	7
Statement of Cash Flows .....	8
Notes to Accompanied Financial Statements.....	9-14

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## INDEPENDENT AUDITOR'S REPORT

To the Management of TURQUOISE FRANCHISE, LLC

### **Opinion**

We have audited the financial statements of TURQUOISE FRANCHISE, LLC (the "Company"), which comprise the balance sheet as of December 31, 2025, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in cursive script that reads 'Naper CPA Group'.

Naper CPA Group

Naperville, IL  
January 15, 2026

**TURQUOISE FRANCHISE, LLC**  
**BALANCE SHEET**  
**DECEMBER 31, 2025**

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**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$68,914
Accounts Receivable	<u>20,667</u>
TOTAL CURRENT ASSETS	<u>89,580</u>

**NON-CURRENT ASSETS**

TOTAL NON-CURRENT ASSETS	<u>-</u>
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TOTAL ASSETS	<u><u>89,580</u></u>
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**LIABILITIES AND OWNER'S EQUITY**

**CURRENT LIABILITIES**

Deferred Revenue (current)	<u>13,600</u>
TOTAL CURRENT LIABILITIES	<u>13,600</u>

**NON-CURRENT LIABILITIES**

Deferred Revenue	<u>116,800</u>
TOTAL NON-CURRENT LIABILITIES	<u>116,800</u>

TOTAL LIABILITIES	<u>130,400</u>
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**OWNER'S EQUITY**

Retained Earnings	(28,000)
Net Income (Loss)	<u>(12,820)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>(40,820)</u>

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$89,580</u></u>
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*See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.*

**TURQUOISE FRANCHISE, LLC**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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<b>Revenue</b>	
Revenue - Franchise Fees	\$162,267
Revenue - Royalties	7,869
Other Revenue	4,355
<b>Cost of Sales</b>	<u>(37,254)</u>
<b>Gross Profit</b>	137,237
<b>Operating Expense</b>	
Broker & Commissions Expense	60,000
Advertising & Marketing Expense	26,929
SG&A Expenses	25,752
Professional & Legal Fees	15,241
Travel Expense	14,134
Rent Expense	<u>8,000</u>
Total Operating Expense	150,057
<b>Net Income From Operations</b>	(12,820)
<b>Other Income (Expense)</b>	
Total Other Income (Expense)	<u>-</u>
<b>Net Income Before Provision for Income Tax</b>	(12,820)
<b>Provision for Income Taxes</b>	-
<b>Net Income (Loss)</b>	<u><u>\$ (12,820)</u></u>

*See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.*

**TURQUOISE FRANCHISE, LLC**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**DECEMBER 31, 2025**

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	<b>Opening Equity Balance</b>	<b>Yearly Changes</b>	<b>Total</b>
<b>Balance, December 31, 2024</b>	\$ -	\$ -	\$ -
Net Income For The Period Ended December 31, 2025	-	(12,820)	(12,820)
Equity Contributions (Distributions)	-	(28,000)	(28,000)
<b>Balance, December 31, 2025</b>	<b>\$ -</b>	<b>\$ (40,820)</b>	<b>\$ (40,820)</b>

*See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.*

**TURQUOISE FRANCHISE, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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<b>OPERATING ACTIVITIES</b>	
Net Income	\$(12,820)
Non-Cash Adjustments	-
Changes in Accounts Receivable	(20,667)
Changes in Deferred Revenue	130,400
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>96,914</u>
 <b>INVESTING ACTIVITIES</b>	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>
 <b>FINANCING ACTIVITIES</b>	
Owner's Contribution (draw)	(28,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(28,000)</u>
NET INCREASE (DECREASE) IN CASH	68,914
CASH AT BEGINNING OF PERIOD	-
CASH AT END OF PERIOD	<u>\$ 68,914</u>

*See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.*

TURQUOISE FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2025

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**NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS**

TURQUOISE FRANCHISE, LLC (the “Company”) was incorporated under the laws of the State of Arizona for the purpose of offering franchise opportunities to entrepreneurs who want to own their own ‘Turquoise Wine Bar’ location, as a franchise.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include all adjustments necessary for the fair presentation of the Company’s financial position, results of operations, and cash flows for the periods presented. The Company has adopted the calendar year as its fiscal year for financial reporting purposes.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the standalone selling prices of performance obligations in franchise arrangements, the allowance for doubtful accounts on franchisee receivables, the useful lives of long-lived assets, and the evaluation of contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Company maintains its cash accounts at financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”). At times, cash balances may exceed FDIC insured limits. The Company has not experienced any losses related to these balances.

Franchisee Receivables

Franchisee receivables primarily consist of initial franchise fees, ongoing royalty fees, advertising fund contributions, and other fees charged to franchisees. Receivables are recorded when revenue is recognized prior to invoicing or when amounts are invoiced to franchisees. The Company reports receivables at their net realizable value, which includes an appropriate allowance for doubtful accounts.

The allowance for doubtful accounts is determined based on management’s assessment of several factors, including historical collection experience, current economic conditions, franchisee credit quality, aging of receivable balances, and individual franchisee circumstances. Accounts receivable are written off against the allowance when management determines that collection is no longer probable. The

TURQUOISE FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2025

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Franchisee Receivables (cont.)

allowance for doubtful accounts was \$0 and \$0 as of December 31, 2025 and 2024, respectively. Bad debt expense for the years ended December 31, 2025 and 2024 was \$0 and \$0, respectively.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

- Computer equipment and software: 5 years
- Furniture and fixtures: 7 years
- Leasehold improvements: Shorter of lease term or useful life

Expenditures for repairs and maintenance are charged to expense as incurred. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statements of income.

The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed by comparing the carrying amount to the undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount exceeds the fair value. No impairment losses were recorded during the years ended December 31, 2025 and 2024.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers. Under ASC 606, revenue is recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company applies the following five-step model:

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

TURQUOISE FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2025

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Practical Expedient for Pre-Opening Services

The Company has elected to apply the practical expedient provided in ASC 952-606-25-2, which permits private company franchisors to account for certain pre-opening services as distinct from the franchise license. Under this practical expedient, the Company accounts for the following pre-opening services as a single performance obligation, distinct from the franchise license:

- Site selection assistance and architectural, engineering, and other professional services
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Inspection, testing, and other quality control programs

Principal Sources of Revenue

*Initial Franchise Fees*

The Company charges initial franchise fees to franchisees for the right to operate a franchised location. The franchise agreement grants the franchisee access to the Company's proprietary brand, trademarks, operating systems, and ongoing support services over the term of the franchise agreement.

Under ASC 606, the Company has identified the following performance obligations in its franchise agreements:

1. Pre-opening services (accounted for as a single performance obligation under the practical expedient)
2. Franchise license (right to access the Company's intellectual property over the term of the agreement)

The Company allocates the initial franchise fee to these performance obligations based on their relative standalone selling prices. The standalone selling price of pre-opening services is determined using an adjusted market assessment approach, considering the cost of similar services if acquired from third-party providers. The residual amount is allocated to the franchise license.

Revenue allocated to pre-opening services is recognized when those services are completed, typically prior to the franchise location opening. Revenue allocated to the franchise license is recognized on a straight-line basis over the term of the franchise agreement, beginning when the franchise location opens, as this is when the franchisee is able to use and benefit from the Company's intellectual property.

TURQUOISE FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2025

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

*Continuing Royalty Fees*

Franchisees are required to pay continuing royalty fees based on a percentage of their gross sales. These royalty fees relate to the ongoing franchise license and are considered sales-based royalties on licenses of intellectual property under ASC 606-10-55-65. In accordance with this guidance, royalty revenue is recognized in the period in which the underlying franchisee sales occur. The Company typically receives royalty reports and payments from franchisees by the following month.

Unearned Revenue

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the stand-alone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

Advertising Costs

Advertising costs incurred by the Company (excluding advertising fund expenditures) are expensed as incurred.

TURQUOISE FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2025

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Income Taxes

The Company applies ASC 740 Income Taxes (“ASC 740”). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities.

Fair Value Measurements

The Company applies the provisions of ASC Topic 820, Fair Value Measurement, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

ASC 820 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying amounts reported in the balance sheet for cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate their fair values due to the short-term nature of these instruments.

Commitments and Contingencies

The Company may be subject to various legal proceedings and claims that arise in the ordinary course of business, including disputes with franchisees, employment matters, and intellectual property claims. Management evaluates contingent matters in accordance with ASC Topic 450, Contingencies, to assess the likelihood of losses and determines if accrual or disclosure is appropriate. Liabilities for

TURQUOISE FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2025

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Commitments and Contingencies (cont.)

contingencies are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. When a loss is reasonably possible, but not probable, or when a loss is probable but cannot be reasonably estimated, disclosure of the contingency is provided in the notes to the financial statements.

**NOTE 3 – COMMITMENTS AND CONTINGENCIES**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

**NOTE 4 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 15, 2026, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.



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### CONSENT

Naper CPA Group, consents to the use in the Franchise Disclosure Document issued by TURQUOISE FRANCHISE, LLC ("Franchisor") on January 16, 2026, as it may be amended, of our report dated January 15, 2026 relating to the Balance Sheet as of December 31, 2025, the related statements of income, changes in shareholders' equity, and cash flows for the year then ended of Franchisor.

A handwritten signature in black ink that reads "Naper CPA Group" is written over a light gray rectangular background.

Naper CPA Group

Naperville, IL  
January 16, 2026

TURQUOISE FRANCHISE, LLC

Balance Sheet as of March 31, 2025

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

**Item 18**  
**PUBLIC FIGURES**

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

**Item 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following financial results are derived from our One Company Owned Outlet which operates in the Glendale, Arizona Market. This location is owned and operated by our Affiliate, Turquoise Wine Bar, LLC. These financial results are derived from 1.01.2025 through 12.31.2025.

ACCOUNTS	Jan 01, 2025 to Dec 31, 2025
<b>Income</b>	
Sales	\$961,705.55
Total Income	\$961,705.55
<b>Cost of Goods Sold</b>	
Food	\$63,748.66
Liquor	\$169,548.39
<b>Total Cost of Goods Sold</b>	\$233,297.05
Gross Profit	\$728,408.50
<b>Operating Expenses</b>	
AZ Taxes	\$71,146.23
Accounting Fees	\$5,570.00
Advertising & Promotion	\$40,706.11
Bank Service Charges	\$9,461.36
Business Licenses & Permits	\$3,234.15
Equipment rental	\$2,497.02
Office Supplies	\$4,542.36
Payroll Employer Taxes	\$9,779.50
Payroll – Wages & Tips	\$217,199.63
Professional Fees	\$3,523.61
Rent Expense	\$37,884.06
Repairs & Maintenance	\$3,782.80
Subscriptions	\$2,586.77
Supplies	\$4,287.37
Utilities	\$15,027.32
Insurance Expense	\$19,835.55
<b>Total Operating Expenses</b>	\$451,063.84
<b>Net Profit</b>	\$277,344.66
Estimated Royalty Fees	\$ 57,702.33
Estimated Brand Fund Fees	\$ 9,617.06

Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days' prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Products, inventory and equipment. You may only market, offer, sell and provide the Approved Services, as well as any related merchandise and other products that we authorize for sale in conjunction with the Approved Services (the "Approved Products") at your location in a manner that meets our System Standards. We will provide you with a list of our then-current Approved Products, Approved Vendors/Suppliers and Approved Services, along with their standards and specifications, as part of the Manual or otherwise in writing prior to the opening of your location. We may update or modify this list in writing at any time. If you wish to offer any product or service at your location other than our Approved Products and Approved Services or use any item in connection with your location that does not meet our System Standards, you must first obtain our prior written approval as described more fully in this Item.

#### Us or our Affiliates as Supplier

We have the right to require you to purchase any items or services necessary to operate your location from a supplier that we approve or designate ("Approved Supplier & Vendors"), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers and vendors in writing as part of the Manual or otherwise in writing, and we may update or modify this list as we deem appropriate. Currently, we have Approved Suppliers which are listed in the Brand Standards Manual that you must purchase in connection with the establishment and/or operation of your location.

Currently, you will be required to purchase travel management services from our Affiliate, Epic Wine Travel, LLC.

~~Currently, you will be required to purchase branded materials and apparel from our Affiliate, Turquoise Wine Bar, LLC and travel management services from our Affiliate, Epic Wine Travel, LLC.~~

#### Ownership of Suppliers

~~Outside of your requirement to purchase apparel and services from Turquoise Wine Bar, LLC and travel services from Epic Wine Travel, LLC, none of our officers own an interest in a supplier to our franchisees.~~

Outside of using our Affiliate, Epic Wine Travel, LLC for travel services, none of our officers own an interest in a supplier to our franchisees.