

FRANCHISE DISCLOSURE DOCUMENT

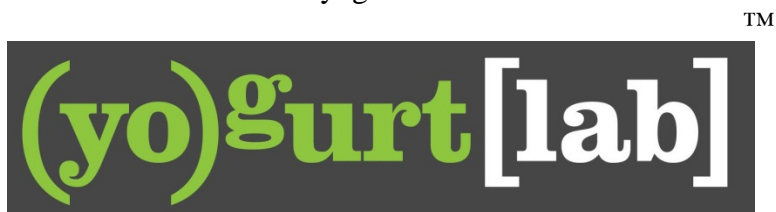
YOGURT LAB FRANCHISING, LLC

5007 France Avenue South, Suite 2

Minneapolis, MN 55410

(612) 227-8773

www.yogurtlabs.com



We grant you the right to operate a YOGURT LAB Store. Your Store will offer for sale self-serve frozen yogurt and related products and services. We also grant to qualified franchisees the right to develop YOGURT LAB Stores under a Multi Unit Development Agreement.

The total investment necessary to begin operation of your Store is from \$313,500 to \$557,000. This includes \$39,500 to \$40,000 that must be paid to us or an affiliate. The total investment necessary to begin operation under a Multi Unit Development Agreement is from \$328,500 to \$597,000. This includes \$53,500 to \$79,000 that must be paid to us.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Aaron Switz at 5007 France Avenue South, Suite 2, Minneapolis, MN 55410; telephone 612-227-8773.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 29, 2014

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND MULTI UNIT DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION/ARBITRATION/MEDIATION ONLY IN MINNESOTA; OUT-OF-STATE LITIGATION/ARBITRATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE/ARBITRATE/MEDIATE WITH US IN MINNESOTA THAN IN YOUR OWN STATE.

2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Registration States Effective Dates: See following page.

YOGURT LAB

Franchise Disclosure Document Effective Dates

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

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Minnesota:

Wisconsin:

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is “Yogurt Lab Franchising, LLC” For ease of reference, we will be referred to as “Yogurt Lab,” “we,” or “us” in this Disclosure Document. The person or entity who buys the franchise will be referred to as “you” and “your” throughout this Disclosure Document. If you are a corporation or limited liability company, your owners must sign our Owner Agreement, which means that all of our Franchise Agreement’s provisions also will apply to your owners.

The Franchisor and its Parents, Predecessors and Affiliates

We are a Minnesota limited liability company formed on April 3, 2013. Our principal business address is 5007 France Avenue South, Suite 2, Edina, MN 55410. We began offering franchises in August 2013. We have not operated a business similar to the business being franchised. However, our affiliates, Yogurt Lab, LLC (“YL”) and Yogurt Lab II, LLC (“II”), have operated Yogurt Lab Stores since December 2011, and September 2012, respectively. They currently operate eight Yogurt Lab Stores, all located in the Minneapolis-St. Paul metropolitan area. We do not offer and have not offered franchises in any other line of business. Our affiliates have not offered franchises in any line of business.

We operate under the name “YOGURT LAB” and the other marks described in Item 13 (the “Marks”).

Our agents for service of process are disclosed in Exhibit A.

We do not have any parents or predecessors. We currently have five affiliates. As noted above, YL and II operate Yogurt Lab Stores. Frozen Lab, LLC (“Frozen”) has the rights to the Yogurt Lab Marks. YogurtFlight, LLC (“Flight”) sells certain products to Yogurt Lab stores. Zenith & Hillcrest Management Services, LLC (“Z&H”) assists us in providing certain initial and ongoing services to our franchisees. All of our affiliates have the same principal place of business as us. Frozen, Flight and Z&H have not operated a Yogurt Lab business and have not offered franchises in any line of business.

The Franchise Offered

We grant you the right to operate a store under the “YOGURT LAB” service mark and other Marks (the “Store”). We also offer qualified franchisees the right to develop multiple YOGURT LAB Stores under the terms of a Multi Unit Development Agreement (the “Multi Unit Development Agreement”). If you sign a Multi Unit Development Agreement, you will sign a separate Franchise Agreement for each Store developed under your Multi Unit Development Agreement.

Your Store will specialize in the sale of self-serve premium frozen yogurt and other products authorized by us (the “Menu Items”) for retail sale to the public. Menu Items are

prepared according to specified recipes and procedures and use high-quality ingredients, including our specially formulated lines of frozen yogurt. Each Store will operate under the name YOGURT LAB and other Marks we designate.

You must operate your Store under the YOGURT LAB System (the “System”). The System is characterized by a distinctive layout, service style, design, signs, décor, furnishings, recipes, procedures and techniques, all of which we may change. YOGURT LAB stores range in size from 600 to 1,800 square feet depending on the location of your Store. You must adhere to the System regardless of the size of your Store.

Market and Competition

Your Store will offer products and services to the general public throughout the year and compete with other frozen dessert chains (local, regional, and national), restaurants, grocery stores, and food service businesses. The market for both frozen yogurt and coffee/espresso products is developed and very competitive. Because sales of frozen desserts generally increase in warmer weather, your sales may be somewhat seasonal.

Industry-Specific Regulations

We know of no trade or license regulations which specifically affect the frozen yogurt industry. Laws exist in every state that govern the food-service industry (including health, sanitation, and safety regulations regarding food storage, preparation and safety). You must comply with all local, state, and federal laws that apply to your store’s operation, including health, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction. You must obtain real estate permits (such as zoning permits), real estate licenses and operational licenses. You also must comply with all PCI Data Security Standards.

There are also regulations that pertain to sanitation, labeling, food preparation, food handling, and food service. You will be required to comply with all applicable federal, state, and local laws and regulations during the operation of your Store. You should consult with an attorney concerning those and other local laws and ordinances that may effect to your Store’s operation.

Item 2

BUSINESS EXPERIENCE

Co-Founder, CEO and Director: Aaron Switz

Mr. Switz has been our CEO and Director since May 2013. He has also been CEO of YL since December 2011. From October 2008 until February 2013 he served as Senior Portfolio Manager at Pentwater Capital Management in Chicago, Illinois. Before joining Pentwater Capital

Management, Mr. Switz was Portfolio Manager at Deephaven Capital Management in Minnetonka, Minnesota from December 1998 until July 2008.

Co-Founder and Chief Brand Officer: Andrea Switz

Ms. Switz has been our Chief Brand Officer since May 2013. She has also been Chief Brand Officer for YL since December 2011. Ms. Switz was a homemaker between 2008 and December 2011.

CFO, COO and Director: Mikael Asp

Mr. Asp has been our CFO, COO and Director since May 2013. He has also been COO and CFO of YL since February 2012. Mr. Asp was Portfolio Manager for Pioneer Path Capital in New York, New York from January 2010 until July 2011. From October 2004 until March 2009 Mr. Asp was Senior Analyst at Deephaven Capital in Minnetonka, Minnesota.

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

Initial Franchise Fee

The Franchise Fee for a single franchise is \$35,000, which will be paid in full at the time you sign the Franchise Agreement. The Franchise Fee is earned upon receipt and is non-refundable. During 2013 we sold one franchise and collected an Initial Franchise Fee of \$15,000.

Development Fee

If you sign a Multi-Unit Development Agreement, the Initial Franchise Fee is \$25,000 for each Store. Upon signing the Multi-Unit Development Agreement, you pay a lump sum, non-refundable Development Fee equal to \$12,500 (1/2 of the Initial Franchise Fee) for each Store to be opened under the Multi-Unit Development Agreement. \$12,500 of the Development Fee is credited against the Initial Franchise Fee for each Store upon the signing of the Franchise

Agreement. The balance of \$12,500 is paid upon signing of the individual Franchise Agreement. We did not collect any Development Fees during 2013.

Design and Branding Fee

Upon signing the Franchise Fee, you also pay a one-time, non-refundable Design and Branding Fee of \$2,500 to our affiliate, Z&H.

YogurtFlight Dividers

You are required to purchase from Flight your entire supply of cup dividers. We estimate the cost of the initial supply of dividers to range from \$1,000 to \$1,500 and is non-refundable.

Item 6

OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
Royalty fee (2)	6% of Gross Revenues (3)	Weekly	Weekly payment (Thursday) to us, by electronic fund transfer.
Brand Fund Contribution (4)	Currently 1/2% of Gross Revenues (3)	Weekly	Weekly payment (Thursday) to us, by electronic fund transfer. We can raise up to 2% of Gross Revenues.
Initial Marketing (5)	\$1,000 - \$2,000	Around time of opening	
Local Advertising Expenditure	Up to 1% of Gross Revenues	Yearly	
Franchisee Ad Co-op Fee (6)	To be determined by the Co-op	To be determined by the Co-op	If we designate a local cooperative, you must participate in the cooperative.
Audit fee	Cost of audit. Precise estimate is unknown, but is estimated to range from \$1,000 to \$2,000.	5 days after notice of amount due	You will pay us the costs of an audit to be performed if you fail to provide monthly financial statements, which are required by the Franchise Agreement more than 3 times per calendar year or if a random audit shows an understatement of gross sales in excess of 2%.
Late fee	\$100	Upon demand	You will pay us a late fee of \$100 if you fail to pay the Royalty or Brand Fund Contribution or any other payment when due or if you fail to file any report on a timely basis.

Type of Fee (1)	Amount	Due Date	Remarks
Interest on late payments	The lesser of 1 ½% per month or the maximum amount permitted by applicable law	Upon demand	You will pay us interest on any Royalty, Brand Fund Contribution or other fees due us, in the amount of 1½% per month. You also will be required to pay us interest on any other overdue amount beginning with the date payment is due until you pay the arrearage.
Additional training fee	Currently, \$500 per person per day.	Before commencement of the training program	You will pay us a non-refundable fee if you ask for special assistance or we determine that additional training is warranted after your initial training period.
Replacement Operations Manual	\$500	As incurred	In the event an Operations Manual is lost, stolen, or otherwise unavailable to you, you must pay us \$500 for a replacement copy.
Alternative Supplier Evaluation Fees	Various amounts to be determined by the amount of time and money necessary to evaluate the alternative supplier and/or the alternative product. Precise estimate is unknown as of the date of this Disclosure Document, but is estimated to range from \$500 to \$5,000. This amount will include our costs and expenses associated with any testing, including travel and lodging expenses incurred by us to visit a supplier's facilities.	As incurred	If you seek approval of a new supplier or product, we may charge you a fee for conducting the evaluation or you may have to pay some third party to evaluate your item or proposal.
Relocation Fee	\$5,000	At time of relocation	This fee is only payable if you relocate your Store.
Successor Franchise Fee	\$2,500	Before signing the successor franchise agreement	Payable to us, if you wish to exercise your option to acquire a successor franchise.
Transfer fee	\$10,000	Due at time transferee signs franchise agreement	You must pay us the transfer fee.
Costs and attorneys' fees	Will vary under circumstances	As incurred	Payable to us, to reimburse us for fees incurred by us in obtaining injunctive or legal relief for the enforcement of any item of the Franchise Agreement or for costs incurred for arbitration proceedings.

Type of Fee (1)	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for any claims arising from your business.
Insurance (7)	Will vary according to coverage and area	As incurred	You must be fully covered in all areas of operating a business. If you do not procure and maintain the required insurance coverage we may, but are not required to, procure insurance coverage on your behalf and to charge the costs to you together with a reasonable fee for the expenses we incur.
Proprietary Software / Tech Fee	Various Amounts	As incurred	If we develop a proprietary software, you must use it.
Inspection Fee	Our costs and expenses in conducting any subsequent pre-opening Store inspection. We estimate that this amount will not exceed \$1,500.	Upon demand	We will inspect your Store before opening. If your Store does not pass initial inspection, you will be charged for all costs and expenses we incur in conducting any subsequent inspections.

Notes:

- (1) You will pay all fees to us unless otherwise noted. All fees are non-refundable unless otherwise noted. All fees are uniformly imposed.
- (2) The amount of the Royalty Fee for any renewal term will be as provided in the franchise agreement executed for such renewal.
- (3) Gross Revenues means the gross amount of revenue, whether for cash, by redemption of gift cards or certificates or for credit, regardless of collection, earned or received by you from any source in connection with the operation of the Business or with any similar or related activity, whether on or off your business premises, arising directly or indirectly from whatever source. "Gross Revenues" does not include: (i) the amount of any tax imposed by any governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and is in fact paid by you to the appropriate governmental authority; (ii) the amount of any bona fide customer refunds; and (iii) the incidental sales of gift certificates/gift cards.
- (4) The Brand Fund Contribution is paid to us for deposit in a Brand Fund. Any expenses for local marketing must be paid by you directly to the vendors.
- (5) Part of your initial marketing expenditures will be to contact two schools within five miles of your Store and sponsor a fundraising event to benefit the entire school by donating 20% of all sales on a designated day to the school.

- (6) We may designate a local advertising cooperative and require you to contribute to and participate in the cooperative. Each Store, including any company- or affiliate-owned stores (except Special Sites) will be a member of the cooperative. Each Store will have one vote per Store. If the majority of the stores in a local marketing cooperative are company- or affiliate-owned, we will have majority voting power. Amounts contributed to cooperative advertising will be credited against your local advertising requirements.
- (7) Insurance includes all risk or all peril coverage, business interruption insurance, comprehensive general liability insurance and other forms of insurance we require. You pay insurance merchandise directly to our required third party insurer. You must deliver to us upon commencing construction of your Store, and thereafter annually or at our request, a proper certificate evidencing the existence of the required insurance coverage.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Franchise Fee (1)	\$35,000	Lump Sum	At time of signing Franchise Agreement	Us
Design and Branding Fee	\$2,500	Lump Sum	At time of signing Franchise Agreement	Our affiliate
Training Expenses(2)	\$500-\$2,500	Check, cash, or credit card	As incurred	Paid to various vendors
Architectural / Design Fees	\$10,000	Lump Sum	As incurred	Architect
Rent and deposit (3)	\$0 - \$15,000	As agreed to	As incurred	Landlord
Leasehold improvements (4)	\$100,000–\$225,000	As agreed to	As incurred	Paid to various approved suppliers
Furniture, fixtures, and equipment (5)	\$125,000–\$175,000	As agreed to	As incurred	Paid to various approved suppliers
Computer (POS) System (6)	\$10,000 - \$15,000	As agreed to	As incurred	Vendor
Signage (7)	\$5,000 - \$15,000	As agreed to	As incurred	Vendor
Opening inventory (8)	\$8,000 - \$16,000	As agreed to	As incurred	Designated and approved suppliers
Uniforms, Merchandise, Equipment and Sales	\$3,000	Certified funds	As incurred	Various approved suppliers
Initial Marketing (9)	\$1,000 - \$2,000	As agreed to	As incurred	Schools and suppliers
Utility deposits, security deposits, business licenses, etc. (10)	\$2,000 - \$6,000	As agreed to	As incurred	Various governmental entities, utility companies

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Inspection Fee (11)	\$0-\$1,500	As agreed to	As incurred	Us
Insurance Premium	\$1,000 - \$2,000		As invoiced	Insurance company
Professional Fees	\$500 - \$1,500	As agreed to	As invoiced	Accountant / Attorney
Additional funds—3 months (12)	\$10,000 - \$30,000	As agreed to	As incurred	Vendors and employees
Total (13)	\$313,500 - \$557,000			

Notes:

*We do not offer direct or indirect financing to franchisees for any items. Except where otherwise noted, all amounts that you pay to us are non-refundable. Third party suppliers will decide if payments to them are refundable.

(1) Initial Franchise Fee. The Initial Franchise Fee is \$35,000 for an individual franchise. If you sign a Multi Unit Development Agreement, the Initial Franchise Fee will be \$25,000 per Store, half of which is payable upon signing the Multi-Unit Development Agreement and the balance of which is payable upon signing the individual Franchise Agreement.

(2) Training Expenses. We will not charge you a fee for you and one additional person to attend our initial training program. You, however, are responsible for all hotel, transportation and other costs and expenses for the people you designate to attend our initial training program. The amount in the table represents the estimated costs and expenses you will incur for you and one additional person to attend our initial training program.

(3) Real Estate. A YOGURT LAB Store occupies about 600 to 1,800 square feet of space. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors and could be considerably higher in large metropolitan areas than in more suburban or small town areas. Stores can be located in strip shopping centers, shopping malls, free-standing units, and other venues in commercial areas and in residential areas. We anticipate that you will rent the Store's premises.

(4) Leasehold Improvements. Leasehold improvement costs, including floor coverings, wall treatments, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work, and contractor's fees depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your Store; and any construction or other allowances the landlord grants. The lower figure assumes that you have a unique real estate model; the higher figure assumes a high square footage model. The estimates included in the table above reflect the average deduction provided by landlords for tenant improvements and other allowances.

(5) Furniture, Fixtures and Equipment. These amounts include the frozen yogurt-making machines that you must purchase and the cost for refrigerators, freezers, and other equipment, such as office equipment and furniture and a telephone system.

(6) Computer (POS) System. You must purchase a Computer System that meets our specifications and requirements.

(7) Signage. This includes inside and outside signage.

(8) Opening Inventory. This includes food and beverage products, paper products, cleaning supplies, promotional material and other supplies.

(9) Initial Marketing. Initial marketing expenses are primarily comprised of donations to two local schools.

(10) Utility Deposits and Business Licenses. You must obtain business licenses as dictated by local regulations. You will need to provide monies for deposits for utilities.

(11) Inspection Fee. We will inspect your Store prior to opening. If your Store does not pass initial inspection, you will be charged for all costs and expenses we incur in conducting any subsequent inspection, which amount will not exceed \$1,500.

(12) Additional Funds. This item estimates your expenses during the initial period (first three months) of operation of your YOGURT LAB Store (other than the items identified separately in the table). This estimate includes payroll costs. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how closely you follow our recommended methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period of operation of your Store. This amount does not end your initial investment obligation.

(13) Total. We relied on our Affiliates' experience operating YOGURT LAB Stores to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process.

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
(Multi Unit Agreement)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Estimated Initial Investment for First Store (1)	\$303,500-\$547,000	As outlined above	As outlined above	As outlined above
Multi Unit Fee (2)	\$25,000-\$50,000	Certified funds	At time of signing of Multi Unit Agreement	Us
Total (3)	\$328,500–\$597,000			

(1) This amount reflects the total estimated initial investment needed to open your first Store as outlined in Item 7, less the \$10,000 reduction in the Initial Franchise Fee.

(2) The amount of the Multi Unit Fee will depend on whether you agree to open 3 Stores or 5 Stores. You will pay the Multi Unit Fee as follows: (i) one-half of the total Multi Unit Fee upon the signing of the Multi Unit Agreement; or (ii) the total Multi Unit Fee upon the signing of the Multi Unit Agreement. The low estimate reflects payment of one-half of the total Multi Unit Fee for 3 Stores and the high estimate reflects payment of the entire Multi Unit Fee for 5 Stores.

(3) You should be aware that your initial investment for your second and subsequent Stores likely will be higher than the above estimates for your first Store due to inflation and other economic factors that may vary over time.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the YOGURT LAB System, you must maintain and comply with our quality and system standards. Although you are not required to purchase or lease real estate from us, we will assist you in site selection and we must accept the location of your Store. You must execute our standard form of Lease Addendum in connection with any lease for the location, a copy of which is attached to the Franchise Agreement as Schedule 3. You must construct and equip your Store in accordance with our then-current approved design, specifications and standards. In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (including hardware and software for your Computer System), signage, fixtures, furnishings, products, ingredients, supplies and advertising materials that meet our specifications and standards.

Designated Sources

You must purchase certain equipment, products, merchandise, uniforms, supplies and architectural services only from designated suppliers as noted in this Item 8. From time to time we, an affiliate or a third party vendor or supplier may be the only approved supplier for certain products. For example, as of the date of this Disclosure Document, you must purchase cup dividers from our affiliate, Flight. Our officers have an ownership interest in Flight. You will pay the then-current price in effect for all purchases you make from us, our affiliate or any third party vendor we designate.

As of the date of this Disclosure Document, there are designated suppliers who are the only source for equipment, gift cards and merchandising materials, yogurt mix, inventory items, signage, POS system, equation wall, architectural services and uniforms.

Approved Supplies and Suppliers

We provide you with a list of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Store (“Approved Supplies List”). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. We reserve the right to designate a required source of supply for certain products and supplies, and we or an affiliate may be a required source.

The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. For example, as noted below, you must obtain insurance that meets our standards and requirements. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers. We will provide contact information for your distributors and/or manufacturers of all products offered at the Store.

Except where we identify a sole single source, if you propose to use in the operation of your Store any product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality and system standards and/or from a supplier not yet approved in writing by us, you must first notify us in writing and must submit to us, upon request, sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. We will provide you with written approval or disapproval within a reasonable time period (typically 30 days). You may not use any product, supply, material, furnishing or equipment that we have not approved.

Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier’s willingness to pay us or our affiliates for the right to do business with our System. We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to

continue to meet our criteria and specifications. As a condition of approval, you and/or any supplier must reimburse us for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses incurred where we deem it necessary to visit a supplier's facilities.

Nothing contained in this Disclosure Document or in Franchise Agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

We and our affiliates have the right to receive payments, rebates and other forms of consideration from suppliers based upon your (and other franchisees') purchases of goods, products and services as described in this Item 8, as well as in connection with any future purchases of any goods, products and services. Most of these payments are calculated as an amount based on products sold to you and our affiliate-owned restaurants. We will retain and use such payments as we deem appropriate or as required by the vendor or by manufacturers. As of the date of this Disclosure Document, our affiliate, Z&H, receives a 1% rebate on the purchase of yogurt mix and a 1% rebate on the purchase of various food items. Although not required to, our current intention is to split these rebates with our franchisees.

You must carry insurance policies protecting you, us and our affiliates. The insurance policy or policies must meet the standards and specifications (including minimum coverage amounts) outlined in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) "special" causes of loss coverage forms (sometimes called "All Risk coverage" or "All Peril coverage") on the Store, store improvements, furniture, fixtures, equipment, supplies and other property used in the operation of the Store, for full repair and replacement value, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12 month timeframe, or if a shorter timeframe, the total operating timeframe for the store) during the rebuilding process); (iii) comprehensive general liability insurance, including product liability insurance and contractual liability insurance; (iv) workers' compensation covering all of your employees; (v) motor vehicle insurance; (vi) umbrella liability insurance which also includes employers liability; (vii) "Per Location" aggregate limits when multiple store locations are insured under one comprehensive general liability and umbrella liability policy(cies); (viii) we must be named as an additional insured on all liability policies; (ix) severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by us; and (x) any other such insurance coverages or amounts as required by law or other agreement related to the Store. We may from time to time modify the required minimum limits (including an increase to the umbrella policy referenced in (vi) above) and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the YOGURT LAB System, standards of liability and higher damage awards.

The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Store.

You must deliver to us upon execution of the lease for the Store, but before commencing construction of your Store, and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured (as noted above) and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Store.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we will pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

You can expect items purchased or leased in accordance with our specifications will represent approximately 90% of total purchases you will make to begin operations of the business and 70% of the ongoing costs to operate the business.

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 obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement*	Item in Disclosure Document
(a) Site selection and acquisition/lease	Sections 3A, 7A and 11; Multi Unit Development Agreement Section 4	Items 7 and 11
(b) Pre-opening purchases/leases	Sections 7A, 8 and 9B	Items 5, 6, 7 and 8
(c) Site development and other pre-opening requirements	Sections 7A and 7B; Multi Unit Development Agreement Sections 2 and 4	Items 7, 8 and 11
(d) Initial and ongoing training	Sections 9B and 9C	Items 6 and 11

Obligation	Section in Agreement*	Item in Disclosure Document
(e) Opening	Sections 3B and 7A; Multi Unit Development Agreement Section 4	Items 5 and 11
(f) Fees	Section 5; Multi Unit Development Agreement Section 3	Items 5, 6 and 7
(g) Compliance with standards and policies/operations manual	Sections 7, 8 and 9; Multi Unit Development Agreement Section 5	Items 6, 7, 8, 11, 14 and 16
(h) Trademarks and proprietary information	Sections 8C and 12; Multi Unit Development Agreement Section 6B	Items 13 and 14
(i) Restrictions on products/services offered	Sections 3, 8B and 8C	Items 6, 7, 8, 11 and 16
(j) Warranty and customer service requirements	Section 8K	Items 6 and 11
(k) Territorial development and sales quotas	Section 3; Multi Unit Development Agreement Section 2	Item 12
(l) Ongoing product/services, purchases	Sections 8A-8C	Items 6, 7 and 8
(m) Maintenance appearance and remodeling requirements	Sections 7B-7F	Items 8 and 11
(n) Insurance	Section 10C	Items 6, 7 and 8
(o) Advertising	Sections 5C and 6	Items 6, 7 and 11
(p) Indemnification	Section 10B	Not Applicable
(q) Owner's participation/management/staffing	Section 9A	Items 11 and 15
(r) Records and reports	Sections 5D-5G	Item 11
(s) Inspections/audits	Sections 5H	Items 6 and 11
(t) Transfer	Sections 13; Multi Unit Development Agreement Section 8	Items 6 and 17
(u) Renewal	Section 4B	Items 6 and 17
(v) Post-termination obligations	Sections 10D and 17; Multi Unit Development Agreement Section 7	Item 17
(w) Non-competition covenants	Section 10D	Item 17
(x) Dispute resolution	Section 19; Multi Unit Development Agreement Section 9	Item 17
(y) Other	Not Applicable	Not Applicable

*Unless otherwise noted, Section references are to the Franchise Agreement.

Item 10

FINANCING

Neither we nor any of our affiliates offer any direct or indirect financing. We do not guarantee your notes, leases, or any obligation. We are unable to estimate if you will be able to obtain financing from third parties and, if so, the terms and conditions of financing.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Assistance

Before you open the Store, we will:

1. Provide you with our specifications for signage, layout, décor and similar items; (Franchise Agreement – Section 11B(i))
2. Provide you with specifications for equipment, inventory and supplies. (Franchise Agreement – Section 11.B(ii).)
3. Provide you with the Approved Supplies and Approved Suppliers Lists. (Franchise Agreement—Section 8C.)
4. Loan you either a written copy or electronic copy of the Operations Manual, the current table of contents of which is in Exhibit E. As of the date of this Disclosure Document, the Operations Manual contains approximately 163 pages. (Franchise Agreement—Section 8I.)
5. Provide the initial training program and opening assistance described below. (Franchise Agreement—Section 11.B(iv).)
6. Provide opening assistance (Franchise Agreement – Section 11.B(v).)

Post-Opening Assistance

During your operation of the Store, we will:

1. Maintain the Brand Fund. (Franchise Agreement—Section 6A.)
2. Provide updates to the Approved Supplies and Approved Suppliers Lists. (Franchise Agreement—Section 8C.)
3. Make periodic visits to your Store as we reasonably determine necessary to provide consultation and guidance. We will advise you of any problems arising out of the operation of your Store as disclosed by the report or by our inspection. (Franchise Agreement—Section 8G.)
4. Periodically offer refresher training courses as we determine necessary and require you to attend. (Franchise Agreement—Section 11D.)

Our Obligations Under the Multi Unit Development Agreement

A developer signs the initial Franchise Agreement in the Development Schedule at the time the Multi Unit Development Agreement is signed. Our obligations under the Franchise Agreement apply to a developer. Each time a developer signs another Franchise Agreement, our obligations are activated for the new Store established. We do not have any separate obligations under the Multi Unit Development Agreement.

Time of Opening

We estimate that it will take approximately four to six months after you sign a lease for your Store before you open the Store. You must sign a lease for an acceptable site within six months after the Franchise Agreement's Effective Date. We may terminate the Franchise Agreement if you fail to sign a lease within the six-month period. The specific timetable for opening depends on the site's condition; the Store's construction schedule; the extent to which you must upgrade or remodel an existing location; the delivery schedule for equipment and supplies; the completion of training; and your compliance with local laws and regulations. You may not open the Store until (1) we inspect your Store and provide you with a Certificate of Opening; (2) you complete pre-opening training to our satisfaction; (3) you pay the initial franchise fee and other amounts then due to us; and (4) you give us certificates for all required insurance policies and present copies of required licenses.

Advertising

As of the date of this Disclosure Document, you pay a Brand Contribution of .5% of your Gross Revenues to a Brand Fund (the "Fund") established by us. We have the right to increase the amount of the contribution up to 2% of Gross Revenues. We did not collect any Brand Contributions in 2013.

We administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. If all of the Brand Fund Contributions are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Fund for use in the following years. We may use the Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other payments made to employees/team members or any other individual or entity providing services to the Fund; (2) broadcast or print advertising; (3) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising); (4) any marketing or related research and development; (5) advertising and marketing expenses, including product and food research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for marketing support personnel; and (6) costs and expenses incurred by us relating to any franchise convention we hold or sponsor.

We determine the use of the monies in the Fund. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Store is located. We oversee the advertising program and use the Fund to create marketing materials and conduct national, regional or local advertising as we determine appropriate. We will contribute to the Fund amounts equal to your required percentage for each similarly situated company-owned and affiliate-owned stores in the same local marketing area, except those stores located at "Special Sites." From time to time we may contribute to the Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Fund and will make it available for your review upon your written request. We have our own in-house marketing and advertising production capabilities, but also may use an outside national, regional, or local agency. We may be reimbursed for administrative costs and overhead incurred in administering the Fund. We may use a portion of the advertising funds for the solicitation of franchise sales.

In addition to the Marketing Fee, you also must spend at least 1% of Gross Revenues on local marketing and promotion. You may only use your own marketing material if we have approved it before its use. We will notify you of our approval within 30 days after the marketing material is submitted. If we do not notify you of our approval within 30 days of the marketing material being submitted then the marketing material will be deemed unapproved.

You also must engage in certain grand opening initial marketing events and activities during the first month your Store is open.

You must obtain our written approval of all promotional and marketing materials before using them.

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged.

Computer System

You must obtain and use in your Store the designated computer-based point-of-sale cash register system and software (the "Computer System"). You must record all sales on the Computer System. The Computer System will generate reports on the sales and expenses of the Store, and it currently costs between \$10,000 and \$15,000. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the Computer System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the Computer System. We currently do not require that you purchase a maintenance, repair, upgrade, or update service contract for the Computer System, but we reserve the right to do so in the future. The current annual cost of a service contract is approximately \$600 to \$900 per year.

We reserve the right to change the point-of-sale cash register system and back-of-office computer at any time, but will not require you to replace these items more than three times during the initial term of the Franchise Agreement. We reserve the right to change the software each year. At such time as we designate the change or enhancement to the Computer System

you may be required to make certain payments to us or our designated suppliers. You will have 30 days to install and commence using the changed or enhanced Computer System. You must acquire the right to use hardware, software, peripheral equipment and accessories, and arrange for installation, maintenance and support services of the initial, changed or enhanced Computer System all at your cost. There are no contractual limitations on the frequency and cost of this obligation.

We reserve the right to develop proprietary software. You may be required to license the proprietary software from us, an affiliate or a third party, and you also may be required to pay a software licensing or use fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software.

We may independently access the Computer System and retrieve, analyze, download and use all software, data and files stored or used on the Computer System. We may access the Computer System through our intranet, in your Store or from other locations. You must store all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must maintain a phone line and a separate modem dedicated for the sole use of allowing our computer system to interface and communicate with your Computer System and you may need to purchase software designated by us for this to occur. You also must have your Store connected to the Internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent Internet email account.

You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services is at your cost.

Site Selection

You select the site for the Store with site selection guidelines we provide. We will assist you in connection with selecting and securing a site for your Store, but it is your responsibility to find a site for your Store. We do not select your site. However, upon your submission of all required information, we will notify you whether or not we have any objections to the site you proposed. You may not proceed to develop a Store on the site unless we have provided you with our acceptance of the site. Further, we must approve your plans and specifications for the Store prior to the time you commence construction. Our identification or acceptance of a site does not constitute a guarantee, recommendation or assurance as to the success of the site or your Store. The site selection factors considered by us in deciding whether or not to object to the location may include the following: (a) demographics; (b) traffic patterns; (c) parking and visibility; (d) business mix and competition; (e) ability to reflect image to be portrayed by YOGURT LAB businesses; and (f) size, appearance and other physical characteristics of the site. We may reject a site proposed by you in which case you will continue to look at alternative sites.

If you have not selected a site at the time the Franchise Agreement is signed you have six months to do so. If the site selection cannot be agreed upon within this timeframe, we reserve the right to terminate the Franchise Agreement.

Training/Education

Before you open your Store, we will train you and one of your manager-level employees to operate a YOGURT LAB Store. We will provide approximately eight days of training (although the specific number of days depends on our opinion of your experience and needs) in Minneapolis, Minnesota, or another location we designate. You must attend the entire training program.

Additional people beyond the first two may attend initial training if you pay our then-current training charge for each additional person (currently \$500 per person per day). You also must pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they attend our initial training program.

Training will occur after you sign the Franchise Agreement and while you are developing the Store. You and your attendees must complete the entire training program to our satisfaction before you may open your Store. If you or your attendees do not successfully graduate our training program you will have to attend the entire program again at your cost prior the opening of your Store. As of the date of this Disclosure Document, we provide the following training:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Management of Daily Operations	3	20	At our HQ in Minneapolis, MN or at a designated training facility
Customer Service	3	5	At our HQ in Minneapolis, MN or at a designated training facility
Kitchen Management & Food Training	3	5	At our HQ in Minneapolis, MN or at a designated training facility
Manager or Shift Supervisor Training	3	15	At our HQ in Minneapolis, MN or at a designated training facility
Marketing / Brand Management	3	2	At our HQ in Minneapolis, MN or at a designated training facility
Use of Technology in Yogurt Lab System	3	2	At our HQ in Minneapolis, MN or at a designated training facility

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Total	18	49	

Note 1: The hours devoted to each module are estimates and may vary based on how quickly trainees learn the material, their prior experience with the subject, and scheduling. On-the-job training includes cross training in all subject areas of the business.

Note 2: Justin Knudson, our District Manager / Director of Training and Development, will oversee all training programs. Mr. Knudson has been associated with us since October 2012. He has 12 years of restaurant management experience. Other personnel who are experienced in various aspects of the operation of a YOGURT LAB Store may assist in the training.

You (and your Manager) and/or other previously trained and experienced employees must attend and satisfactorily complete various training courses that we periodically provide at the times and locations we designate. In addition to attending these courses, you must attend any mandatory annual meeting of all franchisees at a location we designate. We will not require attendance at the annual meeting for more than three days during any calendar year. You are responsible for all related travel and living expenses and wages. As of the date of this Disclosure Document, the location, duration, frequency and content of any additional training program we may require is unknown. Generally, this additional training will be available on an “as needed” basis depending on new product and services introduction, and the availability of training locations.

We may require Store managers to satisfactorily complete initial and ongoing training programs.

We may charge you a fee for training managers (currently, \$500 per person per day). You are responsible for all related travel and living expenses and wages.

Operations Manual

The Table of Contents of the Operations Manual, together with the number of pages in each Section and the total number of pages, is stated in Exhibit E. You must treat the Operations Manual, and other written materials created for or approved for use in the operation of the Store, and the information contained in them, as confidential. The Operations Manual will remain our sole property. We may, from time to time, revise the contents of the Operations Manual and you must comply with each new or changed standard.

Item 12

TERRITORY

You will operate the Store at a specific location that we first must approve (the “Authorized Location”). You do not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control.

You may operate the Store only at the Authorized Location and may not relocate the premises without our approval. We will allow relocation if circumstances dictate that it is in your and our best interests.

You must not offer catering and delivery services unless we authorize in writing.

You do not receive the right to acquire additional franchises unless you sign another franchise agreement with us.

We do not place any restrictions on the customers you may solicit. You do not, however, have the right to use other channels of distribution to make sales.

Multi Unit Development Agreement

If you enter into a Multi Unit Development Agreement with us, we will not establish or franchise anyone else to establish any Yogurt Lab Store in the Development Territory up to the earlier of: (i) the expiration or termination of the Area Development Agreement; or (ii) the date on which you must execute the Franchise Agreement for your last Store under the Development Schedule (except for Special Sites). The Development Territory generally consists of a city or a portion of a city. Special Sites will be excluded from your Designated Territory and we have the right to develop or franchise the following Special Site locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; (6) malls and (7) special events (“Special Sites”).

We may not alter the Multi Unit Development Territory without your written agreement.


However, we may terminate the Multi Unit Development Agreement if you (i) fail to meet the Development Schedule; (ii) fail to comply with any other terms and conditions of the Multi Unit Development Agreement; (iii) make or attempt to make a transfer or assignment in violation of the Multi Unit Development Agreement; or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties.

Item 13

TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks in connection with the operation of your Store. The Marks are currently owned by our affiliate, Frozen.

The following Marks registered on applications have been filed on the principal registry of the United States Patent and Trademark Office:

Mark	Registration / Serial No.	Date of Registration or Application
YOGURTLAB	Reg. 4,248,322	Reg. November 12, 2012
	Ser. 86039286	App. August 15, 2013

We and our affiliates also claim common law trademark rights for all of the Marks. We intend to file all required affidavits and renewals for the Marks noted above.

We do not have a federal trademark registration on our logo which is our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those we license to you); in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a Web site.

Your use of the Marks and any goodwill is to the exclusive benefit of us and USA, and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new Menu Items, new products, new equipment, or new techniques, and you must adopt the changes in the System as if they were part of the Franchise Agreement at the time of its execution. You must comply within a reasonable time, at your expense, if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceedings involving the principal Marks. There is no pending material federal or state court litigation regarding our use or ownership rights in any trademark.

YogurtLab USA, LLC, a related company, entered into a purchase agreement with Delectable Brands, LLC, dated April 2, 2013 under which it purchased the rights to the YOGURTLAB Mark and federal trademark registration. The purchase agreement requires USA to pay certain fees to the seller and if such fees are not paid, USA is prohibited from opening any

new retail yogurt stores using the YOGURTLAB Mark. USA transferred its rights to the Mark to Frozen in July 2013. We have entered into a Trademark License Agreement with Frozen dated July 31, 2013 which grants us the right to use and sublicense to our franchisees the right to use the Marks. The term of this License Agreement is for 20 years and after that it is renewed for an additional 20 year period unless either party gives notice of termination before the end of such extension. The License Agreement can also be terminated for failure to maintain quality standards, breach of the License Agreement or bankruptcy. Except for these two agreements, there are no currently effective agreements that significantly limit our rights to use or license the use of these trademarks.

We are not obligated to protect your right to use the Marks against claims of infringement or unfair competition arising out of your proper use of the Marks. You must notify us of the use of, or claim of rights to, a trademark identical or confusingly similar to our Marks. We have the right to determine whether or not we will take affirmative action when notified of these uses or claims and the right to exclusively control any litigation or proceedings. You are required to assist us in the prosecution of such litigation or proceedings.

We know of no superior prior rights or infringing uses that could materially affect your use of the trademarks in the state where your franchise business will be located.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

As of the date of this Disclosure Document, we do not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. We claim copyright protection for our Operations Manual and other publications and promotional materials, although we have not registered any of the materials with the U.S. Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement, Operations Manual, and other communications that we provide to you. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), United States Patent & Trademark Office, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights.

There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your franchise business will be located.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; recipes; training and operations materials; methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating YOGURT LAB Stores; marketing and advertising programs for YOGURT LAB Stores; any computer software or similar technology that is proprietary to us or the system; knowledge of specifications for and suppliers of Approved Suppliers and other products and supplies; knowledge of the operating results and financial performance of YOGURT LAB Stores other than your Store; and graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials concerning a YOGURT LAB Store, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The day-to-day operations of your YOGURT LAB Store must be managed at all times by you or a “General Manager” or “Store Manager” who has satisfactorily completed our training program. Your General Manager need not have an equity interest in the business but must agree in writing not to compete against us and to preserve confidential information to which they have access and not to compete with you, us, and other franchisees. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights.

You are required to inform us immediately of a change of the General Manager of your business operation.

You must attend any annual meeting, convention or conference of franchisees and all meetings related to new products or product preparation procedures, new operational procedures or programs, training, management, sales or sales promotion or similar topics that we offer, at your own expense. As of the date of this Disclosure Document, we do not anticipate requiring

franchisees to attend meetings for more than ten days during any calendar year. You are responsible for all related travel and living expenses associated with attending any additional meetings, conventions or conferences. As of the date of this Disclosure Document, the location, duration, frequency and content of any additional meetings, conventions or conferences we require you to attend is unknown and will depend on the frequency with which new products or services are introduced to the System.

If you are, or at any time during the term become, a business corporation, partnership, limited liability company, or other legal entity, you must designate a “Principal Operator.” Your Principal Operator must be an individual who (a) owns and controls not less than 5% of the equity and voting rights; (b) has completed our initial training program; and (c) has the power and authority to bind you in all dealings with us. If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. The Owner Agreement is included with your Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all Menu Items and perform all services that we require for YOGURT LAB Stores. You may not offer or sell any products or perform any services that we have not authorized. We have the unlimited right to change the required and/or authorized products and services you may offer.

You may not offer any delivery service or engage in any catering services without our prior written approval. You also may not offer for sale any Menu Items or other products through the Internet or other online programming or marketing. You are not otherwise limited in the customers to whom you may sell products or services.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Agreement	Summary
a.	Length of the term of the franchise	Section 4A Sections 2 and 4 and Appendix B to the Multi Unit Development Agreement	Term is 10 years. Term depends on the number of Stores to be developed under the Multi Unit Development Agreement as specifically set forth in Appendix B.
b.	Renewal or extension of the term	Section 4B	Option to enter into successor franchise for one 10 year term. No renewal rights under the Multi Unit Development Agreement.
c.	Requirements for you to renew or extend	Section 4B	You give us written notice of your decision to exercise your option at least 6 months but not more than 9 months before the end of the expiring term; you sign our then current form of franchise agreement; you have complied with the modernization requirements for your Store; you are not in default and have satisfied your obligations on a timely basis; if leasing, you have written proof of your ability to remain in possession of the Store premises throughout the term; you comply with our training requirements; you pay us a \$2,500 fee; and you sign a release. If you seek to extend your franchise at the expiration of the initial term or any successor term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by you	Section 16A	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach.
e.	Termination by us without cause	Section 15B	If you fail to open your Store within 12 months after completing our training program, we may terminate the Franchise Agreement.
f.	Termination by us with cause	Sections 15A and 15B Section 6B of the Multi Unit Development Agreement	We can terminate the Franchise Agreement and Multi Unit Development Agreement only if you default or fail to comply with your obligations.

	Provision	Section in Agreement	Summary
g.	“Cause” defined - defaults which can be cured	Sections 15A and 15B Section 6B of the Multi Unit Development Agreement	You have 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in (h) below. You have 30 days to cure defaults not listed in (h) below.
h.	“Cause” defined – defaults which cannot be cured	Sections 15A, 13B and 15P Section 7B of the Multi Unit Development Agreement	Non-curable defaults include: any material misrepresentation or omission in your application for a franchise or in reports submitted to us, abandonment, your insolvency, unapproved assignment or transfer, defaults that materially impair the goodwill associated with any of the Marks, criminal conviction or fraudulent conduct, multiple defaults, or failure to cure within 24 hours of notice a default which violates any health, safety or sanitation law or regulation or any system standard as to food handling, cleanliness, health or sanitation. Non-curable defaults include: insolvency or general assignment for the benefit of creditors, appointment of a receiver of your property, a final judgment remains unsatisfied of record for 30 days or longer, execution is levied against your business or property, suit to foreclose any lien or mortgage against your premises or equipment is instituted against you and is not dismissed or in the process of being dismissed within 30 days, failure to meet the Development Schedule, you employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by us, our affiliates, or by any franchisee in the system, or notice of termination of a Franchise Agreement.
i.	Your obligations on termination/non-renewal	Section 10D and 17A-B Section 8 of the Multi Unit Development Agreement	Obligations include complete de-identification and payment of amounts due, assignment of lease and telephone numbers upon our demand, return of Operations Manual and confidential information, proprietary materials and related writings, and right to purchase assets of the Store (also see (o) and (r) below). You lose all remaining rights to develop Stores. Other obligations include those obligations noted above if existing Franchise Agreements also are terminated. We also may have the right to purchase assets of the Stores (see (o) below).
j.	Assignment of contract by us	Sections 13A Section 9A of the Multi Unit Development Agreement	No restriction on our right to assign.
k.	“Transfer” by you – defined	Section 13B Section 9B of the Multi Unit Development Agreement	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11A of the Franchise Agreement and Section 9B of the Multi Unit Development Agreement.

	Provision	Section in Agreement	Summary
l.	Our approval of transfer by you	Section 13B Section 9B of the Multi Unit Development Agreement	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	Sections 13B-C Section 9B of the Multi Unit Development Agreement	Transferee meets all of our then-current requirements for new franchisees, transfer fee and any applicable training fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, transferee executes then current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, full compliance of your obligations under all Franchise Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies (also see (r) below). You cannot transfer rights under the Multi Unit Development Agreement unless you transfer all of your rights and interests under all Franchise Agreements.
n.	Our right of first refusal to acquire your business	Section 14	We can match any offer for your Stores assets and, in the case of a proposed stock sale, we can purchase your Store assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Our option to purchase your business	Section 17B	Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Store, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements, and inventory. Qualified appraiser(s) will determine price as set forth in the Franchise Agreement.
p.	Your death or disability	Section 13C	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions, but if assignee is your spouse or child, no transfer fee is required.
q.	Non-competition covenants during the term of the franchise	Section 10D	Except as we otherwise agree to in writing, no direct or indirect involvement in the operation of any Competing Business (defined in (r) below) other than the one authorized in the Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Section 10D	No direct or indirect involvement in a Competing Business for 2 years (i) at the premises of the former Store (ii) within 25 miles of the former Store or (iii) within 25 miles of any other business or Store using the System. A Competing Business for purposes of the post-term non-compete includes any business where 10% or more of its sales includes the sale of soft-serve frozen yogurt or ice cream.
s.	Modification of the Agreement	Section 20A Section 11E of the Multi Unit Development Agreement	No modifications generally, but we have the right to change the Operations Manual, Marks and Menu Items.
t.	Integration/merger clause	Section 20C Section 11C of the Multi Unit Development Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Agreement or this Disclosure Document may not be enforceable.

	Provision	Section in Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Section 19 Section 10 of the Multi Unit Development Agreement	Except for certain claims, all disputes must be mediated or arbitrated in the city closest to where our headquarters are located (currently, Minneapolis, Minnesota) (subject to state law).
v.	Choice of forum	Section 19B Section 11F of the Multi Unit Development Agreement	Litigation must be in the applicable federal or state court where our headquarters are located (currently, Minnesota) (subject to state law).
w.	Choice of law	Section 19F Section 11F of the Multi Unit Development Agreement	Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the law of the state where the Franchisee's Store is located with govern (subject to state law).

Item 18

PUBLIC FIGURES

We currently 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 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.

This Item 19 contains certain historical data relating to the operation of our 7 affiliate-owned locations which were open as of December 31, 2013. The taxable annual sales data included in the Table reflects information for 2013 for each Store which was open during 2013. The table also shows percentage food cost, labor cost and gross rent for each of the 7 Stores in 2013. We have neither audited this information, nor independently verified this information.

**Taxable Sales and Average Costs for Yogurt Lab Affiliate Stores
During 2013**

Store	Opened	Square Ft	Taxable Sales	Food Cost %	Gross Rent %	Labor %	Other OPEX %	Operating Margin
Calhoun	Dec-11	1,200	\$837,016	34.9%	7.2%	13.2%	8.9%	35.8%
IDS	Sep-12	684	\$551,869	32.5%	5.7%	10.6%	11.0%	40.2%
50th France	Oct-12	1,175	\$440,190	34.9%	9.6%	17.8%	13.4%	24.3%
Stadium Village	Nov-12	1,408	\$370,659	42.0%	15.7%	17.2%	16.8%	8.3%
Eagan	May-13	1,335	\$370,330	37.0%	9.1%	15.9%	12.4%	25.6%
Wayzata	May-13	1,630	\$445,524	34.7%	6.9%	12.4%	9.1%	36.9%
Apple Valley	Dec-13	1,544	\$4,250	52.7%	97.6%	49.8%	85.0%	-185.1%

Footnotes:

- (1) All percentages are as of that particular Store's sales and are minus any start-up/build costs.
- (2) Because of the seasonality of the business, the timing of the opening of a Store open less than a year ago can have a material impact on some of the cost percentages. For example, both the Eagan and Wayzata stores were not opened during the first quarter of 2013 which is a seasonally slow period resulting in lower gross rent and labor cost percentages.
- (3) Food cost includes yogurt mix, milk and all toppings.
- (4) Gross rent includes base rent, CAM, taxes and percentage rent.
- (5) Labor cost includes wages (both hourly and salaried). Labor cost does not include payroll tax or any benefits.
- (6) Other operating expenses include supplies, cups and spoons, advertising, repairs, maintenance, business licenses, credit card processing fees, printing and services.
- (7) The information set forth above reflects only some expenses associated with the ongoing operations of a Yogurt Lab Store. You will incur many other types of expenses in operating a Yogurt Lab Store, such as: (1) Royalty Fee; (2) Brand Fund Contribution; (3) insurance; and (4) debt service, interest and bank charges.

Other Notes:

Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

A new franchisee's individual financial results may differ from the results stated in this financial performance representation.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

MANY FACTORS, INCLUDING LOCATION OF THE BUSINESS, MANAGEMENT CAPABILITIES, LOCAL MARKET CONDITIONS, COMPETITION AND OTHER FACTORS, ARE UNIQUE TO EACH BUSINESS AND MAY SIGNIFICANTLY IMPACT THE FINANCIAL PERFORMANCE OF THE BUSINESS.

THE ACTUAL RESULTS INCLUDED IN THIS STATEMENT SHOULD NOT BE CONSIDERED AS THE ACTUAL OR PROBABLY PERFORMANCE RESULTS THAT YOU SHOULD EXPECT THROUGH THE OPERATION OF YOUR BUSINESS. WE DO NOT MAKE ANY PROMISES OR REPRESENTATIONS OF ANY KIND THAT YOU WILL ACHIEVE ANY PARTICULAR RESULTS OR LEVEL OF SALES OR PROFITABILITY.

YOU ARE RESPONSIBLE FOR DEVELOPING YOUR OWN BUSINESS PLAN FOR YOUR BUSINESS. WE ENCOURAGE YOU TO CONSULT WITH YOUR OWN ACCOUNTING, BUSINESS, AND LEGAL ADVISORS IN DOING SO. IN DEVELOPING THE BUSINESS PLAN, YOU ARE CAUTIONED TO MAKE NECESSARY ALLOWANCE FOR CHANGES IN FINANCIAL RESULTS TO INCOME, EXPENSES, OR BOTH, THAT MAY RESULT FROM OPERATION OF YOUR BUSINESS IN DIFFERENT GEOGRAPHIC AREAS OR NEW MARKET AREAS, OR DURING PERIODS OF, OR IN AREAS SUFFERING FROM, ECONOMIC DOWNTURNS, INFLATION, UNEMPLOYMENT, OR OTHER NEGATIVE ECONOMIC INFLUENCES.

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 our CEO, Aaron Switz, at 5007 France Avenue South, Minneapolis, MN 55410, telephone (612) 227-8773, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
Systemwide Outlet Summary
For Years 2011–2013**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2011	0	0	0
	2012	0	0	0
	2013	0	1	+1
Company-Owned*	2011	0	1	+1
	2012	1	4	+3
	2013	4	7	+3
Total Outlets	2011	0	1	+1
	2012	1	4	+3
	2013	4	7	+3

*Includes the 7 locations owned by our affiliate.

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2011-2013**

State	Year	Number of Transfers
TOTAL	2011	0
	2012	0
	2013	0

**Table No. 3
Status of Franchised Outlets
For Years 2011–2013**

State	Year	Outlet at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
Minnesota	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Total	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1

Table No. 4
Status of Company-Owned Outlets
For Years 2011-2013

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Minnesota	2011	0	1	0	0	0	1
	2012	1	3	0	0	0	4
	2013	4	3	0	0	0	7
Total	2011	0	1	0	0	0	1
	2012	1	3	0	0	0	4
	2013	4	3	0	0	0	7

Table No. 5
Projected Openings as of December 31, 2013

State	Franchise Agreements Signed but Stores not Opened	Projected Franchised New Stores in the Next Fiscal Year	Projected Company-Owned Openings in Next Fiscal Year
Minnesota	0	5	1
Wisconsin	0	1	0
Total	0	6	1

We do not have any franchisees and no franchisees have ceased to do business under the Franchise Agreement or had an outlet terminated, canceled, not renewed within the last fiscal year or who have not communicated with us, within the last ten weeks. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no franchisees have signed confidentiality clauses. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the YOGURT LAB 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. We have not created, sponsored or endorsed any trademark-specific franchisee associations.

Item 21

FINANCIAL STATEMENTS

Attached and identified as Exhibit B is our audited financial statements for the year ended December 31, 2013. Our fiscal year end is December 31.

Item 22

CONTRACTS

The following documents are attached as exhibits to this Disclosure Document.

Exhibit C Franchise Agreement with Schedules

Exhibit D Multi Unit Development Agreement

Exhibit F State Addenda

Exhibit G Sample Release

Item 23

RECEIPTS

Attached to this Disclosure Document as Exhibit H is a detachable acknowledgment of receipt.

Exhibit A

LIST OF AGENTS FOR SERVICE OF PROCESS & STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<u>MINNESOTA</u>	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 (651) 296-4026	Any officer of ours.
<u>WISCONSIN</u>	Commission of Securities 345 West Washington Ave. Madison, WI 53703 (608) 266-1365	Wisconsin Commissioner of Securities 345 West Washington Ave. Madison, WI 53703

Exhibit B

FINANCIAL STATEMENTS

Financial Statements and Independent Auditor's Report

Yogurt Lab Franchising LLC

December 31, 2013



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INDEPENDENT AUDITOR'S REPORT

Members
Yogurt Lab Franchising LLC

We have audited the accompanying financial statements of Yogurt Lab Franchising LLC, which comprise the balance sheet as of December 31, 2013, and the related statements of operations and members' deficit, and cash flows from inception (April 3, 2013) to December 31, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yogurt Lab Franchising LLC as of December 31, 2013 and the results of its operations and its cash flows for the initial period then ended in accordance with accounting principles generally accepted in the United States of America.

Bomberg, Roach & Hanson, PLLC

Minneapolis, Minnesota
April 21, 2014

Yogurt Lab Franchising LLC
BALANCE SHEET
December 31, 2013

ASSETS

CURRENT

Cash	\$ 5,083
------	----------

LIABILITIES AND MEMBERS' DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$ 5,858
------------------	----------

Members' Deficit	(775)
------------------	-------

Total Liabilities and Members' Deficit	\$ 5,083
--	----------

Yogurt Lab Franchising LLC
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY
Date of Inception to December 31, 2013

Revenues	
Initial Franchise Fees	\$ 15,000
Operating Expenses	<u>40,166</u>
Net Loss	(25,166)
Initial Capitalization	<u>24,391</u>
Members' Deficit - End of Period	<u><u>\$ (775)</u></u>

The accompanying notes are an integral part of this statement.

Yogurt Lab Franchising LLC
STATEMENT OF CASH FLOWS
Date of Inception to December 31, 2013

Cash Flows From Operating Activities	
Net Loss	\$ (25,166)
Changes in Operating Liabilities	
Accounts Payable	<u>5,858</u>
Net Cash Used In Operating Activities	(19,308)
 Cash Flows from Financing Activities	
Initial Capitalization of Company	<u>24,391</u>
 Net Change in Cash	5,083
 Cash, Beginning of Period	<u>-</u>
 Cash, End of Period	<u><u>\$ 5,083</u></u>

The accompanying notes are an integral part of this statement.

Yogurt Lab Franchising LLC
Notes To Financial Statements
December 31, 2013

1. Nature of Business

Yogurt Lab Franchising LLC (the “Company”), established April 3, 2013, offers franchises under the trademark “Yogurt Lab” for the operation of self-serve frozen yogurt restaurants. Under the Company’s franchise agreement, a franchisee receives the right to use the Company’s system of operation and certain trademarks for a period of ten years in return for an initial franchise fee and defined minimum royalty and advertising fund payments.

The initial capitalization of the Company was effected through the contribution of \$24,391 in cash by the members.

2. Summary of Significant Accounting Policies

Cash

The Company considers all investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

Initial franchise fee revenue is recognized upon the finalization of the franchise agreement and substantial completion of all initial service required by the agreement. Royalty and advertising fee revenue is computed as a percentage of franchisee gross revenues and is recognized as such sales occur.

Income Taxes

The Company is a partnership for income tax reporting purposes. In lieu of corporate income taxes, net income or loss is reported by the members on their individual income tax returns. Therefore, no provision or liability for income taxes has been included in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Yogurt Lab Franchising LLC
Notes To Financial Statements
December 31, 2013

3. Subsequent Events

Subsequent events through April 21, 2014, the date statements were available for issuance, have been considered for recording or disclosure in these financial statements. There were no material subsequent events that required recognition or disclosure in these financial statements.

Exhibit C

FRANCHISE AGREEMENT

YOGURT LAB FRANCHISING, LLC
FRANCHISE AGREEMENT

Franchisee: _____
Date: _____

YOGURT LAB™
FRANCHISE AGREEMENT
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YOGURT LAB FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** ("Agreement") is made this____ day of _____, 201__, by and between Yogurt Lab Franchising, LLC, a Minnesota limited liability company, located at 5007 France Avenue South, Suite 1, Edina, Minnesota 55410 ("we" or "us"), and _____, a _____ located at _____ ("you").

BACKGROUND:

- A. We have developed a unique system for establishing and operating Stores which offer self-serve frozen yogurt and related products and services under the Yogurt Lab™ Marks;
- B. We grant franchises for the operation of Yogurt Lab Stores to qualified candidates who are willing to adhere to our quality standards and operating procedures;
- C. You desire to open and operate a Yogurt Lab Store in compliance with our quality standards and operating procedures; and
- D. We have agreed to grant you a franchise to open and operate a Yogurt Lab Store subject to the terms and conditions of this Agreement.

In consideration of the mutual promises in this Agreement, the parties agree as follows:

1. ACKNOWLEDGMENTS

You acknowledge and represent the following:

- A. Like any other business, the nature of the business conducted by Yogurt Lab Stores will evolve and change over time.
- B. We do not guarantee the success of Yogurt Lab Stores, and being part of a franchise system does not alter the fact that an investment in a Yogurt Lab Store involves business risks that could result in the loss of a significant portion or all of your investment.
- C. Among other things, your business abilities and efforts are vital to your success and to the success of your Yogurt Lab Store.
- D. Attracting customers for your Yogurt Lab Store will require you to make consistent marketing efforts in your community through various methods, including charitable donations, media advertising, direct mail advertising and networking, and display and use of in-store promotional materials.
- E. Retaining customers for your Yogurt Lab Store will require you to have a high level of customer service and to adhere strictly to the mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for Yogurt Lab Stores.

F. You have read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Yogurt Lab Store, and to protect and preserve the goodwill of the Marks.

2. **DEFINITIONS**

For the purposes of this Agreement, the following terms are defined:

A. **"Agreement"** means this Agreement and all instruments amending this Agreement.

B. **"Business"** or **"Franchised Business"** means the business operations conducted or to be conducted by you consisting of operating a Yogurt Lab Store using our System and in association with the Marks.

C. **"Confidential Information"** means all knowledge, know-how, standards, recipes, methods and procedures related to the establishment and operation of a Yogurt Lab Store and includes procedures, operating methods, and all records pertaining to customers, suppliers, and other service providers of, or related in any way to, the Business including, without limitation, all databases (whether in print, electronic or other form), manuals, promotional and marketing materials, marketing strategies and any other data which we designate as confidential.

D. **"Gross Revenues"** means the gross amount of revenue, whether for cash, by redemption of gift cards, for certificates or for credit, regardless of collection, earned or received by you from any source in connection with the operation of the Business or with any similar or related activity, whether on or off your business premises, arising directly or indirectly from whatever source. "Gross Revenues" shall exclude only: (i) the amount of any tax imposed by any governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and is in fact paid by you to the appropriate governmental authority; (ii) the amount of any bona fide customer refunds which are paid to the customer; and (iii) incidental sales of gift certificates/gift cards.

E. **"Incapacity"** means your inability to perform any of your obligations under this Agreement for whatever reason including a physical or mental illness or disability.

F. **"Internet"** means any of one or more local or global interactive communications media, that is now available, or that may become available, and includes Websites, domain names, and social media platforms. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

G. **"Manual"** means our confidential: (i) manual or manuals, and (ii) any Intranet or password protected portion of an Internet site, and (iii) any amendments, supplements, derivative works, and replacements, whether embodied in electronic or other media.

H. **“Marks”** means the service mark “Yogurt Lab” together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, logos, designs or insignia which may be designated by us from time to time as part of the System for use by our franchisees, and not thereafter withdrawn.

I. **“Menu Items”** means the soft-serve frozen yogurt, toppings, desserts, beverages and other products prepared according to our specified recipes and procedures, as we may modify and change from time to time.

J. **“Multi-Area Marketing Programs”** mean regional or national programs designed to increase business including multi-area customer, commercial customer, Internet, event, phone listings, vendor programs, and co-branding programs. Such programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment of commissions or referral fees), and adherence to pricing restrictions to the extent permitted by law. All such programs are our proprietary trade secrets.

K. **“Premises”** means the location of your Yogurt Lab Store.

L. **“Principal Operator”** means the individual who will be responsible for the development and operation of the Franchised Business. All communication with you shall be through the Principal Operator.

M. **“System”** means, collectively, our valuable know-how, information, trade secrets, methods, Manual, standards, designs, recipes, usage of the Marks, copyrightable works, products and service sources and specifications, proprietary software, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the Franchised Business, as modified by us at any time. All such modifications and improvements become our property.

N. **“Store”** means the Yogurt Lab Store you develop and operate pursuant to this Agreement.

O. **“Transfer”** means to voluntarily or involuntarily transfer, assign, sell, or encumber any interest in or ownership or control of, the Franchised Business, substantial assets of the Franchised Business, of this Agreement or any interest in the legal entity which owns the Franchised Business.

3. GRANT OF FRANCHISE

A. **Grant.** We grant to you the right and license to establish and operate one retail Store identified by the Yogurt Lab Marks or such other Marks as we may direct, at the location identified on the Data Sheet, which location must be designated within 180 days from the date of this Agreement (the “Authorized Location”). When a location has been designated by you and approved by us, it will become part of this Section 3.A as if originally stated. If an Authorized Location is not designated by you and accepted by us within 180 days from the date of this Agreement, we may terminate this Agreement. You accept the license and undertake the

obligation to operate the Store at the Authorized Location using the Marks and the System in compliance with the terms and conditions of this Agreement.

B. **Opening.** You agree that the Store will be open and operating in accordance with the requirements of Section 6.A within 120 days after you have access to the premises for your Store, unless we authorize in writing an extension of time.

C. **No Territory.** The Yogurt Lab Franchise is specific to one location only, for the term of this Agreement. It grants no rights beyond the Authorized Location and does not include any territorial protection against competition.

D. **Reservation of Rights.** Except for the rights specifically granted to you above, we reserve all other rights, including the following rights:

i. We may use, and license others to use, the Marks and System for the operation of Yogurt Lab Stores anywhere. Except as otherwise specifically provided in this Agreement, this Agreement shall not restrict us, or grant any rights to you, with respect to the pursuit of any business concept other than the Yogurt Lab concept.

ii. We may use and license the use of other proprietary marks or methods which are not the same as or confusingly similar to the Marks, at any location, for products and services which may be the same as, similar to or different from the services offered by Yogurt Lab Stores.

iii. We may sell any products or services anywhere through various channels of distribution (including restaurants, grocery stores, club stores, schools, airports, sports facilities, military institutions, and other unique venues). The Internet is a channel of distribution reserved exclusively to us, and you may not independently market your Yogurt Lab business on the Internet or otherwise conduct e-commerce except as we approve.

iv. We may develop or own other franchise systems for the same or similar products and services using different Marks than those licensed to you.

v. We may purchase or be purchased by, or merge or combine with, competing businesses wherever located.

vi. We may offer franchises in the future on terms we deem appropriate, including terms that differ from this Agreement.

vii. We may establish Multi-Area Marketing Programs. We may offer you the opportunity to service customers developed by a Multi-area Marketing Program, or we may make other arrangements to do so.

E. **Modifications.** You recognize that variations and additions to the System may be required from time to time in order to preserve or enhance the System. Therefore, we expressly reserve the right to add to, subtract from, revise, modify or change from time to time the System

or any part thereof, and you agree to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply.

4. TERM OF THE AGREEMENT; OPTION TO ACQUIRE SUCCESSOR FRANCHISE

A. **Term.** The term of this Agreement shall continue for a period of ten years (the “Term”). The Term shall begin on the date this Agreement is executed by us, subject, however, to termination according to the provisions of this Agreement.

B. **Option to Execute New Franchise Agreement.** Upon the expiration of the term of this Agreement, you will have the option to enter into a Yogurt Lab franchise agreement (under the then-current version of Franchise Agreement) upon the following terms and conditions:

i. Such right may only be exercised by you by written notice to us given not less than six months or more than nine months before the expiration of the Term of this Agreement.

ii. There is no outstanding breach by you of the terms and conditions of this Agreement.

iii. You have substantially observed and performed the terms and conditions of this Agreement throughout the Term.

iv. You, at your expense, bring the Business up to the then-current standards for a Yogurt Lab Store and comply with any applicable updating or remodeling requirements. There is no limitation on the amount we may require you to spend on refurbishing, remodeling and replacement.

v. You agree to complete any additional training we may require.

vi. You sign a new Franchise Agreement with us provided, however, that:

(1) The Successor Franchise Fee, will be \$2,500;

(2) We will not be required to provide any of the initial training or other services contained in such Agreement which we provide to a new franchisee; and

(3) The term of the successor Franchise Agreement will be ten years.

vii. You and your owners will sign a general release in a form we prescribe, to the fullest extent permitted by law, to release us and our officers and employees from any claims you may have against us.

5. FEES AND OTHER PAYMENTS

A. **Initial Franchise Fee.** You must pay us the sum of \$35,000 as an Initial Franchise Fee (“Initial Franchise Fee”) upon the execution of this Agreement. If you are signing this Agreement in connection with your rights and obligations under a Multi Unit Agreement, the Initial Franchise Fee you will pay under this Agreement will be set forth in the Multi Unit Agreement. The Initial Franchise Fee is deemed to have been fully earned by us when paid and is non-refundable.

B. **Design and Branding Fee.** You must pay our affiliate, Frozen Lab, LLC, a one-time non-refundable Design and Branding Fee of \$2,500 upon the execution of this Agreement.

C. **Royalties.** You must pay us continuing non-refundable royalties equal to 6% of Gross Revenues which will be reported and paid to us as provided in this Agreement.

D. **Brand Fund Contribution.** You will pay a Brand Fund Contribution to be deposited in the Yogurt Lab Brand Fund (“Fund”). As of the date of this Agreement, the amount of the Brand Fund Fee is .5% of your Gross Revenues. We reserve the right to increase the amount of the Brand Fund Fee up to a maximum of 2% of Gross Revenues upon 30 days written notice. Your required payments to the Fund will be made at the same time and in the same manner as the Royalties. Such payment will be made in addition to and exclusive of any sums that you may be required to spend on local advertising and promotion.

E. **Manner of Payment and Reports.** On or before the Thursday of each week, or such other time that we specify, you must make all payments to us for the preceding week (7 day period ending at the close of business on Saturday) by means of electronic funds transfer or any other method we specify. To facilitate the electronic funds transfer, you will arrange for you and your bank to execute the Authorization Agreement set forth in Schedule 2, or such other form as we may provide. On or before Thursday of each week, or such other time that we specify, you will deliver an itemized report of your Gross Revenues for the prior week on such form and in the manner, including electronically, that we prescribe. This report will include your certification and records of Gross Revenues for the period reported. You will provide us with all hard copies and access to electronic reports, that we prescribe. You will not set off any claim for damages or money due to you from us against any payments to be paid by you to us under this Agreement or any related agreement between the parties. No endorsement or statement will be effective as an acknowledgment of payment in full. We will have the right to accept any payment and to recover the balance due or to pursue any other remedy available to us. You must pay a late fee of \$100 in the event any amount (royalty, Brand Fund contribution or other payment) is not paid within five days of the due date. In addition, interest at the rate of 1.5 percent per month (18% per annum), or the maximum allowed by law, if less, will be added to any sums to be paid under this Agreement that remain unpaid after the date due.

F. **Records.** You shall keep such complete records of the Franchised Business as a prudent and careful businessperson would normally keep. You shall keep your financial books and records as we may from time to time direct in the Manual or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit

receipts, sales tax records and returns, cash disbursements journals and general ledgers. You shall advise us of the location of all original documents and shall not destroy any records without our prior written consent. You will transmit accurate records relating to the Franchised Business, including each business transaction and point-of-sale tapes and records, in the form, time and manner we prescribe (including both paper copy and electronic records accessible by us).

G. **Financial Statements.** You must prepare all financial reports in accordance with generally accepted accounting principles, consistently applied, and in a form approved by us. You must use the chart of accounts we prescribe. You must periodically deliver to us accounting, tax and other information (or copies of documents), as we request including a monthly financial statement with profit and loss and balance sheet delivered to us with 30 days after each calendar month. You will provide us with a copy of your annual financial statements including a profit and loss statement and a balance sheet. Such annual statements will be prepared in accordance with generally accepted accounting principles, consistently applied, and be delivered to us within 60 days after your fiscal year end.

H. **Other Information.** You will provide such further information relating to the Franchised Business as we deem necessary to assist us in the discharge of our duties or the enforcement of our rights under the terms of this Agreement.

I. **Audit Rights.** During the term of this Agreement for a period of three years after the termination or expiration of this Agreement, we and our authorized agents will have the right to inspect and audit any of the records of your Franchised Business wherever they may be located. We agree to do inspections and audits at reasonable times. If any inspection or audit discloses a deficiency in the payment of any royalties, Brand Fund Contributions or other amounts required to be paid or expended under this Agreement, you shall immediately pay the deficiency to us. In addition, if the deficiency for any audit period equals or exceeds 2% of the correct amount due, you will also immediately pay to us the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel.

6. **MARKETING**

A. **Brand Fund.** The Fund will be maintained and administered by us as follows:

i. We will oversee all Brand Fund programs and have sole control over creative concepts, materials and media used in such programs including the placement and allocation. We will use the Fund to develop marketing initiatives. We cannot and do not ensure that any particular franchisee will benefit directly or pro rata from the advertising or marketing programs.

ii. For each of our company-owned or affiliate-owned Yogurt Lab Stores, we will make contributions to the Fund on the same basis as Franchised Businesses.

iii. We will administer and control the Fund and we will have the absolute and unilateral right to determine how, when and where the monies in the Fund will be spent. This includes the right to use Fund monies for (a) maximizing public awareness of

the Yogurt Lab brand, (b) the creation, development and production of advertising and promotional materials; (c) marketing or related research and development; (d) payment for services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies; (e) customer incentive programs and sponsorships, (f) marketing meetings and sales incentives; (g) development and enhancement of Web pages, Internet access provider costs, and (h) administrative costs. Sums paid by you to the Fund will not be used to defray any of our general operating expenses, except for such reasonable administrative costs and overhead, if any, as we may incur in activities reasonably related to the administration or direction of the Fund and advertising programs including, without limitation, costs incurred in collecting and accounting for assessments for the Fund and salaries for marketing support personnel. The Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Fund; provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each Store or in each advertising market.

iv. It is our intent that all contributions to the Fund will be expended for marketing purposes during the fiscal year within which contributions are made. Any monies not expended in the fiscal year in which they were contributed will be applied and used for Fund expenses in the following year.

v. Although we intend the Fund to be of perpetual duration, we have the right to terminate the Fund. We will not terminate the Fund, however, until all monies in the Fund have been expended for advertising and promotional purposes.

vi. If requested, we will provide you with an unaudited statement of the financial condition of the Fund. At our option, we may obtain an audit of the contributions and expenditures of the Fund prepared by an independent certified public accountant selected by us and prepared at the expense of the Fund.

B. Initial Marketing. You acknowledge that initial marketing, public relations and promotional activities are required to advise the public that your Yogurt Lab Store is open for business. You agree to conduct initial public relations and promotional activities according to our specifications. In no event will you be required to spend more than \$2,500 on initial marketing and promotion.

C. Local Expenditures. You must use your best efforts to promote and advertise the Store and participate in any local marketing and promotional programs we establish from time to time. In addition to any Brand Fee we may collect, we reserve the right to require you to spend up to 1% of Gross Revenues on approved local marketing and promotion in your market. Upon our request, you must provide us with itemization and proof of marketing and an

accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Brand Fund.

Before using any promotional and advertising materials not provided by us, you will submit to us, for our prior approval, all information pertaining to promotional materials and advertising initiated by you. In the event written disapproval of any such advertising and promotional material has not been given by us to you within 20 days from the date such information has been received by us, the materials will be deemed approved. We have the right to use, copyright and provide to our franchisees the use of any marketing, promotional or advertising materials developed by you.

D. Advertising Cooperatives. We have the right to designate local advertising markets and if designated, you must participate in and contribute to the cooperative advertising and marketing programs in your designated local advertising market. If established, you must direct your local advertising expenditure to the advertising cooperative. Each Yogurt Lab store, including those operated by us, within a designated local advertising area is a member of the local advertising cooperative and each store has one vote on all matters requiring a vote. Each advertising cooperative will be required to adopt governing bylaws that meet our approval. You must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each advertising cooperative will be required to prepare annual financial statements, which must be made available to all members of the cooperative and to us upon request. Also, each advertising cooperative must submit to us its meeting minutes upon our request. We have the right to require advertising cooperatives to be formed, changed, dissolved or merged.

E. Special Promotions. You will fully participate in all promotional campaigns, prize contests, special offers, and other programs (including the introduction of new services or products, coordinated support of particular non-profit organizations or other marketing programs directed or approved by us), which are prescribed from time to time by us. You will be responsible for the costs of such participation.

F. Multi-Area Marketing and Cooperative Advertising. We may also require you to join and participate in Multi-Area Marketing Programs, and may specify maximum resale prices. We may designate local or regional advertising coverage areas to develop cooperative local or regional advertising and promotional programs. You must participate in and contribute your share to the cooperative advertising and promotional programs in your advertising coverage area in addition to the contributions and expenditures required by this Agreement. Your contributions to cooperative advertising or promotional programs will be credited toward the minimum local advertising contribution. Any such cooperatives will establish the procedures for contribution payments. You may be required to belong to and contribute a maximum of 100% of your local advertising contribution to any cooperative to which you are assigned. We may designate the coverage area, method and timing of payment, and any outside agencies; and may merge or dissolve cooperatives; and must approve bylaws and all activities and advertising; of any such cooperative. All cooperatives will report to us in the manner required by, and follow all requirements of, this Agreement.

G. Promotional Materials. You may not use any advertising or promotional materials, including online presences, electronic mediums and social networking sites (such as LinkedIn®, twitter®, myspace.com®, facebook® or YouTube®) that we have not approved or that we have disapproved. You agree to submit to us for our prior approval, samples of all advertising and promotional materials not prepared or previously approved by us and which vary from our standard advertising and promotional materials. All of your advertising and promotion must comply with all applicable laws, be completely factual and conform to the highest standards of ethical advertising. You agree to refrain from any business or advertising practice that may be injurious to our business, to the business of other Yogurt Lab Stores or to the goodwill associated with the Marks. We consider any discussions about or promotion of your Store by you or your employees or agents via the internet (including, without limitation, social media websites or platforms) to be advertising subject to the requirements of this Section.

All of your advertising (including advertising on social media platforms by you or your employees or agents) must be in such media and of such type and format as we may approve, must be conducted in a dignified manner and must conform to our social media policy and such standards and requirements as we specify from time to time.

7. FACILITY STANDARDS AND MAINTENANCE

You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of Yogurt Lab Stores to protect the distinction, goodwill and uniformity symbolized by the Marks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Store Facility; Site Under Control. You are responsible for leasing a site that meets our site selection guidelines. You must obtain our written acceptance of the site before you execute your lease. You may not use the Store premises for any purpose other than the operation of a Yogurt Lab Store during the term of this Agreement. We make no guarantees concerning the success of the Store located on any site which we accept.

You may not open your Store for business until we inspect your Store and provide you with a Certificate of Opening and we have consented to your opening date. A Certificate of Opening may be obtained only after all local permits, certificates and codes have been met and a certificate of occupancy has been granted. If you do not pass your initial inspection, you will be charged for all costs and expenses incurred by us in sending an inspector to re-inspect your Store. We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date.

You and your landlord must sign the Lease Addendum attached as Schedule 3. You must provide us a copy of the executed lease and Lease Addendum within five days of its execution. We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate and enter into the lease for the Store premises.

You must execute, and provide us an executed copy of your lease (including an executed copy of the Lease Addendum) for your Store within 120 days from the date of execution of this

Agreement. If you fail to have your “site under control” (execute the lease or the purchase agreement within the timeframe set forth in this subparagraph), we will have the right to terminate this Agreement.

You understand and agree that (i) you are responsible for the site selection and for negotiation of a lease for the Authorized Location; (ii) our proposal or acceptance of a site or assistance in the negotiation of a lease does not constitute a guaranty or warranty that operation of a Yogurt Lab Store located at the accepted site will be successful or profitable; and (iii) our acceptance of a site signifies only that the site meets our current site criteria. You understand and agree that you are responsible for investigating and complying with all applicable laws concerning development and occupancy of the Authorized Location.

B. Construction; Future Alteration. You must construct and equip your Yogurt Lab Store in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, and design and layout. You may not commence construction of the Store until you have received our written consent to your building plans.

Without limiting the generality of the prior paragraph, you must promptly and in no event more than sixty days after obtaining possession of the site for the Store: (i) have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our general atmosphere, image, color scheme and décor requirements as set forth from time to time in the manuals for a Yogurt Lab Store (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating); (ii) purchase or lease and then, in the construction of the Store, use only the approved building materials, equipment, fixtures, furniture and signs; (iii) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Store in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; (iv) obtain all customary contractors’ sworn statements and partial and final waivers, obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act; and (v) obtain and maintain all required zoning changes, building, utility, health, sanitation, and sign permits and licenses and any other required permits and licenses. It is your responsibility to comply with the foregoing conditions.

Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Store to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have received our prior written consent. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

C. Maintenance. The building, equipment, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) employed in the operation of your Yogurt Lab Store must be maintained and refreshed in accordance with our requirements established

periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives. Within a period of 30-60 days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must effect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage. If, however, any condition presents a threat to customers or public health or safety, you must effect the items of maintenance immediately.

D. Relocation. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us; provided that the new Store is open and operating within 180 days after construction commences, all in accordance with our then-current standards. If you voluntarily decide to relocate the Store, your right to relocate the Store will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Store, have procured a site that we accept within 60 days after closing the prior Store, have opened the new Store for business within 180 days of such closure and complied with any other conditions that we reasonably require. You must pay us a \$5,000 relocation fee to cover our costs associated with the relocation.

You do not have the right to relocate in the event you lose the right to occupy the Store premises because of the cancellation of your lease due to your breach. The termination or cancellation of your lease due to your breach is grounds for immediate termination.

E. Modernization or Replacement. From time to time as we require, you must effect items of modernization and/or replacement of the fixtures, trade dress, equipment and décor as may be necessary for your Store to conform to the standards for similarly situated new Yogurt Lab stores. Furthermore, in addition to performing general continued maintenance and refreshing of the Store premises whenever necessary, you must effect any required expenditures for equipment or leasehold improvements. We will not require you to spend more than \$50,000 on Store modernization and replacement during the initial term of this Agreement.

You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of Yogurt Lab stores and to avoid deterioration or obsolescence in connection with the operation of the Store. If you fail to make any improvement as required by this Section or perform the required maintenance, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur.

F. Signage. The outdoor and indoor signage at your Store must comply with our then current specifications, which we may modify and change from time to time due to modifications to the System, including changes to the Marks. You must make such changes to the signage as we require.

8. PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. **Authorized Menu.** Your business must be confined to the preparation and sale of only such Menu Items and other food and beverage products as we designate and approve in writing from time to time for sale by your Store. You must offer for sale from the Store all items and only those items listed as Menu Items and other approved food and beverage products. We have the right to make modifications to these items from time to time, and you agree to comply with any modifications. You may not offer or sell any other product or service at the Store without our prior written consent.

B. **Authorized Products and Ingredients.** You must use in the operation of the Store and in the preparation of Menu Items and other food and beverage products only the proprietary and non-proprietary ingredients, recipes, formulas, techniques, processes and supplies we designate, and prepare and serve the Menu Items and products in such portions, sizes, appearance, taste and packaging, all as we specify in our Operations Manual or otherwise in writing. You acknowledge and agree that we may change these periodically and that you are obligated to conform to the requirements. All supplies, including containers, cups, plates, wrappings, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity and quality. You acknowledge that the Store must at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that will permit operation of the Store at maximum capacity.

C. **Approved Supplies and Suppliers.** We will furnish to you from time to time lists of approved supplies or approved suppliers. You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "Approved Supplies") in connection with the design, construction and operation of the Store as set forth in the Approved Supplies lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of Approved Supplies (an "Approved Supplier"). You acknowledge and agree that certain Approved Supplies may only be available from one required Approved Supplier source, and we or an affiliate may be that source. For example, you must purchase all trademarked retail items, architectural services, and certain products, supplies, equipment and materials from us or our designated suppliers. You will pay the then-current price in effect for Approved Supplies purchased from us. All inventory, products, materials and other items and supplies used in the operation of the Store that are not included in the Approved Supplies or Approved Suppliers lists must conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED OR DESIGNATED BY US, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION**

WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.

D. **POS System.** You must purchase a POS system from our designated supplier, including all future updates, supplements and modifications (the “POS System”). The POS System includes all hardware and software used in the operation of the Store, including electronic point-of-sale cash registers and any software we may designate to record and analyze sales, labor, inventory, product usage, employee information and tax information. The POS System also will include any credit card processing system we designate. The computer software package developed for use in the Store may include proprietary software. You may be required to license the proprietary software from us or a third party and you also may be required to pay a software licensing or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. You shall not use or download any software on your computer unless it has been authorized by us in writing. In the event that you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement. You acknowledge and agree that we will have full and complete access to the information and data entered and produced by the POS System. You must, at all times, have at the Authorized Location Internet access with a form of high speed connection as we require and you must maintain an email account for the Store.

E. **Serving and Promotional Items.** All sales promotion material, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils and other items, and customer convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Marks. You must purchase these items from our Approved Suppliers.

F. **Health and Sanitation.** Your Store must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority. You also must comply with any standards that we prescribe. In addition to complying with such standards, if the Store is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. In the event you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance. We reserve the right to require a third party health and safety audit from time to time.

G. **Evaluations.** We and our authorized representative have the right to enter your Store at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and

the conditions of sanitation and cleanliness in the storage, production, handling and serving. Any failure of an inspection is a default under this Agreement. Further, if we determine that any condition in the Store presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Store until the situation is remedied to our satisfaction. Our inspections and evaluations may include a “mystery shopper” program from time to time throughout the term of this Agreement. If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay the costs and expenses of subsequent “mystery shopper” visits.

H. Period of Operation. Subject to any contrary requirements of local law, your Store must be opened to the public and operated during the days and times set forth in the Manual. You acknowledge and agree that if your Store is closed for a period of two consecutive days or five or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of force majeure that prevent you from complying with the foregoing will not constitute an abandonment of the franchise business.

I. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our Manual or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility and sanitation. We will revise the Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of stores operating under the Marks. Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you.

You acknowledge having received one copy of the Manual on loan from us for the term of this Agreement. The Manual is at all times our sole property. You must at all times treat the Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the Manual and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the Manual is kept current and up to date, and in the event of any dispute as to the contents of said Manual, the terms of the master copy of the Manual that we maintain are controlling. You acknowledge and agree that in the future the Manual and other system communications may only be available on the Internet or other online or computer communications.

J. Confidential Information. You, your owner, and your manager may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell or use for the benefit of any other person or entity Confidential Information, except to such employees that must have access to it to operate the Store. For purposes of this Agreement, “Confidential Information” means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the

Manual or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Store, as well as the content of this Agreement and any other document executed in connection with this Agreement. Any and all Confidential Information, including, without limitation, proprietary ingredients, secret formulas and recipes, customer lists, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the Store. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning an interest in the franchisee, your manager and other key employees. You must provide executed copies of these agreements to us upon our request.

K. Catering and Delivery Services. If you want to offer catering or delivery service to customers, you must obtain our prior written approval. Any catering or delivery services must meet our written standards. You also must charge the same price for products offered by the Store whether delivered or catered by or sold in the Store. Any income from catering or delivery services must be included in Gross Revenues for purposes of your Royalty and Brand Fund Contribution.

L. Compliance with Law; Licenses and Permits. You must at all times maintain your premises and conduct your Store operations in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your Store.

You acknowledge that you are an independent business and responsible for control and management of your Store, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your Yogurt Lab business or Store, including any notices of health code violations.

M. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations set forth in this Agreement.

N. Suggested Pricing Policies. We may, from time to time, suggest prices at which authorized products offered by your Yogurt Lab Store may be sold or offered for sale. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

O. **Participation in an Internet Website, Social Media Sites or Other Online Communications.** We may require you, at your expense, to participate in our website on the World Wide Web as well as an intranet system and other on-line communication systems. We have the right to determine the content and use of the website and will establish the rules under which franchisees may participate. You may not separately register any domain name or register or operate a Facebook page or participate in any other social media platform containing any of the Marks unless approved in advance in writing by us. We will retain all rights relating to our website and may alter or terminate the website without prior notice. Your general conduct on the website or on other online communications and specifically your use of the Marks or any advertising on any website or other online communications is subject to the provisions of this Agreement. You acknowledge that certain information obtained through your participation in the web site may be considered Confidential Information, including access codes and identification codes. Your right to participate in the web site or otherwise use the Marks on the internet or other online communications will terminate when this Agreement expires or terminates.

9. PERSONNEL AND SUPERVISION STANDARDS

The following provisions and conditions control with respect to personnel, training and supervision:

A. **Supervision.** You (if Franchisee is an individual) or one of your owners (if Franchisee is a legal agent) are ultimately responsible for the management and operation of your Store. You may hire a general manager to assist you in managing the day-to-day operations of the Store. Any manager or replacement manager(s) you hire must complete our training. Any manager(s) or replacement manager(s) you hire must be trained by us. The use of a manager in no way relieves you of your obligations to comply with this Agreement and to ensure that the Store is properly operated.

B. **Training.** You must comply with all of the training requirements we prescribe for the Store to be developed under this Agreement. You must complete our initial training program to our satisfaction.

We will provide our initial training program to you and one additional person without charging you a fee. You, however, are responsible for paying all costs and daily living expenses, including hotel and transportation costs, for these individuals to attend our training program. If you would like us to train more than the two people noted above, or if it becomes necessary to retrain a certain individual, we will charge you our then-current training fee, which fee will not exceed \$500 per person per day. You will be responsible for paying all costs and other daily expenses for any additional person who attends our initial training program.

We also will provide you with not less than two days of on-site assistance. Specifically, when your Store is ready to open, we will, at our cost, send one of our representatives to your Store to provide opening assistance and support.

The training requirements may vary depending on your experience and the experience of any manager you hire or other factors specific to the Store. In the event you are given notice of

default, and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you and your manager, at your expense, comply with the additional training requirements we prescribe. Any new manager you hire must comply with our training requirements within a reasonable time as we specify. The training of new managers generally occurs at one of our corporate stores, but we may schedule your training at another site. Under no circumstances may you permit the management of the Store's operation on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

If you request additional training or if we determine that it is necessary to provide you with more training, we may require you to pay to us for each additional training day at our then-current daily training fee.

C. **Ongoing Training.** We may require you, your manager and other key employees of the Store to attend, at your expense, ongoing training at our training facility, the Authorized Location or other location we designate. If you request training in addition to the initial training program identified above, you must pay to us our then-current daily training fee plus expenses.

D. **Staffing.** You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever.

E. **Attendance at Meetings.** You must attend, at your expense, any annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, store management, sales or sales promotion, or similar topics. If you are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting. We reserve the right to charge you a fee if you or someone from your organization fails to attend a meeting.

10. **YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS**

You agree to comply with the following terms and conditions:

A. **Payment of Debts.** You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Store or business; and (iii) all accounts and other indebtedness of every kind incurred by you in operating the Store or business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

B. **Indemnification.** You waive all claims against us for damages to property or injuries to persons arising out of the operation of your Store. You must fully protect, indemnify and hold us and our owners, directors, officers, insurers, successors and assigns harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever

arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Store (regardless of cause or any concurrent or contributing fault or negligence of us) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred.

We waive all claims against you for damages to property or injuries to persons arising out of the operation of our company-owned stores. We must fully protect, indemnify and defend you and your affiliates and hold you and them harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our company-owned stores (regardless of cause or any concurrent or contributing fault or negligence of you) or any breach by us or our failure to comply with the terms and conditions of this Agreement.

C. **Insurance.** You must purchase and maintain in full force and effect, at your expense insurance that insures both you and us, and any other persons we designate by name. The insurance policy or policies must be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) "special" causes of loss coverage forms (sometimes called "All Risk Coverage" or "All Peril Coverage") on the Store, store improvements and all furniture, fixtures, equipment, supplies and other property used in the operation of the Store, for full repair and replacement value, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum of 12 months loss of income, including coverage for our Royalties (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12-month timeframe, or if a shorter timeframe, the total operating timeframe for the store) during the rebuilding process); (iii) comprehensive general liability insurance including product liability insurance and contractual liability insurance with a minimum coverage of \$2,000,000 with combined single limit; (iv) workers' compensation insurance covering all of your employees and employer's liability insurance; (v) motor vehicle insurance; (vi) umbrella liability insurance which also includes employers liability; (vii) "Per Location" aggregate limits when multiple store locations are insured under one comprehensive general liability and umbrella liability policy(cies); (viii) we must be named as an additional insured on all liability policies required by this Section; (ix) severability of interests and/or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by us; and (x) any other such insurance coverages or amounts as required by law, by your lease or by other agreement related to the Store.

The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Authorized Location. You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured and provide that we will be given 30 days' prior written notice of a material change in or termination or cancellation of the policy. We

also may request copies of all policies. We may from time to time modify the required minimum limits and require additional insurance coverages, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Yogurt Lab System, standards of liability and higher damage awards. If you do not procure and maintain the required insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

D. Noncompete Covenants. You agree that you will receive valuable training, Confidential Information and goodwill that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

i. Unless otherwise specified, the term “you” as used in this Section includes, collectively and individually, all guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Section.

ii. Your covenant that during the term of this Agreement you will not, except as we otherwise agree to in writing, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competing Business (as defined below).

iii. You covenant that you will not, for a period of two years after the expiration or termination of this Agreement, or after the expiration of any Interim Period, regardless of the cause of termination, or within two years of the sale of the Store or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a Competing Business:

- (1) At the premises of the former Store;
- (2) Within 25 miles of the former Store; or
- (3) Within 25 miles of any other business or store using the Yogurt Lab System, whether franchised or owned by us.

For purposes of this Section, a Competing Business includes any business which has 10% or more of its sales arising from the sale of soft-serve frozen yogurt.

iv. You agree that the length of time in Section 10.b.iii will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing

covenants will be construed as independent of any other covenant or provision of this Agreement.

11. OUR OBLIGATIONS

A. **Site Selection.** You are responsible for finding and selecting the location of the Store. If you request assistance in selecting a site for your Yogurt Lab Store, we will provide reasonable assistance, but we reserve the right to charge for this service. We do not guarantee success for any location we accept and we are not liable for any consequences of your choice of any site. Any site recommendation or acceptance we make is not a representation that any particular site will be successful. It is your responsibility to investigate all applicable zoning, licensing, leasing and other requirements for any proposed site. You must obtain our prior written approval for the site for the Premises, and for relocation of the Premises, which approval may be withheld in our sole judgment. In determining whether to accept the site you select, we may consider our market analysis, market penetration plans, franchise placement strategies and prior franchise commitments. You will deliver to us a copy of your proposed lease for our review at least 10 days before signing. Your lease for the premises must contain an Addendum in the form attached to this Agreement as **Schedule 3**.

B. **Initial Services.** Our initial services to you are as follows:

i. We will furnish you with specifications for all signage, layout, décor and similar items.

ii. We will furnish you with specifications for all equipment, inventory and supplies required for the operation of the Franchised Business.

iii. We will advise you on your initial marketing, recruiting and public relations efforts.

iv. We will provide you with an initial training program. At least two people in your organization, including the Principal Operator and any managers, must attend and satisfactorily complete the training program prior to opening the Business. The training program will be for approximately eight days, and will take place in Minneapolis, Minnesota or such other location designated by us. You shall be responsible for personal travel and living expenses incurred by yourself and others in your organization who participate in the training program.

v. We will provide you with opening assistance by having at least one person at your Store for at least two days before opening and at least two days after opening.

C. **On-Going Services.** Our on-going services to you are as follows:

i. We will loan to you a copy of the Manual which shall at all times remain our property. We will provide you with updates to the Manual containing details of any new or revised specifications, standards or operating procedures. We reserve the right to provide the Manual and updates to the Manual in electronic form or other form specified

by us. We have the right to add to, and otherwise modify, the Manual from time to time to reflect changes in authorized services and products, business image or the operation of the Franchised Businesses provided, however, no such addition or modification shall alter your fundamental status and rights under this Agreement. You agree to accept and comply with any such modifications at your own cost. You acknowledge and agree that the Manual is loaned to you and shall at all times remain our sole and exclusive property.

ii. We may hold periodic conferences or meetings to discuss marketing techniques, new developments, advertising programs, business procedures and other topics.

iii. We will formulate marketing, recruitment and promotional programs as further described in this Agreement.

iv. We will provide you with ongoing consultation in such form and at such times as we deem appropriate.

v. We will provide you with ongoing consultation to help resolve operating problems encountered in the Franchised Business.

vi. We will conduct product research and development that we deem appropriate to improve the System.

D. Additional Training or Other Services. We have the right to require you and any of your staff to attend additional training during the Term of this Agreement. You shall be responsible for the cost of such additional training. If we determine that it is appropriate for us to provide additional services to you in order to keep the System competitive or to bring your Business up to our standards, we may charge you a reasonable fee for such additional services.

12. MARKS

A. Ownership. You acknowledge and agree that our affiliate and we are the owner of all right, title and interest, in the Marks and the System. Any improvements relating to the Marks or System (including, but not limited to, advertising material) will also become the sole property of our affiliate and us. You will not be entitled to any payment for improvements to the Marks or System originated or developed by you. You agree not to ever dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Marks or our ownership of the Marks, nor counsel or assist anyone else to do the same, nor will you take any action that is inconsistent with our ownership of the Marks, nor will you represent that it has any right, title, or interest in the Marks other than those expressly granted by this Agreement.

B. Use. You acknowledge and agree that it is of utmost importance that the goodwill, stature, and image of quality associated with the Marks be maintained and enhanced by you. You will make no use of the Marks without our prior approval and you will use the Mark only in the manner prescribed by us. You further acknowledge that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by you in compliance with this Agreement and all applicable standards, specifications, and operating

procedures prescribed by us in the Manual or otherwise from time to time. If, in our judgment, your conduct infringes upon or demeans the goodwill, standards of uniformity or quality, or business standing associated with the Marks or System, you will immediately, upon written notice from us, modify your use of the Marks and System in the manner prescribed by us in writing. You must post a sign in the form and location we designate at the Premises putting your customers on notice that the Business is independently owned and operated by you as our franchisee. All of your written materials including stationery and invoices shall also contain the notice that your Business is independently owned and operated by you.

C. **Promotion.** You will operate your Business so that it is clearly identified and advertised as a Yogurt Lab business. The style, form and use of the words comprising any of the Marks in any advertising, written materials, products or supplies must, however, have our prior written approval. You will use the Marks which now or hereafter may form a part of the System, on all signs, paper supplies, business cards, advertising materials, and other articles in the identical combination and manner as we may prescribe in writing. You will comply with all trademark, trade name, service mark and copyright notice marking requirements. You will not use the words “Yogurt Lab” as part of the name of your business entity.

D. **Substitutions.** If it becomes advisable at any time, in our sole judgment, to modify or discontinue use of any Mark, or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, either system-wide or with respect to use by any selected franchisee, you shall comply with our directions within a reasonable time after notice to you, we shall have no liability or obligation whatsoever with respect to your modification or discontinuance of any Mark. You will not make any changes or amendments in or to the use of the Marks or System unless directed by us in writing.

E. **Litigation.** You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you with respect to the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation incurred by us including attorneys’ fees, specifically relating to the Marks. We will have the right to control and conduct any litigation relating to the Marks.

F. **Copyrighted Materials.** You acknowledge and agree that (1) we may authorize you to use certain copyrighted or copyrightable works (the “Copyrighted Materials”), including the Manual, advertising materials and forms; (2) the Copyrighted Materials are our valuable property; and (3) your rights to use the Copyrighted Materials are granted to you solely on the condition that you comply with the terms of this Agreement. Your use of the Copyrighted Materials does not vest you with any interest other than the non-exclusive license to use the Copyrighted Materials granted in this Agreement.

G. **Protection.** You shall execute any documents that we or our counsel deem necessary for the protection of the Copyrighted Materials or the Marks or to maintain their validity or enforceability, or to aid us in acquiring rights in or in registering any of the Marks or

any trademarks, trade names, service marks, slogans, logos or emblems that we subsequently adopt.

13. TRANSFER

A. **By Us.** You acknowledge that our obligations under this Agreement are not personal, and we can unconditionally assign this Agreement to another entity, be acquired by another entity or merge with another entity.

i. We reserve the right to assign the franchise system to anyone including the owner or operator of a competing system. We shall have the absolute right to transfer or assign this Agreement or any of our rights or obligation under this Agreement to any person or entity.

ii. You acknowledge and agree that we may sell our assets, the Marks or the System to any third party of our choice; may offer our securities privately or publicly; may merge with or acquire other corporations or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without your consent and, provided the transferee expressly assumes and undertakes to perform our obligations in all material respects, free of any responsibility or liability whatsoever to you after the transaction occurs.

iii. With regard to any of the above sales, assignment and dispositions, you expressly and specifically waive any claims, demands, or damages against us arising from or related to the transfer of the Marks or the System from us to any other party.

B. **By You.** You acknowledge and agree that the rights and duties set forth in this Agreement are personal to you. Accordingly, you will not make a Transfer or make any lease or sublease of the Premises, without our prior written consent, which will not be unreasonably withheld, provided all pre-requisite conditions to transfer are met. Any attempted Transfer without our prior written consent will be a default under the terms of this Agreement and will be voidable by us. No transfer or assignment of this Agreement will be approved by us or be effective unless and until all the following conditions are satisfied:

i. You are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us are current;

ii. You execute a written agreement in a form satisfactory to us in which you and your owners covenant to observe all applicable post-term obligations and covenants contained in this Agreement;

iii. The proposed transferee executes our then-current standard form of franchise agreement (which may provide for different fees, advertising and marketing contributions, and other rights and obligations from those provided in this Agreement);

iv. The proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of the Business and that we determine necessary to bring the Business in compliance with our then-current standards;

v. Prior to the date of the proposed Transfer, the proposed transferee's Principal Operator successfully completes such training and instruction as we deem necessary;

vi. We are satisfied that the proposed transferee and its Principal Operator meet all of the requirements for our new franchisees applicable on the date we receive notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, management experience, and financial strength and liquidity;

vii. You and all holders of an interest in you execute a general release, in the form prescribed by us, releasing, to the fullest extent permitted by law, all claims that you or any of your owners may have against us or our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities;

viii. You pay us a transfer fee equal to \$10,000; and

ix. We waive our right of first refusal under this Agreement.

C. Transfer Upon Death or Disability. Upon the death, mental incapacity or disability of you or the Principal Operator, we shall consent to the transfer of the interest in the franchise, the Franchised Business and this Agreement to your spouse, heirs or relative by blood or by marriage whether such transfer is made by will or by operation of law if, in our sole judgment, such person or persons meet our educational, managerial and business standards; successfully completes our training at the earliest opportunity; possess a good moral character, business reputation and credit rating; have the aptitude and ability to conduct the Franchised Business; have at least the same managerial and financial criteria required by new franchisees; and shall have sufficient equity capital to operate the Franchised Business. If said transfer is not approved by us, then the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by us within six months after such death, mental incapacity or disability. Such transfer shall be subject to our right of first refusal and to the same conditions as any other transfer.

D. Operation of Business By Us. In order to prevent any interruption in the operation of the Franchised Business and any injury to the goodwill and reputation which would cause harm to the Franchised Business, you authorize us, and we shall have the right, but not the obligation, to operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement, in the event that: (i) you (if you are an individual) or your Principal Operator (if you are a business entity) are absent or incapacitated by reason of illness or death and that you are not, in our sole judgment, able to perform under this Agreement, or (ii) any allegation or claim is made against the Franchised Business, you or the Principal Operator involving or relating to any fraudulent or

deceptive practice. In the event that we install a support manager to operate the Franchised Business, we, at our option, shall not be obligated so to operate it for a period more than 90 days. All revenues from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account and the expenses of the Franchised Business, including royalty fees, advertising contributions, compensation and expenses for our representative, shall be charged to said account. If the revenues are not sufficient to cover these expenses, you will pay us on demand the amount necessary to pay these expenses in full. If we elect to temporarily operate the Franchised Business on your behalf, you agree to indemnify and hold us harmless from any and all claims arising from our acts and omissions.

14. OUR RIGHT OF FIRST REFUSAL TO PURCHASE

A. **Restrictions.** You will not make a Transfer without first offering the same to us in writing, at a stated price and on stated terms. Your written offer to us must contain all material terms and conditions of the proposed sale or transfer. Upon our receipt of written notice specifying the proposed price and terms of proposed sale or transfer of your business, we will give you written notice within ten business days which will either waive our right of first refusal to purchase, or will state an interest in negotiating to purchase the business according to the proposed terms. If we commence negotiations to purchase your business, you may not sell the business to a third party for at least 30 days or until we and you agree in writing that the negotiations have terminated, whichever comes first. If we waive our right to purchase, you will have the right to complete the sale or transfer of the business according to the terms set forth in the written notice to us but not upon more favorable terms to the proposed buyer. Any such sale, transfer or assignment to a third party is expressly subject to the provisions of this Agreement. Your obligations under this Agreement will not be affected or changed because of our nonacceptance of your written offer.

B. **Structure of Entity.** If you are a corporation, partnership, limited liability company or other entity, a controlling interest in your entity may not be sold, pledged, assigned, traded, transferred or otherwise disposed of until the interest has been first offered to us in writing under the same terms and conditions offered to any third party. Notwithstanding the terms of this Section, one of your owners may bequeath, sell, assign, trade or transfer his/her interest to your other owners without first offering it to us; however, you must provide us with written notice of all such transactions.

15. OUR TERMINATION RIGHTS

A. **Without Opportunity to Cure.** You shall be in default and we may, at our option, terminate this Agreement, without affording you any opportunity to cure the default, effective upon the earlier of receipt of notice of termination by you, or five days after mailing of such notice by us, upon the occurrence of any of the following events:

- i. You are insolvent, liquidated or dissolved;
- ii. You cease to operate or otherwise abandon the Business or forfeit the right to do or transact business in the jurisdiction where the Business is located;

iii. You or any of your owners make an unauthorized Transfer under this Agreement;

iv. You or any of your owners is proven to have engaged in fraudulent conduct, or is convicted of, or pleads guilty or no contest to a felony or a crime involving moral turpitude, or any other crime or offense that is reasonably likely to have an adverse effect on the Business, the System, the Marks or related goodwill;

v. You make any material misrepresentations or omission in your franchise application or any reports submitted to us;

vi. You are given two or more notices of being in material violation of any of the terms or requirements of this Agreement within any twelve-month period, whether or not such defaults are timely cured after notice;

vii. You knowingly or intentionally maintain false books or records or submit any false record, statement or report to us; or

viii. You, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System.

B. With Notice and Opportunity to Cure. Except for those defaults provided for above, you shall be in default of this Agreement for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in the Manual or other written document provided by us, or to carry out the terms of this Agreement in good faith. For such defaults, we will provide you with 30 days written notice of your default and of our intent to terminate the Agreement, or if a default cannot reasonably be cured within 30 days, to begin with that time substantial and continuing action to cure such default and to provide us with evidence of such actions. If the defaults specified in such notice are not cured within the 30 day period, or if substantial and continuing action to cure has not been initiated, this Agreement shall automatically terminate upon the expiration of the thirty day period without further notice. Such defaults shall include, without limitation, the occurrence of any of the following events.

i. You fail to satisfactorily complete the training, and commence operating the Business within 12 months of the date of this Agreement or fail to secure a suitable location for the Premises within 12 months of the date you complete training;

ii. You fail to comply with the terms of this Agreement or fail to comply with the Manual;

iii. You fail, refuse, or neglect to promptly pay any monies owing to us, our affiliates or the Brand Fund when due, or to submit the financial or other information required under this Agreement;

iv. You misuse or make any unauthorized use of the Marks;

- v. You sell non-approved services or products;
- vi. You, by act or omission in connection with the operation of the Business, permit a continuing violation of, any applicable law, ordinance, rule, or regulation of a governmental body; or
- vii. You lose the right to possession of the Premises.

16. YOUR TERMINATION RIGHTS; NOTICE REQUIRED

A. **Termination.** You may terminate this Agreement if we violate any material obligation to you and fail to cure such violation within 30 days after our receipt of written notice from you; provided, however, that you are in compliance with the Agreement at the time of giving such notice of termination. Your written notice must identify the violation and demand that it be cured.

B. **Required Notice.** A party must give the other party written notice of an alleged default under or violation of this Agreement after it has knowledge of, determines, or is of the opinion that there has been an alleged default under or violation of this Agreement. If there is failure to give written notice of an alleged default under this Agreement within one year from the date that the non-breaching party has knowledge of, determines or is of the opinion that there has been an alleged default, the alleged default will be deemed to be approved and waived, and the alleged default or violation will not be deemed to be a default under or violation of this Agreement.

17. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. **Post-Term Obligations.** Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will terminate, the franchise will revert to us, and you will have the following obligations with respect to the Business:

- i. You must immediately cease to operate the Business and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a Yogurt Lab franchisee with respect to such business and discontinue all use of the Marks.
- ii. You must immediately and permanently cease to use, in any manner whatsoever, all Confidential Information, approved information system and related methods, procedures and techniques used by or associated with the System, and the Marks and distinctive forms, slogans, signs, symbols, logos and designs associated with the System.
- iii. You must immediately return to us the Manual and any property held or used by you that is owned by us and shall cease to use, and either destroy or convey to us, all signs, advertising materials, displays, stationery, forms and any other materials that bear or display the Marks.

iv. You must take such actions as may be necessary to cancel any assumed name or similar registration that contains the Mark “Yogurt Lab” or any other Mark, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration.

v. You must promptly pay all sums owed to us, and if this Agreement is terminated for any reason other than as a result of a material breach of this Agreement by us that is not cured within 30 days or such longer period as may be necessary after written notice thereof from you, such sums shall include all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by us as a result of the default and the termination. You agree that until such obligation is paid in full, you will grant us a lien against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and located on the Premises on the date this Agreement terminates or expires.

vi. You must pay to us all damages, costs and expenses, including reasonable attorneys’ fees, incurred by us by subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement.

vii. You must take all further action and execute all documents necessary to convey and assign to us all telephone numbers and have been used in the operation of the Business and you shall cease all use of such telephone numbers.

viii. You must comply with the covenants contained in this Agreement, including, but not limited to, the covenant not to compete and the covenant not to disclose Confidential Information.

B. Our Option to Purchase. Upon the termination of this Agreement, we shall have the option to purchase all of your rights, title and interest in the Franchised Business and all improvements, equipment, Products, accounts, contract rights and other business assets (“Assets”). The purchase price for the Assets will be the current fair market value. If the parties cannot agree on the fair market value within a reasonable time, an independent appraiser will be designated by each of the parties, and an average of the two appraised values will be binding. Appraised values will exclude any and all consideration for goodwill or going concern value created by the Marks and System licensed to you.

18. NOTICES

A. Method. All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile or sent by means of other electronic means, if the sender can verify receipt. They will be addressed to us at our office, or at any other address we designate in writing, and addressed to you at your last known business address, or at any other address you designate in writing.

B. **Effective Receipt.** Any notice is considered given and received, when delivered, if hand-delivered; if sent by facsimile, or electronic means in which receipt can be verified, on the next business day after sent; and if mailed, on the third business day following the mail.

19. DISPUTE RESOLUTION

A. **Arbitration; Mediation.** Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Store or Authorized Location, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in the city where our headquarters are located at the time of the dispute, or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrators must follow the law and not disregard the terms of this Agreement. The decision of the arbitrators will be final and binding on all parties to the dispute; however, the arbitrators may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any state or federal court where we maintain our headquarters or the state where your Store is located.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Section 17.B, provided that the party seeking mediation notifies the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days or if one party refuses to participate in mediation, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential.

B. **Choice of Forum.** The parties acknowledge that a substantial portion of the negotiations, anticipated performance, and execution of this Agreement occurred or shall occur in Hennepin County, Minnesota, and that each of the parties irrevocably and unconditionally:

- i. Agrees that any suit, action, or legal proceeding arising out of or related to this Agreement shall be brought only in the courts of record in either the State of Minnesota in Hennepin County or the District Court of Minnesota;
- ii. Consents to the jurisdiction of each such court in any suit, action, or proceeding;

iii. Waives any objection which he, she, or it may have to the laying of venue of any such suit, action, or proceeding in any such courts; and

iv. Agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in the State of Minnesota.

Notwithstanding any of the foregoing or anything else in this Agreement to the contrary, we may seek equitable or injunctive relief in any jurisdiction competent to grant such relief and that can exercise jurisdiction over you.

C. **Injunctive Relief.** Notwithstanding Section 17.A above, you recognize that the Store is one of a large number of similarly situated Stores identified by the Marks and similarly situated and selling the products to the public, and that the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Marks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

D. **Attorneys' Fees.** The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Store or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs.

E. **Enforcement.** During the term of this Agreement, if you do not give us written notice of the alleged breach of this Agreement within one year from the date that you have knowledge of circumstances reasonably causing you to believe you may have a claim for a breach of this Agreement by us, then the alleged breach will be deemed to be waived by you in all respects and you will be barred from bringing any legal or other action against us for the alleged breach. Furthermore, upon expiration or termination of this Agreement, you may not assert any claim or cause of action against us arising under, out of, or in any way connected with or related to this Agreement, the relationship between the parties, or your Store unless the claim or cause of action is commenced within one year after the effective date of the expiration or termination of this Agreement. Notwithstanding the preceding two sentences, if the one-year time limitation is prohibited by or invalid under any applicable law, then no suit or action may be commenced or maintained unless it is commenced within the shortest applicable statute of limitations.

20. GENERAL PROVISIONS

A. **Entire Agreement.** This Agreement, together with the Manual, any written related agreements and all Exhibits, constitutes the entire understanding and agreement between the parties and supersedes all prior understandings, whether oral or written, pertaining to this Agreement, and the System and Business. Nothing in this Agreement is intended to negate the disclosures contained in our Disclosure Statement. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon you or us or effective unless in writing signed by you and by our CEO, President or Vice President, except that a waiver need be signed only by the party waiving. You acknowledge that the franchise has been granted in reliance upon the information supplied to us in your application for a franchise.

B. **Severability.** Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

C. **Waiver/Integration.** No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify Appendices and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us.

D. **Notices.** All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile or sent by means of other electronic means, provided that the sender can verify receipt. They will be addressed to us at our office, or at any other address we designate in writing, and addressed to you at your last known business address, or at any other address you designate in writing. Any notice is considered given and received, when delivered, if hand-delivered; if sent by facsimile, or electronic means in which receipt can be verified, on the next business day after sent; and if mailed, on the third business day following the mail.

E. **Successors/Assigns.** Subject to the terms of Section 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

F. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Venue. Except to the extent governed by the United States Trademark Act of 1946, as amended (Lanham Act, 15 U.S.C. Section 1051 et seq.), this Agreement and the relationship between the parties are governed by and interpreted in accordance with the laws of the State of Minnesota, although you expressly and affirmatively acknowledge and agree that any Minnesota franchise or business opportunity law will not apply, unless you are a Minnesota resident or your Store is located in Minnesota. You expressly waive any rights or protections you have or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations. Subject to Section 17.A, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the state or federal district court located in the county or district where our headquarters are located. Both parties hereto irrevocably submits themselves to, and consent to, the exclusive jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

G. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the

other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

H. **Force Majeure.** In the event of any failure of performance of this Agreement according to its terms by any party, it will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement.

I. **Adaptations and Variances.** Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the authorized merchandise and other standards, specifications, and requirements for any customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such Store, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard specifications or requirements granted to any other franchisee. You acknowledge that not every franchisee may benefit equally from donations received from national account donors.

J. **Waiver of Jury Trial.** THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE BETWEEN THEM, WHETHER NOW EXISTING OR ARISING IN THE FUTURE, INCLUDING ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS-CLAIMS, THIRD PARTY CLAIMS, AND INTERVENOR'S CLAIMS, WHETHER ARISING FROM OR RELATED TO THE SALE, NEGOTIATION, EXECUTION, OR PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS AGREEMENT RELATES.

K. **Waiver of Punitive Damages.** YOU AND WE (AND OUR RESPECTIVE AFFILIATES, OWNERS AND GUARANTORS, AS APPLICABLE) AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

L. **Notice of Potential Profit.** We and/or our affiliates will from time to time make available to you goods, products and services for use in your Store on the sale of which we and/or our affiliates will make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and manufacturers in respect to sales of goods, product or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon us when executed or initialed by our authorized representative.

The parties intending to be legally bound, have executed, and delivered this Agreement on this ____ day of _____, 201__.

FRANCHISOR:
YOGURT LAB FRANCHISING, LLC

WITNESS:

By: _____

Its: _____

Date: _____

FRANCHISEE:

WITNESS:

By: _____

Its: _____

Date: _____

SCHEDULE 1

DATA SHEET

1. Authorized Location: _____

2. Principal Operator: _____

Your Initials:

Our Initials:

SCHEDULE 2

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes Yogurt Lab Franchising, LLC or any affiliated entity (collectively, "Franchisor") to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Advertising Fees or other amounts that become payable by the undersigned to Franchisor. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Franchisor.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

*** We also need a VOIDED Check ***

Account Name

Bank Name

Branch

Street Address

City State Zip Code

Bank Telephone Number

Bank's Account Number

Customer's Account Number

Street Address

City State Zip Code

Telephone Number

By _____

Its _____

Date _____

SCHEDULE 3

ADDENDUM TO LEASE

This Addendum to Lease ("Addendum"), dated _____, 20__, is entered into between _____ ("Landlord") and _____ ("Tenant").

RECITALS:

The parties have entered into a Lease Agreement, dated _____, 20__ (the "Lease"), pertaining to the premises located at _____ (the "Premises").

The Landlord acknowledges that Tenant intends to operate a Yogurt Lab store ("Store") from the Premises pursuant to Tenant's Franchise Agreement with Yogurt Lab Franchising, LLC ("Franchisor") dated _____ (the "Franchise Agreement"), whereby Tenant will utilize the Yogurt Lab name and the Yogurt Lab Marks as Franchisor may designate in the operation of the Store at the Premises.

Landlord further acknowledges that Franchisor has approved Tenant's request to locate its Store on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Addendum are made a part of the Lease.

AGREEMENTS

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

(1) **Remodeling and Decor.** Landlord agrees that Tenant has the right to remodel, equip, paint and decorate the interior of the Premises and to display such Marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Store on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval.

(2) **Assignment By Tenant.**

a. Tenant does not have the right to sublease or assign the Lease to any third party without Landlord's and Franchisor's written approval.

b. So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to Franchisor or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent. No assignment will be effective, however, until Franchisor or its designated affiliate gives Landlord written notice of its acceptance of the assignment. Franchisor will be responsible for the Lease obligations incurred after the effective date of the assignment.

c. If Franchisor elects to assume the Lease, Franchisor shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Franchisor. At any time until the Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

(3) **Default and Notices to Franchisor.**

a. Landlord shall send Franchisor copies of all notices of default under the Lease at the same time it provides Tenant with such notice. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure. Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have 15 days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right for Franchisor or its affiliate designee ("Franchisor Entity"), to assume the Lease. Franchisor shall have an additional 30 days from the expiration of Tenant's cure period in which to cure the default or violation.

b. If Franchisor elects to assume the Lease, the Franchisor Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Franchisor Entity. At any time until Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

(4) **Termination of Franchise Agreement; Expiration or Non-Renewal of Lease.**

a. If the Franchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof, and if Franchisor desires to assume the Lease, Franchisor shall promptly give Landlord written notice thereof. Within 30 days after receipt of such notice, Landlord shall give Franchisor written notice specifying any defaults of Tenant under the Lease. If Franchisor elects to assume the Lease, Franchisor must cure said defaults consistent with paragraph 3 above.

b. If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give Franchisor written notice thereof, and a Franchisor Entity shall have the option, for 30 days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If a Franchisor Entity elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Franchisor Entity shall promptly execute and deliver an agreement whereby the Franchisor Entity assumes the Lease, effective at the commencement of the extension or renewal term.

(5) **Access to Premises Following Expiration or Termination of Lease.** Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining possession of the Premises and, if the Franchisor Entity does not elect to assume the Lease for the Premises consistent with subparagraphs 3(a) or 4(b) above, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any

liability to Landlord except for any damages caused by Franchisor's willful misconduct or gross negligence, to remove all signs and all other items identifying the Premises as a Yogurt Lab Store and to make such other modifications (such as repainting) as are reasonably necessary to protect the Yogurt Lab marks and system, and to distinguish the Premises from Yogurt Lab Stores. In the event Franchisor exercises its option to purchase assets of Tenant, Landlord must permit Franchisor to remove all such assets being purchased by Franchisor.

(6) **Assumption and Subsequent Assignment By Franchisor.** If Franchisor elects to assume the Lease under paragraph 2, or unilaterally assumes the Lease as provided for in paragraphs 3 or 4, Landlord and Tenant agree that:

a. Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

b. Franchisor, upon taking possession of the Premises, shall cure any default specified by Landlord within the timeframes noted herein and shall execute and deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Franchisor shall pay, perform and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Franchisor may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

c. At or after the time Franchisor assumes Tenant's interests under the Lease, the Franchisor may, at any time, assign such interests or sublet the Premises to a Yogurt Lab franchisee. Any such assignment shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy franchisee who otherwise meets Franchisor's then-current standards and requirements for franchisees and agrees to operate the Store as a Yogurt Lab Store pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, the Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

(7) **Access to Premises During Lease.** As provided in the Franchise Agreement, Franchisor shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Franchise Agreement.

(8) **Additional Provisions.**

a. Landlord hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Landlord has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liability of or against Franchisor or any affiliate of Franchisor, unless and until the Lease is assigned to, and accepted in writing by, Franchisor.

c. All notices to Franchisor required by this Addendum must be in writing and sent by registered or certified mail, postage prepaid, to the following address:

Yogurt Lab Franchising, LLC
5007 France Avenue South
Suite 2
Edina, MN 55410

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

(9) **Sales Reports.** If requested by Franchisor, Landlord will provide Franchisor with whatever information Landlord has regarding Tenant's sales from the Store.

(10) **Conflicts.** In the event of a conflict between the terms of the Lease and the terms set forth in this Addendum, the terms set forth herein shall govern. In the event of a conflict between notices provided to Landlord by Tenant and Franchisor, the notices of Franchisor shall prevail.

(11) **Miscellaneous.** Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Addendum sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party.

[Signatures on following page.]

IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as
of _____, _____.

LANDLORD:

By: _____

Print Name: _____

Its: _____

FRANCHISEE:

By: _____

Print Name: _____

Its: _____

By: _____

Print Name: _____

Its: _____

**SCHEDULE 4
YOGURT LAB**

TELEPHONE LISTING AUTHORIZATION AND ASSIGNMENT AGREEMENT

THIS AGREEMENT (the "Agreement"), dated _____, 201_ is made by and between Yogurt Lab Franchising, LLC, ("Franchisor") and _____ a _____ ("Franchisee").

In consideration of the granting of a franchise to Franchisee pursuant to a Franchise Agreement signed contemporaneously with this Agreement and other valuable consideration, the parties as follows:

1. Franchisee is authorized and agrees to obtain telephone service for Franchisee's Yogurt Lab Store business located at _____. Such service shall not be used in conjunction with any other business or residential telephone service. Franchisee is authorized and agrees to secure white page, yellow pages and information listings only in the name of Yogurt Lab. Franchisee shall submit to Franchisor for its written approval all telephone listings, yellow page display advertising, layout and copy prior to their placements with the telephone company. The Franchisor's approval shall not be unreasonably withheld. Franchisee shall be responsible for the payment of any and all service charges and fees in connection with obtaining telephone services, advertising and listings.

2. Franchisee hereby assigns to Franchisor all telephone numbers and telephone listings utilized by Franchisee in operation of Franchisee's Yogurt Lab Store located at _____, which assignment shall become effective immediately upon the termination of the Franchise Agreement, or upon termination of Franchisee's association with Franchisor, whichever occurs first. This assignment is irrevocable and this Agreement shall constitute conclusive evidence of such assignment. Franchisor will deliver this Agreement to the telephone company or any other relevant party to effectuate such assignment.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

FRANCHISOR:
YOGURT LAB FRANCHISING, LLC

FRANCHISEE

By: _____
Its: _____

By: _____
Its: _____

**SCHEDULE 5
TO FRANCHISE AGREEMENT**

OWNER AGREEMENT

As a condition to the granting by Yogurt Lab Franchising, LLC (“we” or “us”) of a Franchise Agreement (the “Franchise Agreement”) granting the right to operate Yogurt Lab Store (the “Business”) to _____ (“Franchisee”), each of the undersigned individuals (“you”), who constitute each beneficial holder of an interest in the Franchisee, agrees to be bound by the terms and restrictions of this Agreement (“Agreement”):

1. **Acknowledgments.** Each of you, jointly and severally, represents and warrants to us:

A. That you are the holders of all equity, voting and other interests in Franchisee and all options, warrants and rights to acquire an interest in Franchisee and that the address and telephone number set forth next to your name below are accurate and complete and you will immediately advise us of any change in the information and we may use or distribute the same as required by law, including in our Franchise Disclosure Document;

B. That Franchisee is a corporation, limited liability company or partnership, duly organized, validly existing and in good standing under the laws of the State of _____, and that Franchisee is qualified to do business in the state where the Business is to be operated;

C. That your Principal Operator is _____. All communication between us and you shall be through the Principal Operator.

D. It is a condition to the granting of the franchise to Franchisee that you enter into this Agreement and we have entered into the Franchise Agreement in reliance upon your agreement to do so, and will continue to do so;

E. That, as Franchisee’s owners, you have received adequate consideration to support your execution of this Agreement.

2. **Confidentiality and Non-Competition Agreements.**

A. **In Term Covenant Not-to-Compete.** Each of you agrees that during the period Franchisee operates a Yogurt Lab Store, or has any beneficial interest in such a Business, you shall not directly or indirectly in any capacity participate, engage in, be connected with, have any interest in, or assist any person or entity engaged in any other business which has 10% or more of its sales arising from the sale of soft-serve frozen yogurt.

B. **Post-Term Covenant Not-to-Compete.** Each of you agrees that for a two-year period after Franchisee ceases to have any interest in any Yogurt Lab Store business or any rights to develop such Business, regardless of the reasons such interest ceases or terminates, you will not directly or indirectly in any capacity participate, engage in, be connected with, have any

interest in, or assist any person or entity engaged in any business which has 10% or more of its sales arising from the sale of soft-serve frozen yogurt within a 25 mile radius of the Store or within a 25 mile radius of any other Yogurt Lab Store.

C. Appropriation and Disclosure of Information. Except as permitted under the Franchise Agreement, you will not at any time use, copy or duplicate the System, the Manual, the Confidential Information or any aspect thereof, or any of our trade secrets, methods of operation, processes, advertising, marketing, designs, plans, software, programs, know-how or other proprietary ideas or information, nor will you convey, divulge, make available or communicate such information to any third party or assist others in using, copying or duplicating any of the foregoing.

D. Infringement; Validity of Marks and Copyrights; Registrations. You will not at any time commit any act that would infringe upon or impair the value of the System or the Marks, nor will you engage in any business or market any product or service under a name, mark, or design that is confusingly or deceptively similar to any of the Marks. You agree that you will not, at any time directly or indirectly challenge or contest the validity of, or take any action to jeopardize our rights in or ownership of, any of the Marks or any registration of a Mark or any copyrighted work. If you violate this provision, we shall be entitled to all equitable, monetary, punitive and any other relief that may be available under applicable law, as well as the recovery of all costs, expenses and attorneys' fees incurred by us as a result of such violation.

E. Trade Secrets and Confidential Information. You understand and agree that we have disclosed or may disclose to you Confidential Information. Except as necessary in connection with the operation of the Business and as approved by us, you shall not, at any time (during or after the term), regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any Confidential Information, knowledge or know-how or methods of operation of the Business or the System. You shall disclose to your employees only such Confidential Information as is necessary to operate the Business and then only while this Agreement is in effect.

F. Reasonableness of Scope and Duration. You agree that the covenants and agreements contained in Section 2 are, taken as a whole, reasonable with respect to the activities covered and their geographic scope and duration, and no party shall raise any issue of the reasonableness of the areas, activities or duration of any such covenants in any proceeding to enforce any such covenants. Each of you acknowledge and agree that you have other skills and resources and that the restrictions contained in this Section will not hinder your activities or ability to make a living either under the Agreement or in general.

G. Enforceability. Each of you agree that we may not be adequately compensated by damages for a breach of any of the covenants and agreements contained herein, and that we shall, in addition to all other remedies, be entitled to injunctive relief and specific performance. The covenants and agreements contained in this Section 2 shall be construed as separate covenants and agreements, and if any court shall finally determine that the restraints provided for in any such covenants and agreements are too broad as to the area, activity or time

covered, said area, activity or time covered may be reduced to whatever extent the court deems reasonable, and such covenants and agreements shall be enforced as to such reduced area, activity or time. To the extent required by the laws of the state in which the Business is located, the duration or the geographic areas included within these covenants, or both, shall be deemed amended in accordance with Section 2.

3. **Guarantee.**

A. **Guarantee.** Each of you personally and unconditionally guarantee to us, as well as any of our affiliates, successors or assigns, the punctual payment when due of all sums, indebtedness and liabilities of every kind and nature that Franchisee may now or in the future owe to any of us (including interest, and all attorneys' fees, costs and expenses incurred by any of us in collection).

B. **Covenants and Acknowledgments.** Each of you covenant and agree that: (1) liability under this guarantee shall be joint and several; (2) that this is a guarantee of payment and not of collection and you shall render any payment required under the Franchise Agreement or this guarantee upon demand; (3) this guarantee shall extend to all amounts you may now or in the future owe to any of us, whether pursuant to the Franchise Agreement or otherwise; (4) your liability under this guarantee shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any of you; (5) your liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence or waiver that we may from time to time grant to Franchisee or to any of you, including, without limitation, the acceptance of partial payment or performance, the compromise or release of any claims, the release of any other guarantor, or our consent to any transfer or assignment of the franchise or any interest therein and expressly reserve all rights that we may have against you.

C. **Term of Guarantee.** This guarantee and your obligations under it shall continue in effect so long as you operate a Yogurt Lab Business or hold any beneficial interest in such Business and for a six-month period thereafter. Further, this guarantee shall be extended during any period in which (1) any of us is involved in any judicial or administrative process with Franchisee or any of you to collect any amounts owed us by you, or to enforce the terms of this guarantee; or (2) any bankruptcy or similar proceeding involving Franchisee or any of you. Your obligations under this guarantee shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any circumstance or condition of Franchisee (whether or not you shall have any knowledge or notice thereof), including, without limitation, bankruptcy, insolvency, reorganization, composition, liquidation or similar proceeding or any action taken by any trustee or receiver or by any court in any such proceeding.

D. **Waivers.** Each of you waives notice of demand, protest, nonpayment or default, and all other notices to which Franchisee or you may be entitled, and all suretyship and guarantor's defenses generally and any and all other notices and legal or equitable defenses to which you may be entitled. You waive any right that you may have to require that an action be brought against Franchisee or any other payments and claims for reimbursement or subrogation

that you may have against Franchisee arising as a result of your execution and performance of this guarantee.

E. Assignment. This guarantee is personal to you and the obligations and duties imposed in it may not be delegated or assigned; provided, this guarantee shall be binding upon your successors, assigns, estates and personal representatives. This guarantee shall inure to our benefit, and the benefit of our affiliates, successors and assigns.

F. Enforcement. If any one or more provisions in this guarantee shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this guarantee shall be construed to bind you to the maximum extent permitted by law.

4. **Covenant Not to Transfer Interests**. The Franchise Agreement, and your rights and obligations under it, is and shall remain personal to you. Any proposed Transfer by you (regardless of the form of transfer) shall be subject to the same terms and conditions contained in the Franchise Agreement. Each of you agree and covenant that you will not at any time during which Franchisee is our franchisee, directly or indirectly, voluntarily or involuntarily, make any Transfer, unless you first obtain our written approval in compliance with the same provisions applicable to a transfer by you as set forth in the Franchise Agreement. You shall cause all stock certificates (or other documents evidencing an interest or right to acquire an interest) issued by Franchisee to bear a legend indicating that such stock (or other documents) is subject to the restrictions provided for in the applicable Agreement.

5. **Miscellaneous**.

A. Capitalized Terms. For purposes of this Agreement, all capitalized terms in this Agreement shall have the same meaning as those terms are defined in the Franchise Agreement.

B. Disputes. Disputes under this Agreement shall be resolved in the same manner as provided under the Franchise Agreement. You expressly acknowledge that the provisions of the Franchise Agreement pertaining to mediation, arbitration venue, applicable law, time periods and limitations govern any disputes between us and you.

Each of you has signed this Agreement on the date set forth opposite your signature.

Signature:_____

Date:_____

Name:_____

Address:_____

Percentage Interest:_____

Signature:_____

Date:_____

Name:_____

Address:_____

Percentage Interest:_____

Signature:_____

Date:_____

Name:_____

Address:_____

Percentage Interest:_____

Signature:_____

Date:_____

Name:_____

Address:_____

Percentage Interest:_____

SCHEDULE 6
ACKNOWLEDGMENT ADDENDUM TO
YOGURT LAB FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a Yogurt Lab franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*.

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: () Yes () No. If no, please comment: _____

2. Have you studied and reviewed carefully our Franchise Disclosure Document and Franchise Agreement? Check one: () Yes () No. If no, please comment: _____

3. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one () Yes () No. If no, please comment: _____

4. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document? Check one: () No () Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

5. Except as stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on behalf of Yogurt Lab Franchising, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any Yogurt Lab location or business, or the likelihood of success of your franchised business? Check one: () No () Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Except as stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on behalf of Yogurt Lab Franchising, LLC make any statement or promise regarding the costs involved in operating a franchise or that is contrary to, or different from, the information contained in the Franchise Disclosure Document. Check one: () Yes () No. If yes, please comment: _____

7. Do you understand that the Franchise Agreement (and the representations in the Franchise Disclosure Document) constitute the entire agreement between you and us concerning the franchise for the Business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: () Yes () No. If no, please comment: _____

8. Do you understand that the success or failure of your Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for nanny and tutor services, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one () Yes () No. If no, please comment: _____

9. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) and that an injunction is an appropriate remedy to protect the interests of the Yogurt Lab system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants as defined broadly in _____, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? () Yes () No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed _____

Accepted on behalf of
YOGURT LAB FRANCHISING, LLC

Print Name: _____

Date: _____

By: _____

Title: _____

Date: _____

Signed _____

Print Name: _____

Date: _____

*Such representations are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

Exhibit D

MULTI UNIT DEVELOPMENT AGREEMENT

YOGURT LAB™

Multi-Unit Development Agreement

Between

Yogurt Lab Franchising, LLC

And

Name of Developer(s)

Street Address

City

State

Zip Code

Phone Number

Effective Date:

(To be completed by Us)

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APPENDICES

- A. DEVELOPMENT AREA
- B. DEVELOPMENT SCHEDULE

YOGURT LAB™
MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement is made this ___ day of _____, 201_ between Yogurt Lab Franchising, LLC, a _____ limited liability company (“we” or “us”) and _____, a(n) _____ whose principal business address is _____ (“Developer” or “you”). If the Developer is a corporation, partnership or limited liability company, certain provisions of the Agreement also apply to your owners and will be noted.

BACKGROUND

A. We and our affiliates have invested considerable resources in the development, and guardian of a system for the establishment and creation of self-serve frozen yogurt stores under the Yogurt Lab Marks.

B. You desire to develop and operate multiple Yogurt Lab Stores and we, in reliance on your representations, have approved your franchise application to do so in accordance with this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions:

A. “Manual” means our confidential: (i) collection of materials which contain specifications, standards, procedures, policies and recommendation for the operation of Yogurt Lab Stores, and (ii) any Intranet, Extranet, or password protected portion of an Internet site, and (iv) any amendments, supplements, derivative works, and replacements, whether embodied in electronic or other media.

B. “Marks” mean the Yogurt Lab Mark and other trademarks, service marks and trade names we adopt, modify and change from time to time, and the trade dress and other commercial symbols used in the Stores. Marks also mean the trade dress, which includes the designs, color schemes and image we authorize you to use in the operation of your Stores from time to time.

C. “Stores” means the Yogurt Lab Stores you develop and operate pursuant to this Agreement.

D. “Store Manager” means the individual who (i) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of one of the Yogurt Lab Stores developed pursuant to this Agreement, (ii) meets our retail management experience requirements, and (iii) does not participate in the active operation or management of any business other than the Store.

E. “System” means the Yogurt Lab System, which consists of distinctive business features, quality control specifications, and other procedures and service techniques, offered in a setting of distinctive layout, signage, furnishings and materials and using certain distinctive types

of facilities, supplies, business techniques, methods and procedures together with sales promotion programs, all of which we may modify and change from time to time.

F. “Transfer” means to voluntarily or involuntarily transfer, assign, sell, or encumber any interest in or ownership or control of this Agreement or any interest in the legal entity which is the Developer.

GRANT OF DEVELOPMENT RIGHTS

2. The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate _____ (___) Yogurt Lab Stores (the “Stores”) in the Development Area described in Appendix A.

B. You are bound by the development schedule (“Development Schedule”) set forth in Appendix B. Time is of the essence for the development of each Store in accordance with the Development Schedule. Each Store must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 4.B below.

C. If you are in compliance with the Development Schedule set forth in Appendix B, we will not develop or operate or grant anyone else a franchise to develop and operate a Yogurt Lab Store (except as provided in Section 2.D or as otherwise set forth in this Agreement) in any Development Areas prior to the earlier of: (i) the expiration or termination of this Agreement; (ii) the date on which you must execute the Franchise Agreement for your last Store pursuant to the terms of the Development Schedule; or (iii) the date on which the location for your final Store under this Agreement is determined.

D. The rights granted under this Agreement are limited to the right to develop and operate Stores located in the Development Areas, and do not include: (i) any right to sell Yogurt Lab products at any location or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce); (ii) any right to sell Yogurt Lab products to any person or entity for resale or further distribution; or (iii) any right to exclude, control or impose conditions on our development or operation of franchised, company or affiliate owned Stores at any time or at any location outside of the Development Areas. You may not use the name “Yogurt Lab” or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other entity.

You further acknowledge and agree that we and our affiliates have the right to grant other franchises or develop and operate company or affiliate-owned Yogurt Lab Stores at any location anywhere outside of the Development Area.

You acknowledge and agree that we have the right to operate and franchise others the right to operate stores or any other business under the Marks or any trademarks other than the Yogurt Lab Marks without paying you any compensation. We also have the right to offer, sell or distribute any products or services associated with the System (now or in the future) under the Marks or any other trademarks, service marks or trade names or through any distribution channel or method, all without paying you any compensation. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, business or industry locations (e.g. manufacturing site, office building), military installations, or military commissaries.

You acknowledge and agree that we have the sole and exclusive right to develop and franchise Yogurt Lab stores at the following locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; and (6) community and special events (collectively "Special Sites").

E. This Agreement is not a Franchise Agreement and you have no right to use in any manner the Marks by virtue of this Agreement. You have no right under this Agreement to sublicense or subfranchise others to operate a business or store or use the System or the Marks.

DEVELOPMENT FEE

3. You must pay a Development Fee as described below.

A. As consideration for the rights granted in this Agreement, you pay us a "Development Fee" of \$_____, representing one-half of the Initial Franchise Fee for each Store to be developed under this Agreement. The Development Fee is consideration for this Agreement and is non-refundable. The part of the Initial Franchise Fee that is included in the Development Fee is credited against the Initial Franchise Fee payable upon the signing of each individual Franchise Agreement. The balance of the Initial Franchise Fee for each of the Franchised Stores is due upon signing the individual Franchise Agreement. The balance of the Initial Franchise Fee for the first Store must be paid at the time of execution of this Agreement, together with the execution by you of the Franchise Agreement for the first Store. The total amount to be paid by you at the time of execution of this Agreement under this Section, including both the Development Fee and the balance of the Initial Franchise Fee for your first Store is \$_____.

B. You must submit a separate application for each Store to be established by you within the Development Territory as further described in Section 4. Upon our approval of the site of your Store, a separate Franchise Agreement shall be executed for each such Store, at which time the balance of the Initial Franchise Fee is due and owing. Such payment represents the balance of the appropriate Initial Franchise Fee. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement will control the establishment and operation of such Store.

DEVELOPMENT SCHEDULE

4. The following provisions control with respect to your development rights and obligations:

A. You must submit a separate application for each Store to be established by you within the Development Area. Upon our consent to the establishment of your Store, a separate Franchise Agreement must be executed for each such Store. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Store.

B. You are bound by and strictly must follow the Development Schedule. By the dates set forth under the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Stores described under the Development Schedule. You also must comply with the Development Schedule requirements regarding (i)

signing of the leases for the Stores, (ii) the opening date for each Store and (iii) the cumulative number of Stores to be open and continuously operating for business in the Development Area.

C. You may not develop a Store unless: (i) at least 45 days prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) asking that we send you our then-current franchise disclosure documents, (b) confirming your intention to develop the particular Store, and (c) sending us all information necessary to complete the Franchise Agreement for the particular Store; and (ii) all of the following conditions have been met (these conditions apply to each Store to be developed under this Agreement):

1. Your Submission of Information. You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Store, financial statements and other information regarding you, the operation of any of your other Stores and the development and operation of the proposed Store (including, without limitation, investment and financing plans for the proposed Store) as we may reasonably require.

2. Your Compliance with Our Then-Current Standards for Franchisees. You must receive written confirmation from us that you meet our then-current standards for franchisees, including financial capability criteria for the development of a new Store. You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Stores, and preserve and enhance the reputation and goodwill of all Yogurt Lab Stores and the goodwill of the Marks. Our confirmation that you meet our then-current standards for the development of a new Store, however, does not in any way constitute a guaranty by us as to your success.

3. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Stores.

4. Execution of Franchise Agreement. You and we must enter into our then-current form of Franchise Agreement for the proposed Store. You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Store must be in accordance with the terms of the applicable Franchise Agreement.

D. You must construct and equip each Store in accordance with our approved specifications and standards pertaining to equipment, inventory, signage, fixtures, accessory features and design and layout. We may require you to purchase initial design, layout and interior elevation plans for each Store from a designated supplier. You may be required to purchase these and other items from a single source, and that source may be us or our affiliates. You will pay the then-current price in effect for all purchases you make from us or our affiliates. You may not

commence construction of a Store until you have received our written consent to your plans. Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of a Store to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have received our prior written consent. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

E. You acknowledge that you have conducted an independent investigation of the prospects for the establishment of Stores within the Development Area, and recognize that the business venture contemplated by this Agreement involves business and economic risks and that your financial and business success will be primarily dependent upon the personal efforts of you and your management and employees. We expressly disclaim the making of, and you acknowledge that you have not received, any estimates, projections, warranties or guaranties, express or implied, regarding potential gross sales, profits, earnings or the financial success of the Stores you develop under this Agreement.

F. You recognize and acknowledge that this Agreement requires you to open Stores in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Stores likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement. You are obligated to execute all the Franchise Agreements and open all the Stores on the dates set forth on the Development Schedule, regardless of: (i) the requirement of a greater investment; (ii) the financial condition or performance of your prior Stores; or (iii) any other circumstances, financial or otherwise. The foregoing shall not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Stores.

TERM

5. Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2.C, the term of this Agreement and all rights granted to you will expire on the date that your last Yogurt Lab Store is scheduled to be opened under the Development Schedule.

YOUR DUTIES

6. You must perform the following obligations:

A. You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

B. You and your owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that your entire knowledge of the operation of a Yogurt Lab Store and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets. The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors, any proprietary

information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications and any other knowledge or know-how concerning the methods of operation of the Stores. You and your owners, officers, directors, shareholders, partners, members and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from the individuals identified in the first sentence of this paragraph and other key employees.

C. You must comply with all requirements of federal, state and local laws, rules and regulations.

D. If neither you nor any other person in your organization possesses, in our judgment, adequate experience and skills to allow you to locate, obtain and develop prime locations in the Development Area to allow you to meet your development obligations under this Agreement, we can require that you hire or engage a person with those necessary skills.

DEFAULT AND TERMINATION

7. The following provisions apply with respect to default and termination:

A. The rights and territorial protection granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule.

B. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency; (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority; (iii) you make a general assignment or other similar arrangement for the benefit of your creditors; (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless a supersedeas bond is filed); (v) execution is levied against your business or property; (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed; (vii) you fail to meet the development obligations set forth in the Development Schedule attached as Appendix B; (viii) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you; or (ix) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

8. Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:

A. All remaining rights granted to you to develop Stores under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any business for which a Franchise Agreement has not been executed by us. We will be entitled to develop and operate, or to franchise others to develop and operate, Yogurt Lab Stores in the Development Area, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.

B. You must immediately cease to operate your business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours.

C. You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains the name "Yogurt Lab" or any other Mark of ours, and you must furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement.

D. You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified or other telephone directory listing associated with the Marks and to authorize transfer of same at our direction.

E. All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us as a result of the default. You also must pay to us all damages, costs and expenses, including reasonable attorneys' fees and expenses, that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

F. If this Agreement is terminated solely for your failure to meet the Development Schedule and for no other reason whatsoever, you may continue to operate those existing Stores under the terms of the separate Franchise Agreement for each Store. On the other hand, if this Agreement is terminated under any other circumstance, we have the option to purchase from you all the assets used in the Stores that have been developed prior to the termination of this Agreement. Assets include leasehold improvements, equipment, furniture, fixtures, signs, inventory, and transferable licenses and permits for the Stores.

We have the unrestricted right to assign this option to purchase. We or our assignee will be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to: (i) ownership, condition and title to assets; (ii) liens and encumbrances relating to the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for

the assets of the Stores will be determined in accordance with the post-termination purchase option provision in the individual Franchise Agreement for each Store (with the purchase price to include the value of any goodwill of the business attributable to your operation of the Store if you are in compliance with the terms and conditions of the Franchise Agreement for that Store). The purchase price will be paid in 12 equal installments. The first installment is due at the closing of the purchase, which must take place no later than 90 days after your receipt of notice of exercise of this option to purchase, at which time you must deliver instruments transferring to us or our assignee: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you; and (ii) all licenses and permits of the Stores that may be assigned or transferred. If you cannot deliver clear title to all of the purchased assets, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow. We have the right to set off against and reduce the purchase price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the assets or any obligations assumed by us. You and each holder of an interest in you must indemnify us and our affiliates against all liabilities not so assumed. You must maintain in force all insurance policies required pursuant to the applicable Franchise Agreement until the closing on the sale.

G. All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

TRANSFER

9. The following provisions govern any transfer:

A. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity.

B. This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer all of your rights and interests under all Franchise Agreements for Stores in the Development Area. Accordingly, the assignment terms and conditions of the Franchise Agreements shall apply to any Transfer of your rights and interests under this Agreement. As used in this Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you.

DISPUTE RESOLUTION

10. The following provisions apply with respect to dispute resolution:

A. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for a Store developed under this Agreement, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and

must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in the city where our headquarters is located at the time of the dispute, or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrators must follow the law and not disregard the terms of this Agreement. The decision of the arbitrators will be final and binding on all parties to the dispute; however, the arbitrators may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set; or (iv) make any determination regarding the ownership of the Marks. A judgment may be entered upon the arbitration award by any state or federal court where we maintain our headquarters or in any state where one or more of your Stores are located.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Section 10.B, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days or if one party refuses to participate in mediation, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential.

B. Notwithstanding Section 10.A above, you recognize that the Stores are part of a number of Stores identified by the Marks and similarly situated and selling to the public similar products, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of our breach or threatened breach of any of the terms of this Agreement, you will forthwith be entitled to an injunction restraining such breach or to decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding decision is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Marks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

C. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for any Store developed

under this Agreement, or the business will be entitled to recover its reasonable attorneys' fees and costs.

D. During the term of this Agreement, if you do not give us written notice of the alleged breach of this Agreement within one year from the date that you have knowledge of circumstances reasonably causing you to believe you may have a claim for a breach of this Agreement by us, then the alleged breach will be deemed to be waived by you in all respects and you will be barred from bringing any legal or other action against us for the alleged breach. Furthermore, upon expiration or termination of this Agreement, you may not assert any claim or cause of action against us arising under, out of, or in any way connected with or related to this Agreement, the relationship between the parties, or your Stores unless the claim or cause of action is commenced within one year after the effective date of the expiration or termination of this Agreement. Notwithstanding the preceding two sentences, if the one-year time limitation is prohibited by or invalid under any applicable law, then no suit or action may be commenced or maintained unless it is commenced within the shortest applicable statute of limitations.

MISCELLANEOUS

11. The parties agree to the following provisions:

A. You agree to indemnify, defend, and hold us, our affiliates and our officers, directors, shareholders and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Stores, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims"). Franchise Claims include, but are not limited to, those arising from any death, personal injury or property damage (whether caused wholly or in part through our or our affiliates' active or passive negligence), latent or other defects in any Store, or your employment practices. In the event a Franchise Claim is made against us or our affiliates, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost.

B. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses.

C. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business. There are no representations or warranties of any kind, express or implied, except as contained in this Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

D. Except as otherwise provided in this Agreement, any notice, demand or communication provided for must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows:

1. If intended for us, addressed to President, Yogurt Lab Franchising, LLC, 5007 France Avenue South, Suite 2, Edina, MN 55410;

2. If intended for you, addressed to you at _____; or,

in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

E. Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

F. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law, Waiver and Venue. Subject to our rights under federal trademark laws, the parties' rights under this Agreement, and the relationship between the parties, is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Minnesota, although you expressly and affirmatively acknowledge and agree that any Minnesota franchise or business opportunity law will not apply, unless you are a Minnesota resident or your Stores are located in Minnesota. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any other state. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations. Subject to Section 11.A, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Federal District Court for the District of Minnesota or in District Court in Minneapolis, Minnesota. Both parties hereto irrevocably admit themselves to, and consent to, the exclusive jurisdiction of said courts. The provision of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we

will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, but are not limited to, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

G. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

H. You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

I. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

J. In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, “force majeure” shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder.

K. We will designate the “Effective Date” of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement.

IN WITNESS WHEREOF, the parties have executed the foregoing Agreement as of the dates written below.

DEVELOPER:

FRANCHISOR

_____,

YOGURT LAB FRANCHISING, LLC

Date: _____

Date: _____

By: _____
Its: _____

By: _____
Its: _____

APPENDIX A
DEVELOPMENT AREA

DEVELOPER:

FRANCHISOR

YOGURT LAB FRANCHISING, LLC

By: _____
Its: _____

By: _____
Its: _____

APPENDIX B

DEVELOPMENT SCHEDULE

You acknowledge and agree that a material provision of the Multi-Unit Development Agreement is that the following number of Yogurt Lab Stores must be opened and continuously operating in the Development Area in accordance with the following Development Schedule:

[illegible]

For purposes of determining compliance with the above Development Schedule, only the Stores actually open and continuously operating for business as of a given date will be counted toward the number of Stores required to be open and continuously operating for business.

DEVELOPER:

FRANCHISOR

YOGURT LAB FRANCHISING, LLC

By: _____
Its: _____

By: _____
Its: _____

**ACKNOWLEDGMENT ADDENDUM TO
YOGURT LAB MULTI-UNIT DEVELOPMENT AGREEMENT**

As you know, you and we are entering into Multi-Unit Development Agreement for the development and operation of Yogurt Lab Stores. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Multi-Unit Development Agreement; **or** (b) if you are a resident of **Iowa, New York, Oklahoma, or Rhode Island**, at the earlier of the first personal meeting or 10 business days before the execution of the Multi-Unit Development Agreement (or other agreement) or payment of any consideration; **or** (c) if you are a resident of **Michigan, Oregon, Washington or Wisconsin**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration? Check one: ☐ Yes ☐ No. If no, please comment: _____

2. Have you studied and reviewed carefully our Disclosure Document and Multi-Unit Development Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

3. If the Franchisor made any unilateral changes to the Franchise Agreement or Multi-Unit Development Agreement, did you receive a copy of the complete revised agreement at least 7 calendar days prior to the date on which the Franchise Agreement or Multi-Unit Development Agreement was executed? Check one: ☐ Yes ☐ No. If no, please comment: _____

4. Did you understand all the information contained in both the Disclosure Document and Multi-Unit Development Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Except as state in Item 19, did any employee or other person speaking on behalf of Yogurt Lab Franchising, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Yogurt Lab location or business, or the likelihood of success at your franchised business? Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: _____

7. Did any employee or other person speaking on behalf of Yogurt Lab Franchising, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document. Check one: () Yes () No. If yes, please comment:

8. Do you understand that the franchise granted is for the right to develop and operate the Stores in the Development Area, as stated in Section 2.B, and that, according to Section 2.D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of the Development Area using any trademarks; and (ii) inside the Development Area to special sites? Check one: () Yes () No. If no, please comment: _____

9. Do you understand that the success or failure of the development and operation of your Stores will depend in large part upon your skills and experience, your business acumen, your location, the local market for Yogurt Lab Products, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one () Yes () No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

APPROVED ON BEHALF OF
YOGURT LAB FRANCHISING, LLC

Signed: _____

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

Exhibit E

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UPDATED: 16 JULY 2013

VERSION 1.1.2013

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Exhibit F

STATE ADDENDA

MINNESOTA ADDENDUM

Items 5 and 7: we will defer collection of the Initial Franchise Fee until such time as we have fulfilled our obligations to you and you have opened your Store.

Item 13, Additional Disclosure: The following statement is added to Item 13:

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g).

Notice of Termination. The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Governing Law, Jurisdiction and Venue and Choice of Forum. The following statement is added to the cover page and Item 17:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J 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 any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

General Release. The following statement is added to Item 17:

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

**ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated _____ between Yogurt Lab Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Franchised Business will be located or operated in the State of Minnesota.
2. The following sentence is added to the end of Section 15:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Franchise Agreement.
3. The following sentence is added to the end of Sections 4 and 13:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.
4. Section 19.C is deleted and replaced with the following:

Franchisor shall be entitled to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (1) Franchisee’s use of the Trademarks; (2) the construction and equipping of the Franchised Business; (3) the obligations of Franchisee upon termination or expiration of this Agreement; (4) a Transfer of this Agreement, any ownership interest therein or in the lease for the Franchised Business; and (5) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor’s other licensees.
5. The following sentences are added to the end of Sections 19.A and 19.B:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Licensee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

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

Franchisor: Yogurt Lab Franchising, LLC

By: _____

Its: _____

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

Exhibit G

SAMPLE RELEASE
(subject to change)

BE IT KNOWN, that _____ and _____,
(the "Releaser(s)"), for and in consideration of the sum of Ten Dollars (US) (\$10.00), or other
valuable consideration received from or on behalf of Yogurt Lab Franchising, LLC (hereafter
referred to as the ("Releasee")), the receipt of which is hereby acknowledged, do(es)hereby
remise, release, acquit, satisfy, and forever discharge the said Releasee, its administrators,
successors and assigns, of and from all manner of action(s),cause(s) of action, suits, debts, sums
of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies,
agreements, promises, variances, trespasses, damages, judgments, executions, claims and
demands whatsoever, in law or in equity, which said Releaser(s) ever had, now has, or which any
personal representative, successor, heir or assignor said Releaser(s), hereafter can, shall or may
have, against said Releasee by reason of any matter, cause or thing whatsoever, arising out of the
Franchise Agreement and Relationship entered into between the parties on the _____ day of
_____,20_____ to the date of this instrument.

IN WITNESS WHEREOF, the said Releaser(s) has hereunto set his/her hand and seal
this _____ day of _____, 20_____.

Releaser

Releaser

Exhibit H

LIST OF FRANCHISERS

Midwest Yogurt I, LLC
525 Blake Road
Hopkins, MN 55343
(952) 417-6168

Exhibit I

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If Yogurt Lab Franchising, 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 any payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa, New York, Oklahoma and Rhode Island require that Yogurt Lab Franchising, LLC give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Oregon require that Yogurt Lab Franchising, LLC give you this Disclosure Document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Yogurt Lab Franchising, 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 the state agency listed on Exhibit A.

The franchisor is Yogurt Lab Franchising, located at 5007 France Avenue South, Minneapolis, Minnesota 55410. Its telephone number is (612) 227-8773.

Issuance Date: April 29, 2014

The name, principal business address and telephone number of each franchise seller offering the franchise: Aaron Switz and Mikael Asp, both of Yogurt Labs Franchise, LLC at 5007 France Avenue South, Minneapolis, Minnesota 55410, (612) 227-8773; and _____.

Yogurt Lab Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Disclosure Document dated April 29, 2014 (please also see the State Effective Dates Page), that included the following Exhibits: (A) Agents for Service of Process & State Administrators, (B) Financial Statements, (C) Franchise Agreement, (D) Multi Unit Development Agreement, (E) State Addenda, (F) Operations Manual Table of Contents, (G) General Release, (H) List of Franchisees and (I) Receipts.

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone (____) _____ Zip _____

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone (____) _____ Zip _____

Prospective Franchisee's Copy

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If Yogurt Lab Franchising, 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 any payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa, New York, Oklahoma and Rhode Island require that Yogurt Lab Franchising, LLC give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Oregon require that Yogurt Lab Franchising, LLC give you this Disclosure Document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Yogurt Lab Franchising, 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 the state agency listed on Exhibit A.

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Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone () _____ Zip _____

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone () _____ Zip _____

Yogurt Lab Copy