

## FRANCHISE DISCLOSURE DOCUMENT



Happy & Healthy Products, Inc.  
A Florida Corporation  
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Boca Raton, Florida 33432  
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[www.happyandhealthy.com](http://www.happyandhealthy.com)

The Company offers five franchise packages for the distribution and sale of FRUITFULL® frozen fruit bars, confection bars, confection items, frozen desserts and other H & H Products through dedicated freezers placed in retail outlets, through a retailer's own freezers and via freezers mounted in cart kits. A Retail Franchise involves purchase of at least one freezer, one cart kit and one pallet of frozen H & H Products. A Standard Wholesale Franchise involves purchase of at least 10 freezers and 2 pallets of frozen H & H Products. A Grand Wholesale Franchise involves purchase of at least 20 freezers and 2 pallets of frozen H & H Products. A Super Grand Wholesale Franchise involves purchase of at least 30 freezers and 3 pallets of frozen H & H Products. A Premium Wholesale Franchise involves purchase of at least 50 freezers and 3 pallets of frozen H & H Products.

The total investment necessary to begin operation of a Happy & Healthy Products franchise is \$37,208 to \$48,283 for a Retail Franchise, \$48,982 to \$67,307 for a Standard Wholesale Franchise, \$60,732 to \$79,557 for a Grand Wholesale Franchise, \$75,245 to \$94,070 for a Super Grand Wholesale Franchise and \$92,745 to \$113,070 for a Premium Wholesale Franchise. This includes \$35,208 to \$35,408 for a Retail Franchise, \$46,982 to \$53,432 for a Standard Wholesale Franchise, \$58,732 to \$65,682 for a Grand Wholesale Franchise, \$73,245 to \$80,695 for a Super Grand Wholesale Franchise and \$90,745 to \$99,195 for a Premium Wholesale Franchise that must be paid to the franchisor or affiliate.

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.**

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

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

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

Date of Issuance: March 1, 2014

See Exhibit I for particular state effective dates.

## 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, about other franchisors, 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 PERMITS THE FRANCHISEE TO ARBITRATE WITH THE COMPANY ONLY IN FLORIDA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE COMPANY IN FLORIDA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. IF YOU FAIL TO PURCHASE AT LEAST 4 PALLETS OF FROZEN H&H PRODUCTS DURING ANY CALENDAR YEAR, THEN WE MAY TERMINATE YOUR FRANCHISE.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See Exhibit I for state effective dates.

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## Item 1

### THE FRANCHISOR, AND ANY PARENTS, ITS PREDECESSORS AND AFFILIATES

The franchisor is Happy & Healthy Products, Inc. This Disclosure Document refers to the franchisor as the Company. To simplify the language in this Disclosure Document, “you” means the person or persons who buy the franchise.

The Company does business and intends to do business under the name Happy & Healthy Products, Inc. The Company’s principal business address is 1600 South Dixie Highway, Suite 200, Boca Raton, Florida 33432. The Company’s agent for service of process, if any, in your state is listed on the Receipt, the last page of this Disclosure Document. The Company is a corporation organized under the laws of the State of Florida on February 25, 1991 and started selling product on or about March 19, 1993.

The Company has no predecessors or affiliates that currently offer franchises in any line of business or that provide products and services to franchisees. The Company has no corporate parent. The Company does not own or operate any similar businesses. The Company also engages in the business of selling freezers, cart kits, its proprietary brand of frozen yogurt bars and frozen dessert bars sold under the registered design trademark FRUITFULL® (collectively referred to as “FRUITFULL® fruit bars” or “FRUITFULL® Products”) and other H & H Products to its franchisees.

You will be authorized to sell a full line of H & H Products. You also may be authorized to sell products which, after testing, the Company determines are complementary to H & H Products and any other products authorized for sale by the Company. All of the Company’s products are called “H & H Products.” Currently, the H & H Products include FRUITFULL® fruit bars, Fruit Goodness® fruit bars, Happy Indulgence® Decadent Dips™ dessert bars, Be Happy & Healthy® snacks and breads. The Company is currently considering adding ice cream as an H & H Product.

You will have the choice of five franchise packages — a Retail, Standard Wholesale, Grand Wholesale, Super Grand Wholesale or Premium Wholesale Packages.

- Retail Franchisees receive one pallet of frozen H & H Products and one dedicated freezer with a cart kit, and sell H & H Products from the cart which can be moved from location to location to take advantage of sales opportunities at special events. Retail Franchisees can convert to a Standard Wholesale Franchise by purchasing 9 freezers and 1 pallet of frozen H & H Products from the Company and by obtaining the services of an independent marketing consultant to assist the franchisee with training and placement of the freezers.
- Standard Wholesale Franchisees receive two pallets of frozen H & H Products, 10 dedicated freezers and the assistance of one of the Company’s independent marketing consultants for at least 5 days. Standard Wholesale Franchisees primarily engage in placing freezers stocked with H & H Products in retail locations as well as doing special events.
- Grand Wholesale Franchisees receive 2 pallets of frozen H & H Products, 20 dedicated freezers and the assistance of one of the Company’s independent marketing consultants

for at least 10 days. Grand Wholesale Franchisees both place and stock freezers in retail locations and may sell H & H Products at retail from a freezer cart.

- Super Grand Wholesale Franchisees receive 3 pallets of frozen H & H Products, 30 dedicated freezers and the assistance of one of the Company's independent marketing consultants for at least 10 days. Super Grand Franchisees both place and stock freezers in retail locations and may sell H & H Products at retail from a freezer cart.
- Premium Wholesale Franchisees receive 3 pallets of frozen H & H Products, 50 dedicated freezers and the assistance of one of the Company's independent marketing consultants for at least 10 days. Premium Wholesale Franchisees both place and stock freezers in retail locations and may sell H & H Products at retail from a freezer cart.

All H & H Franchisees can purchase additional freezers and carts. Freezers and carts can stock only H & H Products, authorized products and other non-competitive products. If the Company elects to add items to its line of H & H Products, these items can also be stocked in the freezers and carts and competitive products must be removed. For example, if the Company elects to add ice cream as an H & H Product, you may stock only the Company's ice cream in your freezers and carts after the Company makes the addition.

Any franchisee who purchases at least 10 pallets of H & H Products annually will be appointed a Master Distributor, and then may purchase H & H Products at an additional discount. Master Distributors have the right to sell H & H Products to the other Franchisees the Company appoints them to sell to, on the terms and conditions (other than price) determined by the Company. You will have the right to purchase H & H Products from the Master Distributor(s) that the Company appoints to sell to you. You may make emergency purchases, to fill an unexplained shortage of certain products, from another Franchisee, with the Company's permission requested and granted in writing.

You will typically be able to operate your business from an office in your home, and keep your inventory in a local commercial cold storage facility.

The market for H & H Product sales locations is retailers like colleges, universities, food stores, delicatessens, cafeterias, drug stores and the like, where individual frozen fruit bars and other frozen fruit confections, desserts and snacks for sale to individuals for immediate consumption on or off the premises are sold.

The demand for H & H Products continues throughout the year, although sales peak in the spring and summer months.

Subject to the limitations set forth in Item 11, the Company's other franchisees generally will be allowed to sell in your Metropolitan Statistical Area ("MSA"). Franchisees will also compete with other national, regional and local sellers of dessert and snack products which customarily sell through the same type of retail outlets. Additionally, Franchisees will compete with ice cream shops, street vendors, route sales trucks, restaurants and supermarkets.

You should note that state, county, city, municipal or local governments may have licensing laws that apply to the operation of your business, and that zoning laws may prevent operation of your business at your home. You should investigate these laws and consult your counsel to determine what licenses or zoning approvals are necessary for operation of your franchise and may apply to your operation. Also, freezers placed on retail premises must meet

certain minimum standards required by applicable laws. You are responsible for assuring that your freezers meet these standards. All freezers sold by or through the Company meet National Sanitation Foundation standards when they are sold.

The Company has not conducted the type of business you will conduct.

The Company has offered franchises since August 1, 1993. The Company has not offered franchises for any other businesses which are the same type of business that you will operate, or for any other type of business.

The Company's affiliate, Happy & Healthy Guaranty, LLC, absolutely and unconditionally guarantees the performance of our obligations under our franchise registrations that become effective on or after March 20, 2010 in states requiring the registration of the offer and sale of our franchises. See Item 21 of this Disclosure Document for additional discussion on this guarantee.

## **Item 2**

### **BUSINESS EXPERIENCE**

President: Linda Kerr Kamm

Ms. Kamm has been President of the Company since its inception in 1991.

General Manager: Rona Doyle

Ms. Doyle has been General Manager since December 2012. She was Accounting Administrator of the Company from February 2009 to December 2012 and Customer Service Manager of the Company from October 2007 to February 2009.

Compliance Director: Rosemary E. Harris

Ms. Harris has been Compliance Director of the Company since February 2009. Ms. Harris was the Vice President and General Manager of the Company from July 2004 until February 2009, and the General Manager of the Company from May 1999 until July 2004.

## **Item 3**

### **LITIGATION**

No litigation is required to be disclosed in this Disclosure Document.

## **Item 4**

### **BANKRUPTCY**

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

## Item 5

### INITIAL FEE

The following are the fee payments you may make to the Company before opening your business.

#### Initial Franchise Fee.

If you purchase a Retail, Standard Wholesale or Grand Wholesale Franchise, the initial franchise fee is \$23,000. If you purchase a Super Grand Wholesale, the initial franchise fee is \$25,000. If you purchase a Premium Wholesale Franchise, the initial franchise fee is \$28,000. A non-refundable deposit of \$5,000, which will be credited toward the initial franchise fee, must be paid at the time the Franchise Agreement is executed. The balance is due 15 business days after the Franchise Agreement is executed. The Company may extend the time within which the balance is due if you provide the Company satisfactory evidence of your efforts to obtain financing for a substantial part of the initial investment. If after proving diligent efforts, you are unable to obtain financing for your franchised business, the Company will return all but \$1,000 of the initial deposit. Otherwise, no part of the initial franchise fee is refundable.

The initial franchise fee is the same for all Franchisees and is not negotiable.

#### Inventory Purchases, Freezers and Carts.<sup>1</sup>

As of the Issuance Date of this Disclosure Document, the Company charges Retail Franchisees 65.5¢ per juice-based FRUITFULL<sup>®</sup> bar, 69.5¢ per cream-based FRUITFULL<sup>®</sup> bar, and \$1.13 per Happy Indulgence<sup>®</sup> Decadent Dips<sup>™</sup> dessert bar. Super Grand Wholesale, Grand Wholesale and Standard Wholesale Franchisees pay 60.5¢ per juice-based FRUITFULL<sup>®</sup> bar and 64.5¢ per cream-based FRUITFULL<sup>®</sup> bar and \$1.08 per Happy Indulgence<sup>®</sup> Decadent Dips<sup>™</sup> dessert bar. You are currently entitled to a 2% discount for prepaid orders. These prices are subject to change at any time. Prices for H & H Products other than frozen fruit bars vary. The Company sells frozen H & H Products in “bulk packs” consisting of 24 bars per box. There are 288 boxes to a pallet.

Retail Franchisees must purchase from the Company one pallet of frozen H & H Products for the sum of \$4,858 (with the prepayment discount), one freezer for \$1,200 and one Watermelon cart kit for \$5,450. Retail Franchisees neither pay for nor receive the services of an independent marketing consultant. Retail Franchisees may later convert to Standard Wholesale Franchise status by purchasing 9 freezers from the Company, 1 pallet of frozen H & H Products (if a second has not been already purchased), and by paying for 1 week’s services from an independent marketing consultant for a total fee of \$18,183.

Standard Wholesale Franchisees must purchase from the Company 10 freezers for a sum of \$9,250 and 2 pallets of frozen H & H Products for the sum of \$9,032 (with prepayment discount).

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<sup>1</sup> The prices for H & H Products are as of the Issuance Date of this Disclosure Document. These prices are subject to change. In the event that the prices change, the pallet price for frozen H & H Products will change accordingly.



Grand Wholesale Franchisees must purchase from the Company 20 freezers for a sum of \$17,500 and 2 pallets of frozen H & H Products for the sum of \$9,032 (including prepayment discount).

Super Grand Wholesale Franchisees must purchase from the Company 30 freezers for a sum of \$25,500 and 3 pallets of frozen H & H Products for the sum of \$13,545 (including prepayment discount).

Premium Wholesale Franchisees must purchase from the Company 50 freezers for a sum of \$40,000 and 3 pallets of frozen H & H Products for the sum of \$13,545 (including prepayment discount).

### Shipping Costs

You will not be required to pay the cost of freight for your initial purchase of H & H Products. You will be required to pay the cost of freight on the freezers and carts purchased from the Company unless you pay the Company the nonrefundable deposit of \$5,000, which will be credited toward the initial franchise fee, within 3 weeks of your receipt of this FDD. The estimated cost of shipping is: \$200 for Retail Franchisees; \$2,000 for Standard Wholesale Franchisees; \$2,500 for Grand Wholesale Franchisees; \$3,000 for Super Grand Wholesale Franchisees; and \$4,000 for Premium Wholesale Franchisees.

### Training Fees.

If you purchase a Standard Wholesale, Grand Wholesale, Super Grand Wholesale or Premium Wholesale Franchise you are required to attend our training program. The Training Fee is \$5,000 for Wholesale Franchises, \$8,500 for Grand Wholesale Franchises; \$8,500 for Super Grand Wholesale Franchises; and \$8,500 Premium Wholesale Franchises. Retail Franchisees are not required to attend our training program.

Costs of freezers, H & H Products and carts are net of any applicable sales taxes, which you must pay. The cost of shipping is included.

Except for price changes, the costs of purchasing freezers, initial inventory and training purchases are uniform for all franchisees currently purchasing and are not negotiable.

The costs of purchasing freezers, carts, initial inventory, shipping costs and training are payable within 15 days after you sign the Franchise Agreement. The fees must be paid in a lump sum.

## Item 6

### OTHER FEES<sup>2</sup>

<u>Name of Fee</u>	<u>Amount or Formula</u>	<u>Due Date</u>	<u>Payable to</u>	<u>Remarks</u>
Advertising Fee	\$500 per year	Yearly, or quarterly at the Company's discretion	Company	You are not required to pay the Advertising Fee for the first six (6) months of operation
Additional Assistance	Negotiated with marketing consultants; \$5,000 if obtained through the Company	Negotiated	Marketing Consultant; Company	At your option
Transfer	\$5,000 and up to \$20,000 if the Company obtains the lead	Before transfer	Company	Assessed on a transfer or assignment of the Franchise Agreement or a controlling interest in the Franchisee; includes one week of training.
Area Transfer	\$3,000	Before changing to another MSA	Company	Assessed if you elect to move to another MSA and Company consents to the move
Renewal	Up to \$1,000	Before renewal	Company	Set at Company's discretion.
Interest on Late Payments	Lesser of 18% per annum or highest rate permitted by law, charged per day	As assessed	Company	Assessable on fees or other amounts due under the Franchise Agreement

## Item 7

### YOUR ESTIMATED INITIAL INVESTMENT<sup>3</sup>

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is To Be Made</u>
INITIAL FRANCHISE FEE	\$23,000 Retail \$23,000 Standard Wholesale \$23,000 Grand Wholesale \$25,000 Super Grand Wholesale \$28,000 Premium Wholesale <sup>4</sup>	Lump Sum or two installments <sup>5</sup>	Upon signing of Franchise Agreement	Company

<sup>2</sup> Fees listed in this Item 6 are uniformly applied, except for the Renewal Fee. All such fees are non-refundable.

<sup>3</sup> The investment and expenditures that you may actually make may vary considerably from the projections shown above, depending upon many factors, including inflation, geographical area and the capabilities of any particular management and sales team. Unless otherwise noted, none of these fees are refundable.

<sup>4</sup> This fee is neither financeable nor refundable. \$5,000 must be paid when you execute the Franchise Agreement; the balance is due 15 business days after this Disclosure Document is delivered to you (normally 3 days later). Retail Franchisees

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is To Be Made</u>
FREEZERS	\$1,900 Retail \$9,950 Standard Wholesale \$18,200 Grand Wholesale \$26,200 Super Grand Wholesale \$40,700 Premium Wholesale <sup>6</sup>	Same	Same	Company
OPENING INVENTORY	\$4,858 Retail \$9,032 Standard Wholesale \$9,032 Grand Wholesale \$13,545 Super Grand Wholesale \$13,545 Premium Wholesale <sup>7</sup>	Same	Same	Company
TRAINING <sup>8</sup>	\$0 Retail \$5,000 Standard Wholesale \$8,500 Grand Wholesale \$8,500 Super Grand Wholesale \$8,500 Premium Wholesale	Same	Same	Company

who wish to convert their businesses to Standard Wholesale Franchises will be required to pay the Company an additional \$17,183 while this Disclosure Document is in effect. The Company may later modify these charges in its sole discretion. The total charge for conversion includes the cost of 9 freezers (\$8,325), a Marketing and Training Fee (\$4,000) to cover the cost of 1 week's services of an independent marketing consultant and 1 pallet of frozen H & H Products if not previously purchased.

<sup>5</sup> All amounts payable to the Company must be made by ACH (Automated Clearing House), unless the Company agrees otherwise in writing in advance.

<sup>6</sup> All freezers, except chest freezers, are supplied by the Company. You may purchase additional freezers from the Company or from third parties. The lower price represents the cost of one freezer for a Retail Franchisee. A Standard Wholesale Franchisee must purchase 10 freezers, a Grand Wholesale Franchisee must purchase 20 freezers, a Super Grand Wholesale Franchisee must purchase 30 freezers and a Premium Wholesale Franchisee must purchase 50 freezers. You also will need to have a chest freezer for storage of products at your place of business. The chest freezers may be purchased from any source for an estimated price of \$650 to \$700.

<sup>7</sup> These prices include a 2% discount for prepayment if payment is received before the date the inventory is shipped. Prices for frozen H & H Products are subject to change.

<sup>8</sup> Training is conducted in your MSA so no extraordinary costs for lodging or food should be required.

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is To Be Made</u>
OFFICE RENTAL	\$0 - \$1,200 <sup>9</sup>	As Landlord Requires	<sup>11</sup> As Landlord Requires	Landlord
COLD STORAGE RENTAL	\$0 - \$225 <sup>10</sup>	As Required	As Required	Cold Storage
AUTOMOBILE	\$0 - \$4,200 <sup>11</sup>	As Dealer Requires	As Dealer Requires	Car Dealer
OFFICE EQUIPMENT	\$0 - \$3,250 <sup>12</sup>	As Supplier Requires	As Supplier Requires	Suppliers
SECURITY DEPOSITS, PREPAID EXPENSES & MISCELLANEOUS OTHER PAYMENTS <sup>13</sup>	\$500 - \$1,000	As Incurred	As Incurred	Suppliers, Utilities, Tradesmen, Insurers & others at your discretion
SHIPPING COSTS	\$0 - \$200 Retail \$0 - \$2,000 Standard Wholesale \$0 - \$2,500 Grand Wholesale \$0 - \$3,000 Super Grand Wholesale \$0 - \$4,000 Premium Wholesale <sup>14</sup>	Lump Sum	As Arranged	Company

<sup>9</sup> The Company assumes that you will (at least initially) operate the franchised business from your home. If this assumption is inaccurate, you should independently investigate the cost of obtaining an office for operating your franchised business. The high estimate is three months' payment of rent for offices space, plus deposit.

<sup>10</sup> The Company assumes that you will (at least initially) operate the franchised business from your home and product will be stored in your home freezer. If this assumptions is inaccurate, you should independently investigate the cost of space at a cold-storage facility to store your product. The high estimate is three months' payment of rent for cold-storage space. Deposits are usually not required.

<sup>11</sup> The Company assumes that you will (at least initially) operate the franchised business using an automobile which you already own. If assumptions is inaccurate, you should independently investigate the cost of obtaining a vehicle for operating your franchised business. A pickup truck or van is preferable. If you do not own, a trailer can be used to move freezers. A trailer kit (assembly required) may be purchased for as little as \$200 through local outlets. The high estimate is three months' payment of a lease for a pickup truck or van, plus down payment and title work.

<sup>12</sup> The Company assumes that you will (at least initially) operate the franchised business using office equipment which you already own. If assumption is inaccurate, you should independently investigate the cost of obtaining items such as a desk, chairs, phone, computer, printer, file cabinets, etc. for operating your franchised business. You may also want to purchase a tablet computer, which can cost up to \$750.

<sup>13</sup> You should consult with an insurance agent about the appropriate types and costs of insurance policies which would be needed to protect you against potential claims for vehicles used to conduct your franchised business, and otherwise. You are required to purchase auto and business liability insurance in amounts adequate to protect against claims of up to \$1,000,000 and to name the Company as an additional insured. Your initial insurance premiums for business liability and automobile insurance are expected to cost between \$500 and \$1,000.

<sup>14</sup> You will be required to pay the cost of freight on the freezers and carts purchased from the Company unless you pay the Company the nonrefundable deposit of \$5,000 within 3 weeks of your receipt of this FDD.

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is To Be Made</u>
WATERMELON CART KIT	\$5,450 Retail \$0 - \$5,450 Standard Wholesale \$0 - \$5,450 Grand Wholesale \$0 - \$5,450 Super Grand Wholesale \$0 - \$5,450 Premium Wholesale <sup>15</sup>	Lump Sum	As Arranged	Company
ADDITIONAL FUNDS Three Months <sup>16</sup>	\$1,500 - \$3,000	As incurred	As incurred	Suppliers, state and local governments, others
TOTAL <sup>17</sup> :	\$37,208 - \$48,283 (Retail) \$48,982 - \$67,307 (Standard Wholesale) \$60,732 - \$79,557 (Grand Wholesale) \$75,245 - \$94,070 (Super Grand Wholesale) \$92,745 - \$113,070 (Premium Wholesale)			

### Item 8

#### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Pursuant to the Franchise Agreement, you are required to purchase H & H Products from the Company. The only current H & H Products are: FRUITFULL<sup>®</sup>, Happy Indulgence<sup>®</sup> Decadent Dips<sup>™</sup> bars, a line of frozen dessert bars, Be Happy & Healthy<sup>®</sup> snacks and breads. You may, however, purchase H & H Products from a Master Distributor designated by the Company, if desired. You may also make emergency purchases of H & H Products, to fill an unexpected shortage of certain products, from another Franchisee. If the Company selects additional H & H Products, the Company will enter into agreements with the manufacturer. Your right to purchase these products from any person or entity other than the Company or a Master Distributor will be governed by the terms of the agreements with the manufacturer.

<sup>15</sup> Retail Franchisees are required to purchase at least 1 cart kit for use at retail events for \$5,450. Retail Franchisees may purchase a second cart kit and second freezer from the Company for the same prices. Standard Wholesale, Grand Wholesale Franchisees, Super Grand Wholesale Franchisees and Premium Wholesale Franchisees also have the option of purchasing a cart kit and using the assembled cart for participation at retail sale events.

<sup>16</sup> This estimates your additional start-up expenses for the first 3 months. You may incur additional miscellaneous expenses such as printing of business cards and forms, use of a telephone (the line is not required to be dedicated to your business) and point of sales materials. You will also need a small cooler (six-pack size) and a larger cooler to carry samples to prospective accounts.

Small license fees may be required by state or local governments. As all of these types of payments are made to third parties, the Company has no way of precisely estimating their total amount or whether any of these payments is refundable. The figures stated represent the Company's best estimate; actual expenditures may be substantially different.

<sup>17</sup> The Company does not offer, either directly or indirectly, financing to you for any items.

Your initial purchase of freezers and watermelon cart kits<sup>18</sup> must be from the Company. You must also obtain training in the operation franchised business from the Company.<sup>19</sup>

The Company may prepare certain advertising and promotional marketing and point of sales materials that are only available from the Company. If you desire to purchase these items, you must from the Company.

You may acquire and sell complimentary products as long as, in the Company's opinion, the products do not compete with H & H Products. It is the Company's sole opinion as to what products do not compete with H & H Products.

After your initial purchase, the purchase of freezers and watermelon cart kits may be made either from the Company or sources approved by the Company. The Company recommends that you use only N.S.F. (National Sanitation Foundation) approved freezers.

Frozen H & H Products are manufactured under a license from the Company under the Company's formulas and specifications.

There are no other approved suppliers in which any of our officers owns an interest.

For the fiscal year ended December 31, 2013, the Company's total revenues from required product, equipment, and training purchases by franchisees were \$2,809,950 or 82% of the Company's total revenues of \$3,408,902.

You or a supplier may request that a new product be approved as an H & H Product. To do so, you must submit to the Company a written request along with the samples the Company may request. The Company may require the proposed supplier to supply samples or to conduct a market test under the Company's control and/or supervision as a condition of the Company's approval. The Company does not issue standards and specifications to franchisees, subfranchisors or approved suppliers. The Company does not make criteria for approved suppliers available to franchisees. The Company will evaluate the product's and supplier's quality and reputation, as well as the supplier's willingness and ability to supply Franchisees before granting any approvals you request for approved suppliers. The Company is not restricted in the time in which it may or may not grant approval or disapproval but estimates that approval or disapproval will be given within 6 months. The Company does not charge a fee for seeking approval of new products or suppliers. If we revoke approval of any supplier, we will give you written notice.

The Company estimates that your required purchases described above will constitute 80% of your total purchases of inventory to establish the franchised business and 70% of operating expenses.

No designated or approved suppliers make payments to the Company because of transactions with franchisees, but the Company reserves the right to receive such payments in the future.

Except for agreements with manufacturers of H & H Products, the Company does not negotiate purchase arrangements with suppliers for the benefit of franchisees. The Company

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<sup>18</sup> Only Retail Franchisees are required to purchase watermelon cart kits.

<sup>19</sup> Retail Franchisees do not need to obtain training.

does not provide material benefits to franchisees based on a franchisee's use of designated or approved sources. There are no purchasing or distribution cooperatives.

**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 THE OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

	<b><u>Section in Franchise Agreement</u></b>	<b><u>Item in Disclosure Document</u></b>
a. Site selection and acquisition/lease	N/A	N/A
b. Pre-opening purchases/leases	Summary Pages, Schedule 1, Equipment Purchase Order	Items 6, 7, 8, 11
c. Site development and other pre-opening requirements	N/A	N/A
d. Initial and ongoing training	Section 5	Item 11
e. Opening	N/A	N/A
f. Fees	Section 4	Items 5, 6, 7
g. Compliance with standards and policies/operating manual	Sections 7.e, 7.f, 9.k	Items 11, 15, 16
h. Trademarks and proprietary information	Section 2.a, 7.f, 9.l, 11.c, 11.h, 12.c, 12.f, 16.f	Items 13, 14
i. Warranty and customer service requirements	Sections 8, 16.a	N/A
j. Restrictions on products/services offered	Sections 2.c, 2.d, 9.b	Items 8, 16
k. Territorial development/sales quotas	Sections 2.a, 2.b, 5, 6.a-c, 11.m	Items 12, 16, 17
l. Ongoing product/service purchases	Sections 2.c, 3.b, 9.b, 9.c, 11.m, 16.a, 16.d	Items 6, 8
m. Maintenance, appearance and remodeling requirements	N/A	N/A
n. Insurance	Section 9.g	Item 7
o. Advertising	Section 4.b, 6.d, 7.a	Items 6, 7, 11
p. Indemnification	N/A	N/A
q. Owner participation/management staffing	Section 16.m	Item 15
r. Records/reports	Section 9.h	N/A

	<u>Section in Franchise Agreement</u>	<u>Item in Disclosure Document</u>
s. Inspections/audits	N/A	N/A
t. Transfer	Section 10	Item 17
u. Renewal	Sections 3.b, 3.c	Item 17
v. Post-termination obligations	Section 12	Item 17
w. Non-competition covenants	Sections 9.b, 12.g, 12.h, 12.i	Item 16, 17
x. Dispute resolution	Section 14	Item 17
y. Other: Best efforts	Section 9.a	Item 16
z. Use of name and likeness	Section 9.f	N/A

### Item 10

### FINANCING

Except open account financing for H & H Products purchased from the Company, the Company does not offer direct or indirect financing. The Company does not guarantee your note, lease or obligation. The Company will require you to sign a Security Agreement at the time you sign the Franchise Agreement to secure open account financing. A copy of the Security Agreement is attached to the Disclosure Document as Exhibit H.

The Company has not in the past and does not currently sell, assign or discount its franchisees' notes, contracts or other instruments, but the Company reserves the right to do so in the future in the Company's sole discretion.

### Item 11

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

**Except as listed below, the Company need not provide any assistance to you.**

#### Pre-Opening Obligations.

The Company, in exchange for a Training Fee, will make available to Standard Wholesale, Grand Wholesale Franchisees, Super Grand Wholesale Franchisees and Premium Wholesale Franchisees the services of an independent marketing consultant who will provide the franchisees with training in the operation of an H & H Products franchised business in your Metropolitan Statistical Area ("MSA") and any surrounding areas agreed to by the Company. (Franchise Agreement, Section 5).

For the Standard Wholesale Franchisee, the consultant will assist you establishing contracts with 10-15 accounts in your MSA and any surrounding areas agreed to by the Company. The accounts will be a combination of freezer accounts and "conventional" (non-



freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 10-15 accounts. (Franchise Agreement, Section 5).

For the Grand Wholesale Franchisee, the consultant will assist you in establishing contracts with 20-30 accounts in your MSA and any surrounding areas agreed to by the Company. The accounts will be a combination of freezer accounts and “conventional” (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 20-30 accounts. (Franchise Agreement, Section 5).

For the Super Grand Wholesale and Premium Wholesale Franchisee, the consultant will assist you in establishing contracts with 25-35 accounts in your MSA and any surrounding areas agreed to by the Company. The accounts will be a combination of freezer accounts and “conventional” (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 25-35 accounts. (Franchise Agreement, Section 5).

Premium Wholesale, Super Grand Wholesale, Grand Wholesale and Standard Wholesale Franchisees will receive from the Company a limited supply of advertising and sales materials for use in promoting H & H Products. H & H may charge a fee for quantities which exceed its current standard allotment for Franchisees (Franchise Agreement, Section 7.a). Premium Wholesale, Super Grand Wholesale, Grand Wholesale and Standard Wholesale Franchisees will also receive a form freezer location agreement for use in placing freezers on third party premises. (Franchise Agreement, Section 7.b).

The Company will provide a Standard Wholesale Franchisee with 10 freezers for use in selling H & H Products, Grand Wholesale Franchisees will receive 20, Super Grand Wholesale Franchisees will receive 30 and Premium Wholesale Franchisees will receive 50. (Franchise Agreement, Summary Page at ¶ 6). The Company has multiple sources of freezers which are all similar in utility value but may have minor differences in dimensions, features and colors. The freezers do not include locks or baskets, although manufacturers and the Company may occasionally add those features at no charge. The freezers are intended to be placed in retail locations in or near your MSA which you anticipate will generate a high sales volume. If the purchase price of these freezers as well as the initial franchise fee and initial inventory charge is paid within 15 business days of the date you receive this Disclosure Document, the Company will pay the cost of shipping the freezers to you. (Franchise Agreement, Summary Page at ¶ 8).

The Company will sell Grand Wholesale and Standard Wholesale Franchisees 2 pallets of frozen H & H Products, shipped to a frozen storage facility in or near the Franchisee’s MSA or to any other area agreed to by the Company (1 pallet for Retail Franchisees and 3 pallets for Super Grand Wholesale Franchisees and Premium Wholesale Franchisees). Grand Wholesale and Standard Wholesale Franchisees must pay \$9,032 to the Company at the time the Franchise Agreement is executed for the initial product inventory (\$13,545 for Super Grand Wholesale Franchisees and Premium Wholesale Franchisees). Retail Franchisees must pay \$4,858 for one pallet. These prices include the prepayment discount. The Company will pay freight charges for shipments of inventory made in the normal course of business to locations in the contiguous 48 United States.

### **Obligations of the Company During the Operation of the Franchised Business.**

During the term of the Franchise Agreement, the Company is obligated by the Franchise Agreement to provide you with the following on the same basis as will be made available to similarly situated franchisees:

A non-exclusive right to use Licensed Marks in the operation of an H & H Franchised Business in your MSA (Franchise Agreement, Section 2); and

Telephonic assistance concerning H & H Products or the freezers (Franchise Agreement, Section 7.c).

The Company will also provide you with an explanation of the Company's dedicated marketing plan and ideas for promoting H & H Products at retail events. The Company's assistance may include, without limitation or obligation, pricing recommendations, suggestions of point of purchase promotional materials, signage for dedicated freezers, suggestions for sales presentations to retailers and food service company managers, and the opportunity to exchange ideas and experiences with other H & H Franchisees. Your success as a business person will depend primarily on your ability to obtain and service profitable accounts. No two accounts are the same. You must agree that you alone are responsible for developing and implementing your own marketing and sales programs in your MSA, and that the Company has no obligation to you other than those expressly required by the Franchise Agreement (Franchise Agreement, Section 6).

**The Company's Advertising Program for Your Product or Services.**

H & H will institute, maintain and administer an advertising fund (the "Advertising Fund") for the sole and exclusive purpose of supporting and paying for marketing programs H & H deems necessary, desirable or appropriate to promote the good will and public image of all H & H franchises (Franchise Agreement, Section 4.b).

H & H intends for all franchisees to contribute to the fund at the same rate; except, new franchises will not be required to contribute to the fund for the first 6 months of operation.

H & H will administer and direct all marketing programs financed by the Advertising Fund, and will have sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The Advertising Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering local, regional, multi-regional and national advertising programs including purchasing direct mail and other media advertising; employing advertising, public relations and media buying agencies to assist in these activities; and supporting public relations, market research and other advertising and marketing activities. The Advertising Fund may elect to furnish you with marketing, advertising and promotional formats and sample materials without additional charge, or provide you with multiple copies of marketing, advertising and promotional materials at the direct cost of producing them.

The Advertising Fund will be administered by H & H and accounted for separately from H & H's other funds, and will not be used to defray any of H & H's general operating expenses, except for costs, salaries, travel expenses, administrative costs and overhead H & H may incur in activities reasonably related to the administration of the Advertising Fund and its marketing programs (including conducting market research, preparing advertising and marketing materials, general production costs and collecting and accounting for contributions to the Advertising Fund). H & H may spend in any fiscal year an amount greater or less than the total contributions of all Franchised Locations to the Advertising Fund in that year and H & H may cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. You authorize H & H to collect for remitting to the Advertising Fund any advertising or

promotional monies or credits offered by any supplier because of your purchases. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs of the Advertising Fund before other assets of the Advertising Fund are expended. H & H will prepare an audited annual statement of monies collected and costs incurred by the Advertising Fund and will furnish it to you upon written request. The Advertising Fund will not be audited.

The Advertising Fund will be intended to maximize recognition of the Marks and all H & H Franchisees. Although H & H will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising, that will benefit all H & H Franchisees, H & H undertakes no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area will be proportionate or equivalent to the contributions to the Advertising Fund by franchisees operating in that geographic area or that any Franchised Location will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. While H & H intends the Advertising Fund to be of unlimited duration, H & H will have the right to terminate and, if terminated, to reinstate, the Advertising Fund at any time after all amounts in the fund have been expended.

Except as described above, H & H assumes no direct or indirect liability or obligation to you regarding the maintenance, direction or administration of the Advertising Fund.

During the Company's last fiscal year (ending December 31, 2013), 19.68% of the Advertising Fund was spent on promotions to advertise the products (AMA awards, Golden Globe awards, Academy awards all promotion celebrity gift events), 2.93% was spent towards Sales techniques and Learning tools CD sets for the current franchisees, and less than 1% was spent on administrative costs (bank charges). The remaining amount of the Advertising Fund was not spent. 0% of the Advertising Fund was used for advertising that is principally a solicitation for the sale of franchises.

H & H and its affiliates will not receive payments for providing goods or services to the Advertising Fund except as discussed above. The Advertising Fund is not required to spend any amount on advertising in the area or territory where you are located.

Excess Advertising Fund Contributions collected in any year will be used for Advertising Fund purposes in the next year. Additionally, Advertising Fund Contributions collected in any year may be used to repay deficits incurred in a prior year. H & H will not use Advertising Fund Contributions for advertising that is principally a solicitation for the sale of franchises.

You are not required to participate in any other advertising fund.

For additional information concerning advertising, see Items 6, 8 and 9.

### **Your Own Advertising Material.**

The Company permits franchisees to use their own advertising material. If the advertising material uses the Licensed Marks, you must obtain the Company's written permission on a use-by-use basis. (Franchise Agreement, § 16.f)

### **Advertising Council/Advertising Cooperatives.**

The Company does not maintain a franchisee advertising council to advise the Company on advertising policies. You are not required to participate in local or regional advertising cooperatives.

### **Required Electronic Cash Register or Computer Systems.**

We require that, within 3 months after you start your business, and at all times thereafter during the term of the Franchise Agreement, you have a computer or some other electronic device, along with internet access through an internet access provider, which will enable you to communicate via e-mail with H & H from your place of business. The cost of computers varies but a computer costing less than \$1,000 should be sufficient. You may also wish to use a tablet computer, which can cost up to \$750. We do not require that you buy or use any type of electronic equipment or software. Our only requirement is that you have the capability of sending and receiving e-mail messages from your place of business. There are a number of computers and other types of electronic devices on the market that will give you this capability. Neither we, nor our affiliates, provide any such electronic equipment or provide any support or maintenance for such equipment. We do not require that you upgrade or update any electronic equipment or system. You will not have independent access to information generated or stored on H & H's computer systems.

You are not required to buy or use any electronic cash registers.

### **Operations Manual.**

The Company requires that you comply with an operations manual (the "Operations Manual"). A copy of the Operations Manual's Table of Contents is attached to this Disclosure Document as Exhibit G.

### **Selection of the Location for Your Business.**

The Company expects you to initially operate your business out of your home and grants you the right to operate your business in an MSA which will be designated in the Franchise Agreement. If you do not work from home, you will not need the Company's approval for the site that you select. The Company will not select a site for your business. You may sell H & H Products within your assigned MSA and within a reasonable distance from the assigned MSA, provided: (i) the Company only will ship to a single cold storage facility; and (ii) you may not sell H & H Products in an MSA not assigned to you if the Company has granted the maximum allowable number of franchises for that MSA. The Company may, in its sole discretion, determine whether the location of your cold storage facility is unreasonably remote from your location or whether sales accounts outside your MSA are unreasonably remote from the MSA. In the event that you and the Company cannot agree upon the location of your cold storage facility within 30 days after you sign the Franchise Agreement, the Franchise Agreement may be terminated and your franchise fee (less the deposit) will be returned to you.

Unless the Company agrees otherwise in writing, the Company will only ship to a single cold storage facility on your behalf, which must be located in your MSA or in surrounding areas. The Company will arrange to drop ship products in quantities of at least one (1) pallet to your wholesale customers.

### **Time Period for Opening.**

The typical length of time between signing the Franchise Agreement or the first payment of consideration for the franchise and the opening of your business is 30 days. Factors which can effect this time period are scheduling assistance with independent marketing consultants and shipping schedules for freezers, cart kits and H & H Products.

### **Training Program.**

The Company does not have a classroom training program. If you purchase a Retail Franchise, you will not receive on-the-job assistance unless you independently contract with a marketing consultant for assistance. None of our Retail Franchisees attending our training program in the past 12 months. If you purchase a Standard Wholesale, Grand Wholesale, Super Grand Wholesale or Premium Wholesale Franchise you are required to attend our training program. For training, the Company will make available to you the services of an independent marketing consultant who will provide you with on-the-job assistance in the operation of your business in your MSA.

For the Standard Wholesale Franchisee, the consultant will assist you establishing contracts with 10-15 accounts in your MSA and any surrounding areas agreed to by the Company. The accounts will be a combination of freezer accounts and "conventional" (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 10-15 accounts.

For the Grand Wholesale Franchisee, the consultant will assist you establishing contracts with 20-30 accounts in your MSA and any surrounding areas agreed to by the Company. The accounts will be a combination of freezer accounts and "conventional" (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 20-30 accounts.

For the Super Grand Wholesale and Premium Wholesale Franchisee, the consultant will assist you in establishing contracts with 25-35 accounts in your MSA and any surrounding areas agreed to by the Company. The accounts will be a combination of freezer accounts and "conventional" (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 25-35 accounts.

The following is a representative sample of assistance provided by the independent marketing consultant, updated as of December 31, 2012. The topics and number of hours spent on each topic will vary with each individual franchisee, depending upon their previous sales and marketing experience and the emphasis they place on the various aspects of their H & H Products business and their interests in retail or wholesale selling, freezer accounts or conventional accounts. This estimate does not include hours of telephone assistance prior to on-the-job assistance.

## TRAINING PROGRAM

<u>Subjects Covered</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-the-Job Training</u>		<u>Location</u>
		<u>Standard Wholesale</u>	<u>Grand, Super Grand, and Premium Wholesale</u>	
Retail selling	None	3-4	6-8	Your MSA
Account analysis	None	4-7	8-14	Your MSA
Products	None	4-7	8-14	Your MSA
Procedures	None	4-8	8-16	Your MSA
Assistance with placement of point of sale advertising materials	None	3-6	6-12	Your MSA
Assistance with securing freezer accounts	None	14-18	24-36	Your MSA
Assistance with securing conventional accounts	None	8-10	16-20	Your MSA
Total:	None	<u>40-60</u>	<u>80-120</u>	

The consultant will also offer you:

- help in negotiating agreements with retailers to place the freezer at their establishments;
- training in negotiating to have the retailers' freezers stocked with H & H Products when placement of a dedicated freezer is either unauthorized or impractical;
- training in the use of point of purchase advertising materials;
- training concerning working with neighboring franchisees;
- the Company's internal policies and procedures;
- assistance in developing strong, diverse account bases;
- assistance in developing efficient, cost-saving routing systems;
- assistance in incorporating and marketing new product lines;
- assistance in dealing with industry competitors as well as competitive products;

- assistance in various aspects of selling process from prospecting to handling objections and closing;
- assistance in other business matters;
- assistance in doing a sampling for a prospective customer; and
- assistance in delivering and stocking a freezer and a conventional account.

The Company will attempt to schedule your assistance within 30 days after execution of the Franchise Agreement. You are not required to attend and complete the assistance program to the Company's satisfaction by the Franchise Agreement, but the Company expects you or your partners or other owners to attend assistance.

The following is the head marketing consultant and her experience:

Tabitha Locke has over 8 years of relevant marketing and training experience. She has been the National Sales Director of the Company since January 2013. She was the National Sales & Marketing Manager of the Company from August 2007 until January 2013. Ms. Locke was the head Marketing Consultant from March 2005 until August 2007.

The Company may, from time to time, utilize other marketing consultants who will be supervised by Ms. Locke. The Company requires that these marketing consultants have a minimum of 2 years experience as a marketing consultant, or other relevant experience.

You and one of your employees may attend the training. The Training Fee is: \$5,000 for Wholesale Franchises, \$8,500 for Grand Wholesale Franchises; \$8,500 for Super Grand Wholesale Franchises; and \$8,500 Premium Wholesale Franchises. You must also pay your expenses and the expenses of your personnel attending, like travel, living expenses, compensation, etc. Since the training will be conducted in your MSA, these expenses should be minimal.

In addition to the training described above, the Company sponsors either a 3-day Convention or a 2-day Winter Symposium every year. The main purpose of the Conventions and Winter Symposiums is to help you learn new and better ways to operate your Franchised Business. During the term of your Franchise Agreement, you will be required to (i) attend either the Convention or the Winter Symposium within 2 years after commencing operation of your Franchised Business and (ii) attend at least 1 Convention or Winter Symposium every 3 years thereafter. Failure to comply with this requirement will result in either termination or a fine of \$1,000 at the discretion of H & H. All shipments will be withheld until such fine has been paid. There is no Conference or Symposium fee, but you will be required to pay your expenses and the expenses of your personnel attending, like travel, living expenses, compensation, etc.

Other than the Conventions and Winter Symposiums, the Company does not require additional training programs and/or refresher training programs.

## Item 12

### TERRITORY

You will 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.

The Company will not grant more than 1 franchise for every one hundred thousand (100,000) residents or increment of that amount in your MSA, but the Company may grant 1 additional franchise in your MSA for each franchisee that has been in business for more than 1 year and that has not purchased at least four pallets of H & H Products during the preceding 12 months. Your MSA will be described in Schedule 1 of the Franchise Agreement. If you live outside an MSA, the Company will treat you as a resident of the closest MSA or describe an area on Schedule 1 of your Franchise Agreement that will give you the same competitive benefits as an MSA.

The Company will not sell bulk packs of FRUITFULL<sup>®</sup> frozen fruit bars in your MSA to anyone other than the Company's franchisees. The Company can sell FRUITFULL<sup>®</sup> frozen fruit bars or frozen yogurt bars in other size packages, or any other H & H Product, through other channels of distribution within and outside your MSA.

The Company may establish a company-owned outlet or other channel of distribution using the Licensed Marks.

Retail Franchisees may not solicit sales from any wholesale account without our consent, which will be conditioned on the Franchisee's execution of an agreement to be bound by all the terms and conditions of Standard Wholesale Franchisees, as they may exist at the time the request is made. Finally, you may not sell H & H Products to any other distributor of frozen desserts or snack products without our prior written approval, which may be withheld for any reason. You may sell H&H Products within your assigned MSA. You may also sell H&H Products in an adjoining MSA (one that physically touches your own) within a reasonable distance from the assigned MSA, provided: (i) the Company only will ship to a single cold storage facility; and (ii) you may not sell H&H Products in an MSA not assigned to you if H&H has granted the maximum allowable number of franchises for that MSA. The Company may, in its sole discretion, determine whether the location of your cold storage facility is unreasonable or whether sales accounts outside your MSA are unreasonably remote from the MSA. For accounts outside your MSA, a reasonable distance is typically defined as a two hour radius (one hour in each direction) from your home but Company may, in its sole discretion, determine that a farther distance may be reasonable under the circumstances. In the event that the Company obtains a prospective franchisee in an area outside of your MSA that you were servicing, you will have the option to either relinquish your accounts to that franchisee or purchase an additional franchise under the Company's then-current terms and conditions. If you purchased the additional franchise you would be entitled to another cold storage delivery option if you so desired. You may sell H & H Products using a cart which can be moved from location to location to take advantage of sales opportunities at special events within your assigned MSA and within a reasonable distance from the assigned MSA, provided you may not sell H & H Products in an MSA not assigned to you if H & H has granted the maximum allowable number of franchises for that MSA.



The Company may consider granting you the right to establish additional franchises under further Franchise Agreements (which will require additional franchise fees) if you are in compliance with the Franchise Agreement and you propose to establish a franchise in an additional MSA which the Company approves, but the Company has no obligation to do so. The Company may consider granting you the right to relocate your franchise to a different MSA if you are in compliance with the Franchise Agreement and you propose to establish a franchise in an additional MSA for which the Company has not granted the maximum allowable number of franchises, but the Company has no obligation to do so. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within your MSA or contiguous territories.

The Company or its affiliates have not established but may establish other franchisees or company-owned outlets or another channels of distribution selling or leasing similar products or services under a different trademark, but have no present plans to do so. Although the Company and its affiliates have not done so, the Company and its affiliates may sell products, other than FRUITFULL® bulk packs, under the Licensed Marks within or outside of your MSA through any other method of distribution including, sales through such channels of distribution as the Internet, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your MSA and you will receive no compensation for the Company’s or its affiliates’ sales through alternative distribution channels.

The Company and its affiliates can use alternative channels of distribution to make sales within your MSA of products or services under different trademarks than the Licensed Marks, but the Company and its affiliates have not yet made any sales of this type.

The Company prohibits its franchisees from soliciting sales from existing H & H accounts of another H & H franchisee. The Company also prohibits its franchisees from soliciting any actively pursued accounts of another H & H Franchisee provided that such Franchisee is following the guidelines for actively pursuing accounts as stipulated in the Company’s Operation Manual.

If you fail to purchase at least 4 pallets of frozen H & H Products from the Company or an authorized Master Distributor during any calendar year following the year in which your Franchise Agreement is executed, the Company can terminate your franchise.

### **Item 13**

### **TRADEMARKS**

Under the Franchise Agreement, the Company grants you the right to operate a business under the Licensed Marks which may be identified as an authorized Franchisee or distributor of FRUITFULL® brand products. FRUITFULL® and HAPPY AND HEALTHY™ are the Company’s “Principal Marks.”

The FRUITFULL® design logo is a registered trademark (Registration No. 1,859,221, Registration Date October 18, 1994) on the principal register of the United States Patent and Trademark Office (“USPTO”) with the Company as registrant.

The mark FRUITFULL® is a registered trademark (Registration Nos. 2,044,857 and 2,270,751, Registration Dates March 11, 1997 and August 17, 1999) on the principal register of the USPTO with the Company as registrant.

The Company will timely file all Section 8 and 15 Affidavits for these Principal Marks.

HAPPY AND HEALTHY™ is a trademark of the Company and has been in continuous and consistent use for over twenty years on frozen novelties such as frozen fruit bars, frozen yogurt, and ice cream. This is a trademark that the Company has common law and federal trademark rights to pursuant to the United States trademark laws.

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Principal Mark; nor are there any pending infringement, opposition or cancellation actions or pending material litigation involving the Principal Marks.

There are no agreements currently in effect which significantly limit the Company's rights to use or license the use of the Licensed Marks in a manner material to the franchise.

The Company need not protect your right to use the Licensed Marks and need not protect you against claims of infringement or unfair competition arising out of your use of the Principal Marks.

The Franchise Agreement does not require the Company to take any action against infringers or users. As owner of the Licensed Marks, the Company has the exclusive right to control administrative proceedings or litigation concerning the Licensed Marks.

The Franchise Agreement does not require the Company to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by the Company to you, and the proceeding is resolved unfavorably to you.

You may not, without the Company's prior written approval, transfer any freezer to anyone that is not an H & H franchisee until you have removed all Licensed Marks, decals and other marks associated with the Company from the freezer. If you fail to do so, you will need to pay the Company \$3,000 for each violation, plus attorneys' fees.

The Company does not actually know of either superior prior rights or infringing uses that could materially affect your use of the Principal Marks in the state in which the franchised business is to be located.

#### **Item 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

#### **Patents:**

The Company does not own any patents that are material to the franchise.

#### **Copyrights:**

The Company claims common law copyright protection in the Company's advertising material (the "Copyrights"). The Company has not filed for registration of any of these Copyrights with the United States Library of Congress. There are no material determinations of the Library of Congress or any court regarding these Copyrights. There are no

agreements currently in effect which limit the use of these Copyrights. The Company has no obligations to you to protect the Copyrights.

The Company is not obligated to take action when notified of an infringement of the Copyrights. The Company is not required to participate in defending you or indemnifying you for expenses or damages in a proceeding involving the Copyrights. The Company has the right to control litigation involving the Copyrights.

The Franchise Agreement imposes no requirements upon you to modify or discontinue use of the subject matter covered by the Copyright.

The Company does not know of any infringement that could materially affect you regarding the Copyrights.

#### Confidential Information.

The Company claims that certain of its methods, procedures and techniques are trade secrets and confidential information including the formulations of all H & H Products. Upon termination of the Franchise Agreement, you must cease to use in advertising or in any other manner any methods, procedures or techniques in which the Company has proprietary rights.

### **Item 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

The Franchise Agreement requires that you or a Manager/Employee employed by you and approved by us to be personally involved with the operation of the Franchised Business. We will not approve your Manager/Employee unless he or she executes a confidentiality agreement in a form we approve.

### **Item 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

During the term of your Franchise Agreement, you may not, without the Company's prior written approval, offer or sell through the franchised business or otherwise, any products which compete directly or indirectly with H & H Products offered to you by the Company. An H & H Product is any product the Company designates as an H & H Product and makes available for your purchase. Current H & H Products are FRUITFULL® fruit bars, Happy Indulgence® Decadent Dips™ dessert bars, Be Happy & Healthy® snacks and breads. At least 2/3 of all products contained in Franchisee's freezers must, at all times, be H & H Products.

The Franchise Agreement imposes no other obligations on you to sell only goods or services approved by the Company.

The Franchise Agreement imposes no obligations on you to sell all goods and services required by the Company.

The Franchise Agreement gives the Company the right to designate H & H Products and imposes no restrictions on the Company's right to designate or change H & H Products.

The franchise is solely for the purpose of opening and servicing new accounts for H & H Products. Thus, you may not solicit sales from any account which is an existing account of another authorized seller H & H Products fruit bars or an account that another authorized seller of H & H Products fruit bars is actively pursuing, provided that authorized seller is following the guidelines for actively pursuing accounts as stipulated in the Company's Operations Manual. If you are a Retail Franchisee, you may not solicit sales from any wholesale account without the Company's consent, which will be conditioned on your executing an agreement to be bound by all terms and conditions of Standard Wholesale Franchisees, as they may exist at the time the request is made. Finally, you may not sell H & H Products to any other distributor of frozen desserts, ice cream or snack products without the Company's prior written approval, which may be withheld for any reason.

You may sell H & H Products within your assigned MSA and within a reasonable distance from the assigned MSA, provided: (i) the Company only will ship to a single cold storage facility; and (ii) you may not sell H & H Products in an MSA not assigned to you if the Company has granted the maximum allowable number of franchises for that MSA. The Company may, in its sole discretion, determine whether the location of your cold storage facility is unreasonable or whether sales accounts outside your MSA are unreasonably remote from the MSA.

Unless the Company agrees otherwise in writing, the Company will only ship to a single cold storage facility on your behalf, which must be located in your MSA or in surrounding areas. The Company will arrange to drop ship products in quantities of at least one (1) pallet to your wholesale customers.

**Item 17**

**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

<b><u>Provision</u></b>	<b><u>Section in Franchise Agreement</u></b>	<b><u>Summary</u></b>
a. Term of the agreement	3.a	Ten years from date your Franchise Agreement is executed by the Company.
b. Renewal or extension of the term	3.b	If you comply with the Franchise Agreement and have purchased at least four pallets of frozen H & H Products per year during the two years before expiration, you may extend for an additional five years (one year for additional renewals).
c. Requirements for franchisee to renew or extend	3.a, 3.b	Sign a new agreement six months before expiration, sign general release and pay renewal fee. You may be asked to sign a contract with materially different terms and conditions than your original agreement, but your MSA will remain the same.
d. Termination by franchisee	None	Rights as provided by law.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
e. Termination by Company without "cause"	None	Not applicable.
f. Termination by Company with "cause"	11	The Company can terminate on notice and without cure for certain reasons.
g. "Cause" defined --curable defaults	11	Fail to pay financial obligations or comply with insurance obligations and cure within five days, breach the Franchise Agreement and cure within thirty days.
h. "Cause" defined --defaults which cannot be cured	11	Unapproved use of marks; diversion of prospective franchisee; attempt to sell business within ninety days of Company sales show or sales promotion in the MSA without Company's approval; bankruptcy, insolvency, dissolution or termination of Franchisee; sales of more than 50% of assets; 3 defaults in a 24-month period; failure to transfer within 6 months after death or disability; abandonment or failure to operate business; subfranchising, subdistributing or subdividing your rights without Company's approval; sell products to former franchisees of the Company; other activities detrimental to the Company or the Licensed Marks; failure to purchase at least 4 pallets of product; attempt to directly contact any of the Company's freight companies, vendors or national accounts; sell or attempt to sell to another Franchisee's accounts; failure to attend (i) either the Convention or the Winter Symposium within 2 years after starting your franchise and (ii) at least 1 Convention or Winter Symposium every 3 years after that.
i. Franchisee's obligations on termination/non-renewal	12	Cease to operate and represent connection; pay sums due and damages incurred; return any confidential materials and trade secrets; provide list of customers and employees; terminate, transfer or assign telephone numbers, yellow pages listings, name registrations and business licenses; return all materials bearing the Licensed Marks; cease use of all indicia of origin.
j. Assignment of contract by the Company	10.a	The Company may sell or assign.
k. "Transfer" by franchisees defined	10.b	Sale, assignment or transfer of your interest in the Franchise Agreement, in you or in the franchised business.
l. Company approval of transfer by franchisee	10.b	Company can withhold approval for good business reasons. Such reasons include, the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards, the fact that the proposed transferee is a competitor of the Company, the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations, the failure of you or proposed transferee to pay any sums owing to the Company to cure any default in the franchise agreement existing at the time of the proposed transfer.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
m. Conditions for Company approval of transfer	10.c	a. You must give the Company notice of transfer with complete description of all terms and fees of the proposed transfer or assignment, including the proposed transferee's name, address, financial qualifications and previous five (5) years' business experience. b. The transferee must pay the Company a transfer fee (but no initial franchise fee) and upon the transferee's executing a general release for the benefit of the Company and its employees, agents and representatives. c. The transferee must sign the Company's then current form of Franchise Agreement. d. You must pay the Company a transfer fee and training fee which will be between \$5,000 and \$20,000 if the Company obtained the lead for such transfer.
n. The Company's right of first refusal to acquire franchisee's business	10.d	Exercisable within thirty days after notice.
o. Company's option to purchase franchisee's business	None	Not applicable.
p. Death or disability of franchisee	10.h	The franchised business must be transferred to an approved person in 6 months.
q. Non-competition covenants during the term of the franchise	9.b	No offering or selling products which compete directly with H & H Products.
r. Non-competition covenants after the franchise is terminated or expires	12.g	Prohibits owning interests nor engaging in business which sell products that compete with H & H Products you sold in your MSA and in surrounding areas where you conducted business for one year after termination or expiration.
s. Modification of the Agreement	None	Not applicable.
t. Integration/Merger Clause	16.e	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. The Franchise Agreement's integration/merger clause does not disclaim the representations in this disclosure document.
u. Dispute resolution by arbitration or mediation	14	Except for certain claims, all disputes must be arbitrated in Palm Beach County, Florida.
v. Choice of forum	None	Not applicable.
w. Choice of law	15	Governed by Florida law (subject to applicable law).

These states have statutes that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise: Arkansas, California, Connecticut, Delaware, Hawaii, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, South Dakota, Virginia, Washington, Wisconsin. These and other states may have court decisions that may supersede the

Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise, venue for disputes and governing law.

The provision of the Franchise Agreement that provides for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

See the state addenda to the Franchise Agreement and disclosure document for special disclosures.

### **Item 18**

#### **PUBLIC FIGURES**

The Company does not use any public figure to promote its franchise.

### **Item 19**

#### **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

As of the date of this Disclosure Document, the Company charges Retail Franchisees 65.5¢ per juice-based FRUITFULL<sup>®</sup> bar, 69.5¢ per cream-based FRUITFULL<sup>®</sup> bar and \$1.13 per Happy Indulgence<sup>®</sup> Decadent Dips<sup>™</sup> dessert bars. Premium Wholesale, Super Grand Wholesale, Grand Wholesale and Standard Wholesale Franchisees pay 60.5¢ per juice-based FRUITFULL<sup>®</sup> bar, 64.5¢ per cream-based FRUITFULL<sup>®</sup> bar, and \$1.08 per Happy Indulgence<sup>®</sup> Decadent Dips<sup>™</sup> dessert bars.

Franchisees are entitled to a 2% discount for prepaid orders. If a Franchisee prepays, Retail Franchisees will pay 64.19¢ per juice-based FRUITFULL<sup>®</sup> bar, 68.11¢ per cream-based FRUITFULL<sup>®</sup> bar, and \$1.1074 per Happy Indulgence<sup>®</sup> Decadent Dips<sup>™</sup> dessert bars. Premium Wholesale, Super Grand Wholesale, Grand Wholesale and Standard Wholesale Franchisees will pay 59.29¢ per juice-based FRUITFULL<sup>®</sup> bar, 63.21¢ per cream-based FRUITFULL<sup>®</sup> bar and \$1.0584 per Happy Indulgence<sup>®</sup> Decadent Dips<sup>™</sup> dessert bars.

#### **FRUITFULL<sup>®</sup>**

The recommended wholesale price for juice and cream-based bars is 94¢ each. If selling the juice and cream-based FRUITFULL<sup>®</sup> bars at the recommended wholesale price of 94¢, Premium, Super Grand, Grand and Standard Wholesale Franchisees will make a gross profit of 33.5¢ per juice-based bar and 29.5¢ per cream-based bar.

If a franchisee takes advantage of H & H's prepay discount and sells the juice and cream-based FRUITFULL® bars at the recommended wholesale price of 94¢, Premium, Super Grand, Grand and Standard Wholesale Franchisees will make a gross profit of 34.71¢ per juice-based bar and 30.79¢ per cream-based bar.

Additionally, all H & H Franchisees may sell H & H Products, from a freezer cart at special events such as street fairs, festivals and sporting events. The recommended retail price for FRUITFULL® at these events is \$3.00 - \$4.00 for both juice and cream-based fruit bars.

If selling the FRUITFULL® bars at retail events at the recommended retail price of \$3.00 - \$4.00 each, a Retail Only Franchisee will make a gross profit of \$2.345 - \$3.345 per juice-based bar and \$2.305 - \$3.305 per cream-based bar depending on the retail price.

If selling the FRUITFULL® bars at retail events at the recommended retail price of \$3.00 - \$4.00 each, Standard Wholesale, Grand Wholesale, Super Grand Wholesale and Premium Wholesale Franchisees will make a gross profit of \$2.407 - \$3.407 per juice-based bar and \$2.368 - \$3.368 per cream-based bar depending on the retail price.

#### Happy Indulgence® Decadent Dips™

The recommended wholesale price for HAPPY INDULGENCE® DECADENT DIPSTM is \$1.49. If selling the HAPPY INDULGENCE® DECADENT DIPSTM bars at the recommended wholesale price of \$1.49, Premium, Super Grand, Grand and Standard wholesale Franchisees will make a gross profit of 41¢ per bar.

If a franchisee takes advantage of H & H's prepay discount and sells the HAPPY INDULGENCE® DECADENT DIPSTM bars at the recommended wholesale price of \$1.49, Premium, Super Grand, Grand and Standard Wholesale Franchisees will make a gross profit of 43.16¢ per bar.

Additionally, all H & H Franchisees may sell H & H Products from a freezer cart at special events such as street fairs, festivals and sporting events. The recommended retail price for HAPPY INDULGENCE® DECADENT DIPSTM at these events is \$5.00 for both juice and cream-based fruit bars.

If selling the HAPPY INDULGENCE® DECADENT DIPSTM bars at retail events at the recommended retail price of \$5.00 each, a Retail Only Franchisee will make a gross profit of \$3.87 per bar.

If selling the HAPPY INDULGENCE® DECADENT DIPSTM bars at retail events at the recommended retail price of \$5.00 each, Standard Wholesale, Grand Wholesale, Super Grand Wholesale and Premium Wholesale Franchisees will make a gross profit of \$3.92 per bar.

The recommended wholesale and retail prices listed above are based on information the Company has obtained from its current Franchisees. The product costs are based upon the prices that H & H charges its Franchisees as of the Issuance Date of this Disclosure Document. These prices are subject to change. Various market, geographic, competition and economic factors may require you to charge prices other than the recommended prices listed above and, therefore, **the gross profits that you derive may differ from those listed above.** The Company suggests that Franchisees use the recommended wholesale and retail prices. However, the Company does not mandate or require Franchisees to use such prices and Franchisees are free to sell products at whatever price they choose. There may be different



wholesale and retail prices from one H & H Franchised business to another H & H Franchised business.

**The gross profits listed above do not take into account costs other than the costs that you will pay for the various products. There will be other costs and expenses incurred in operating your Franchised Business. See Item 7 of this Disclosure Document for your estimated initial investment.**

Other than the information stated above, the Company does not furnish or authorize its salespersons to furnish any other information, either oral or written, concerning the actual or potential sales, costs, income or profits of an H & H Franchised Business. Actual results vary from H & H Franchised Business to H & H Franchised Business, and the Company cannot estimate or guarantee the results of any particular franchise.

We have specifically instructed sales persons, agents, employees and officers that except what is listed above, that they are not permitted to make claims or statements as to earnings, sales or profits or prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to any particular H & H Franchised Business. You should not rely on unauthorized representations as to earnings, sales, profits or prospects or chance of success.

Substantiation of the data used in preparing the information set forth above will be made available upon reasonable request.

**Item 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**

**Systemwide Outlet Summary  
For Years 2011 to 2013**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2011	42	48	6
	2012	48	55	7
	2013	55	59	4
Company- Owned	2011	0	0	0
	2012	0	0	0
	2013	0	0	0
Total Outlets	2011	42	48	6
	2012	48	55	7
	2013	55	59	4

**TABLE NO. 2**  
**Transfers of Outlets From Franchisees to New Owners**  
**(Other than the Franchisor)**  
**For Years 2011 to 2013**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Alabama	2011	
	2012	
	2013	
Alaska	2011	
	2012	
	2013	
Arizona	2011	1
	2012	
	2013	
Arkansas	2011	
	2012	
	2013	
California	2011	
	2012	
	2013	
Colorado	2011	
	2012	
	2013	1
Connecticut	2011	
	2012	
	2013	
Delaware	2011	
	2012	
	2013	
Florida	2011	
	2012	
	2013	
Georgia	2011	1
	2012	
	2013	
Hawaii	2011	
	2012	
	2013	
Idaho	2011	
	2012	
	2013	
Illinois	2011	
	2012	
	2013	
Indiana	2011	
	2012	
	2013	
Iowa	2011	
	2012	
	2013	
Kansas	2011	
	2012	
	2013	
Kentucky	2011	
	2012	
	2013	
Louisiana	2011	
	2012	
	2013	

TABLE NO. 2, Continued

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Maine	2011	
	2012	
	2013	
Maryland	2011	
	2012	
	2013	
Massachusetts	2011	
	2012	
	2013	
Michigan	2011	
	2012	
	2013	
Minnesota	2011	
	2012	
	2013	
Mississippi	2011	
	2012	
	2013	
Missouri	2011	
	2012	
	2013	
Montana	2011	
	2012	
	2013	
Nebraska	2011	
	2012	
	2013	
Nevada	2011	
	2012	
	2013	
New Hampshire	2011	
	2012	
	2013	
New Jersey	2011	
	2012	
	2013	
New Mexico	2011	
	2012	
	2013	
New York	2011	
	2012	
	2013	
North Carolina	2011	
	2012	
	2013	
North Dakota	2011	
	2012	
	2013	
Ohio	2011	
	2012	
	2013	

TABLE NO. 2, Continued

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Oklahoma	2011	
	2012	
	2013	
Oregon	2011	
	2012	
	2013	
Pennsylvania	2011	
	2012	
	2013	
Puerto Rico	2011	
	2012	
	2013	
Rhode Island	2011	
	2012	
	2013	
South Carolina	2011	
	2012	
	2013	
South Dakota	2011	
	2012	
	2013	
Tennessee	2011	
	2012	
	2013	
Texas	2011	
	2012	
	2013	
Utah	2011	
	2012	
	2013	
Vermont	2011	
	2012	
	2013	
Virginia	2011	
	2012	
	2013	
Washington	2011	1
	2012	
	2013	
West Virginia	2011	
	2012	
	2013	
Wisconsin	2011	
	2012	
	2013	
Wyoming	2011	
	2012	
	2013	
District of Columbia	2011	
	2012	
	2013	
Total	2011	3
	2012	0
	2013	1

**TABLE NO. 3**  
**Status of Franchised Outlets**  
**For Years 2011 to 2013**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termina- -tions	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ccased Operations - Other Reasons	Column 9 Outlets at End of the Year
Alabama	2011							
	2012							
	2013							
Alaska	2011							
	2012							
	2013							
Arizona	2011	1						1
	2012	1	1					2
	2013	2						2
Arkansas	2011							
	2012							
	2013							
California	2011	5	1				1	5
	2012	5						5
	2013	5	1				1	5
Colorado	2011	2						2
	2012	2	1					3
	2013	3	1				2	2
Connecticut	2011		1					1
	2012	1						1
	2013	1						1
Delaware	2011							
	2012							
	2013							
Florida	2011	2	1				1	2
	2012	2	4				1	5
	2013	5	2					7
Georgia	2011	1						1
	2012	1						1
	2013	1						1
Hawaii	2011							
	2012							
	2013							
Idaho	2011							
	2012							
	2013	0	1					1
Illinois	2011	4	2					6
	2012	6						6
	2013	6					1	5
Indiana	2011							
	2012							
	2013							
Iowa	2011	1						1
	2012	1	1				1	1
	2013	1	1				1	1
Kansas	2011							
	2012							
	2013							

**TABLE NO. 3, Continued**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Kentucky	2011							
	2012							
	2013							
Louisiana	2011							
	2012	0	1				1	0
	2013							
Maine	2011							
	2012							
	2013							
Maryland	2011	1						1
	2012	1						1
	2013	1						1
Massachusetts	2011	3					1	2
	2012	2						2
	2013	2						2
Michigan	2011	1	1					2
	2012	2					1	1
	2013	1						1
Minnesota	2011	1						1
	2012	1						1
	2013	1						1
Mississippi	2011							
	2012							
	2013							
Missouri	2011							
	2012							
	2013	0	1					1
Montana	2011							
	2012							
	2013							
Nebraska	2011		1					1
	2012	1						1
	2013	1						1
Nevada	2011	2						2
	2012	2						2
	2013	2						2
New Hampshire	2011	1						1
	2012	1						1
	2013	1					1	0
New Jersey	2011	1						1
	2012	1						1
	2013	1	1				1	1
New Mexico	2011							
	2012							
	2013							
New York	2011	2					1	1
	2012	1	1					2
	2013	2	2					4
North Carolina	2011	1	1					2
	2012	2	1				1	2
	2013	2	1					3
North Dakota	2011							
	2012							
	2013							

**TABLE NO. 3, Continued**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by Franchisee	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Ohio	2011	3					1	2
	2012	2	1					3
	2013	3	3				1	5
Oklahoma	2011	1						1
	2012	1	1					2
	2013	2					1	1
Oregon	2011	1						1
	2012	1						1
	2013	1					1	0
Pennsylvania	2011	1						1
	2012	1						1
	2013	1	1					2
Puerto Rico	2011							
	2012							
	2013							
Rhode Island	2011							
	2012							
	2013							
South Carolina	2011							
	2012							
	2013							
South Dakota	2011							
	2012							
	2013							
Tennessee	2011		2					2
	2012	2						2
	2013	2						2
Texas	2011	2						2
	2012	2	2					4
	2013	4					2	2
Utah	2011	2						2
	2012	2					1	1
	2013	1						1
Vermont	2011							
	2012							
	2013							
Virginia	2011	1	1					2
	2012	2					1	1
	2013	1	1					2
Washington	2011	1						1
	2012	1						1
	2013	1						1
West Virginia	2011							
	2012							
	2013							
Wisconsin	2011	1						1
	2012	1						1
	2013	1						1
Wyoming	2011							
	2012							
	2013							
District of Columbia	2011							
	2012							
	2013							
Total	2011	42	11				5	48
	2012	48	14				7	55
	2013	55	16				12	59



TABLE NO. 4

Status of Company-Owned Outlets  
For Years 2011 to 2013

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Alabama	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Alaska	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Arizona	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Arkansas	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
California	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Colorado	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Connecticut	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Delaware	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Florida	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Georgia	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Hawaii	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Idaho	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Illinois	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Indiana	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Iowa	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Kansas	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Kentucky	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Louisiana	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

TABLE NO. 4. Continued

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Maine	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Maryland	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Massachusetts	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Michigan	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Minnesota	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Mississippi	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Missouri	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Montana	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Nebraska	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Nevada	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
New Hampshire	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
New Jersey	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
New Mexico	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
New York	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
North Carolina	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
North Dakota	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Ohio	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Oklahoma	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Oregon	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Pennsylvania	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

TABLE NO. 4, Continued

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Puerto Rico	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Rhode Island	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
South Carolina	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
South Dakota	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Tennessee	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Texas	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Utah	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Vermont	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Virginia	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Washington	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
West Virginia	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Wisconsin	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Wyoming	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
District of Columbia	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Total	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

TABLE NO. 5

Projected Openings as of December 31, 2013

Column 1 State	Column 2 Franchise Agreements Signed But Not Operational	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 3 Projected New Company- Owned Outlets in the Next Fiscal Year
Alabama			
Alaska			
Arizona			
Arkansas			
California		4	
Colorado			
Connecticut		1	
Delaware			
District of Columbia			
Florida		2	
Georgia		1	
Hawaii			
Idaho			
Illinois		1	
Indiana			
Iowa			
Kansas		1	
Kentucky			
Louisiana			
Maine			
Maryland			
Massachusetts			
Michigan		1	
Mississippi			
Missouri			
Minnesota			
Nebraska			
Nevada			
New Hampshire			
New Jersey			
New Mexico			
New York		3	
North Carolina			
North Dakota			
Ohio			
Oklahoma			
Oregon			
Pennsylvania		2	
Rhode Island			
South Carolina			
South Dakota			
Tennessee			
Texas		3	
Utah			
Vermont			
Virginia		1	
Washington			
West Virginia			
Wisconsin			
Wyoming			
US Virgin Islands			
TOTAL:		20	

Attached as Exhibit D is a list of the names of all franchisees and their addresses and telephone number of all their units as of December 31, 2013. None of the franchised businesses identified above are owned by persons listed in Item 2, or business entities owned by persons listed in Item 2.

Attached as Exhibit E is a list of the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who, in the Company's most recent full fiscal year end: (1) had a unit terminated by the Company; (2) had a unit not renewed by the Company; (3) otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement; or (4) has not communicated with the Company within 10 weeks of the issuance date of this Disclosure Document. 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, the Company has not signed confidentiality clauses with any current or former franchisees.

There are no trademark-specific franchisee organizations associated with the franchise system being offered which the Company has created, sponsored or endorsed.

There are no franchisee organizations that have asked to be included in this disclosure document.

## **Item 21**

### **FINANCIAL STATEMENTS**

Happy & Healthy Guaranty, LLC absolutely and unconditionally guarantees the performance of our obligations under our franchise registrations that became effective on or after March 20, 2010, or will become effective in the future, in states requiring the registration of the offer and sale of our franchises. The audited Financial Statements and Independent Auditors' Report of our affiliate Happy & Healthy Guaranty, LLC, (1) as of and for the Years Ended December 31, 2013 and 2012, and (2) as of and for the Years Ended December 31, 2012 and 2011, are included in this Disclosure Document at Exhibit C. The instrument of guaranty is included in Exhibit C.

## **Item 22**

### **AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT**

The following Agreements are attached to this Disclosure Document.

<u>Exhibit</u>	<u>Agreement</u>
B	Franchise Agreement and Riders
F	Freezer Contract
H	Security Agreement

**Item 23**

**RECEIPTS**

You will find copies of a detachable receipt in Exhibit J at the very end of this disclosure document.

## EXHIBIT A

### LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. Also listed are state agencies that act as agents for service of process in those states. If (or when) the Company is registered to sell franchises in a state listed below, the corresponding agent will act as the Company's agent to receive service of process in that state.

#### California

Department of Business Oversight  
Suite 750  
320 West 4<sup>th</sup> Street  
Los Angeles, California 90013-2344  
(213) 576-7500

Agent: California  
Commissioner of Business Oversight

#### Hawaii

Commissioner of Securities  
State of Hawaii  
1010 Richards Street  
Honolulu, Hawaii 96813  
(808) 548- 2021

Agent: Director of Hawaii Department of Commerce and  
Consumer Affairs

#### Illinois

Franchise Division  
Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

Agent: Illinois Attorney General

#### Indiana

Franchise Section  
Securities Division  
Indiana Secretary of State  
Room E-111  
302 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232- 6681

Agent: Indiana Secretary of State

#### Maryland

Maryland Division of Securities  
20th Floor  
200 St. Paul Place  
Baltimore, Maryland 21202  
(410) 576-6360

Agent: Maryland Securities Commissioner

#### Michigan

Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
670 Law Building  
Lansing, Michigan 48913  
(517) 373-7117

Agent: Michigan Department of Commerce, Corporations  
and Securities Bureau

#### Minnesota

Minnesota Department of Commerce  
133 East Seventh Street  
St. Paul, Minnesota 55101  
(612) 296- 6328

Agent: Minnesota Commissioner of Commerce

#### New York

Bureau of Investor Protection and Securities  
New York State Department of Law  
23rd Floor  
120 Broadway  
New York, New York 10271  
(212) 416-8211

Agent: New York Secretary of State

**North Dakota**

Office of Securities Commissioner  
State of North Dakota  
Fifth Floor  
600 East Boulevard  
Bismarck, North Dakota 58505  
(701) 224-4712

Agent: North Dakota Securities Commissioner

**Oregon**

Department of Insurance and Finance  
Corporate Securities Section  
State of Oregon  
Labor and Industries Building  
Salem, Oregon 97310  
(503) 378-4387

Agent: Director of Oregon Department of Insurance and Finance

**Rhode Island**

Department of Business Regulation  
Securities Division  
John O. Pastore Complex  
1511 Pontiac Avenue, Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9588

Agent: Director, Department of Business Regulation

**South Dakota**

Division of Securities  
State of South Dakota  
90500 East Capitol  
Pierre, South Dakota 57501-5070  
(605) 773-4013

Agent: Director of South Dakota Division of Securities

**Virginia**

The State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9051

Agent: Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219  
(804) 371-9733

**Washington**

Department of Financial Institutions  
Securities Division  
State of Washington  
P.O. Box 9033  
Olympia, Washington 98507  
(206) 753-6928

Agent: Washington Department of Financial Institutions

**Wisconsin**

Securities and Franchise Registration  
Wisconsin Commissioner of Securities  
P.O. Box 1768  
111 West Wilson Street  
Madison, Wisconsin 53701  
(608) 266- 8559

Agent: Wisconsin Commissioner of Securities



**EXHIBIT B**  
**FRANCHISE AGREEMENT AND RIDERS**

**HAPPY & HEALTHY PRODUCTS, INC.  
FRANCHISE AGREEMENT**

**Copyright© 2014  
Happy & Healthy Products, Inc.**

HAPPY & HEALTHY PRODUCTS, INC  
Franchise Agreement

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

Summary Pages

These pages summarize the attached AGREEMENT, the details of which shall control in the event of any conflict.

1. Franchisee:

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

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

2. Name of Franchisee's MSA: \_\_\_\_\_

3. Type of Franchisee: Super Grand/Grand Wholesale/Standard Wholesale/Retail  
(circle one)

4. Initial Franchise Fee: \$\_\_\_\_\_.

5. Amount due upon signing Agreement: \$5,000.

6. Franchisee shall purchase \_\_\_\_\_ freezers, \_\_\_\_\_ pallets of H & H Products (initial inventory), and \_\_\_\_\_ cart kits by: \_\_\_\_\_, 20\_\_.

7. Date Balance of \$\_\_\_\_\_ (Initial Franchise Fee less \$5,000 plus payments for freezers; initial inventory and cart kits) is due: \_\_\_\_\_, 20\_\_.

8. Date Initial Franchise Fee, freezers and initial inventory payments are due to avoid freight charges on freezers and carts \_\_\_\_\_.

9. Expiration Date of Franchise Agreement: \_\_\_\_\_.

10. Franchisee's Agent to Receive Service of Process:

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

Address: \_\_\_\_\_  
\_\_\_\_\_

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Schedule 4 –State Addenda (*if applicable*)

Schedule 5 –SBA Addendum

HAPPY & HEALTHY PRODUCTS, INC.  
FRANCHISE AGREEMENT

This Agreement (“Agreement”) is entered into as of \_\_\_\_\_, 20\_\_\_, by and between Happy & Healthy Products, Inc. (“H & H”), a Florida corporation with its principal place of business at 1600 South Dixie Highway, Suite 200, Boca Raton, Florida 33432 and \_\_\_\_\_ (“Franchisee”).

1. RECITALS

a. Franchisee has investigated several business opportunities and has decided to acquire a Franchise from H & H for the purpose of engaging in the business of distributing frozen fruit confection items, frozen snacks and desserts, and other designated items (“H & H Products” or “Products”) pursuant to the freezer marketing program and direct sales program developed by H & H for the sale of Products to accounts not already selling H & H Products.

b. H & H is willing, on the terms described below, to provide Franchisees with the opportunity to participate in its marketing programs and its distribution network.

2. GRANT OF FRANCHISE

a. Subject to all the terms and conditions herein, H & H grants to Franchisee the non-exclusive right to use (i) the trademark Happy & Healthy™, (ii) the registered trademark Fruitfull® (“Fruitfull®”), (iii) the registered trademark Be Happy & Healthy®, (iv) the registered trademark Happy Indulgence®, and (v) such other marks as H & H may hereafter develop for Franchisee’s use (collectively “Licensed Marks”), and all the other benefits of this Agreement as set forth herein, in the operation of a H & H Franchised Business in the Metropolitan Statistical Area (“MSA”) designated on Schedule I (hereafter “Franchisee’s MSA”).

b. H & H agrees not to grant any more than one (1) Franchise for every one hundred thousand (100,000) residents or increment of that amount in Franchisee’s MSA. However, H & H may grant one (1) additional Franchise in Franchisee’s MSA for each Franchisee which has been in business for more than one (1) year and which has not purchased at least four (4) pallets of H & H Products during the preceding twelve (12) months.

c. H & H agrees not to sell bulk packs of Fruitfull® frozen fruit bars in Franchisee’s MSA to anyone other than to H & H Franchisees. A “bulk pack” consists of twenty-four (24) frozen fruit bars or frozen yogurt bars. This section does not restrict H & H from selling Fruitfull® frozen fruit bars or frozen yogurt bars in other size packages or any other H & H Products, either through other channels of distribution, in or outside Franchisee’s MSA.

d. Franchisee may sell H & H Products within Franchisee’s assigned MSA and within a reasonable distance from the assigned MSA, provided:

1. H & H only will ship to a single cold storage facility;
2. Franchisee may not sell H & H Products in an MSA not assigned to Franchisee if H & H has granted the maximum allowable number of franchises for that MSA;
3. Franchisee may not sell H & H Products in an MSA other than its own or other than an immediately physically adjoining MSA, or a distance outside of the assigned MSA determined to be unreasonable by H & H;

4. H & H may, in its sole discretion, determine whether the location of Franchisee's cold storage facility is unreasonable or whether sales accounts outside Franchisee's MSA are unreasonably remote from the MSA; and
5. In the event that a prospective franchisee desires to obtain a franchise in an MSA that Franchisee is servicing (other than Franchisee's own or physically adjoining), Franchisee will have the option to either relinquish the accounts in that MSA or purchase a franchise for that MSA under H & H's then-current terms and conditions.

e. H & H will arrange to drop ship Products in quantities of at least one (1) pallet to Franchisee's Wholesale customers.

### 3. TERM OF FRANCHISE

a. Unless Franchisee shall have executed H & H's successor Franchise Agreement on the form of Franchise Agreement then used by H & H for similarly situated Franchisees, this Agreement shall expire on the tenth anniversary of its Effective Date (the "Expiration Date"). The Effective Date is the date this Agreement is executed by the president of H & H.

b. If Franchisee has complied with this Agreement throughout its term, and has purchased no fewer than four (4) pallets of frozen H & H Products per year during the two (2) years preceding the Expiration Date, provided Franchisee executes the form of successor Franchise Agreement tendered to Franchisee by H & H at least six (6) months before the Expiration Date, H & H shall enter into a successor Franchise Agreement with Franchisee for a five (5) year term (for the first renewal period, subsequent renewals are for one (1) year). The successor Franchise Agreement may differ materially in its terms from this Agreement. Franchisee's renewal rights may be conditioned upon Franchisee's execution of a general release in the form submitted by H & H, and upon Franchisee's paying a renewal administration fee of up to One Thousand Dollars (\$1,000).

c. If H & H intends not to offer Franchisee a successor Franchise Agreement, H & H shall give Franchisee at least one hundred eighty (180) days notice of nonrenewal before the Expiration Date. The term of this Agreement will be automatically extended if necessary to give Franchisee a full one hundred eighty (180) days notice of nonrenewal.

### 4. FEES

a. As a condition of becoming a Franchisee, Franchisee has agreed to pay H & H the nonrefundable initial franchise fee specified on the Summary Pages. If the amount specified in Section 7 of the Summary Pages has not been received by H & H by the later of fifteen (15) business days from the date Franchisee received a Franchise Disclosure Document describing this Franchise or the date specified in Section 7 of the Summary Pages, as well as all fees due to H & H for freezers, Products and (as applicable) cart kits, H & H may, at its option, terminate this Agreement without waiving its right to the initial franchise fee already paid. Franchisee is required to pay the cost of freight on all freezers and carts purchased from H & H unless Franchisee pays H & H the full initial franchise fee, full cost of the freezer(s) and the full cost of the initial inventory within fifteen (15) business days after H & H provides Franchisee with a Franchise Disclosure Document.

b. H & H shall institute, maintain and administer an Advertising Fund (the "Advertising Fund") for the sole and exclusive purpose of supporting and paying for marketing programs H & H deems necessary, desirable or appropriate to promote the good will and public image of the Licensed Marks and all H & H franchises. Franchisee shall be required to contribute to the Advertising Fund an amount of Five Hundred Dollars (\$500) per year (the "Advertising Fund Contributions"); provided, however,

Franchisee shall not be required to make any Advertising Fund Contributions for the first six (6) months that Franchisee operates its franchised business. Franchisee shall be required to make the Advertising Fund Contributions for a particular year, on January 2<sup>nd</sup> of that year or quarterly at the Company's discretion. H & H shall have the right to increase the amount of Franchisee's Advertising Fund Contribution upon sixty (60) days prior written notice, but in no event will the amount of the Advertising Fund Contribution exceed One Hundred Fifty Dollars (\$150) per month (\$1,800 per year), which may be adjusted for inflation.

#### 5. LOCATION ASSISTANCE

If Franchisee is a Wholesale Franchisee, H & H will make available to Franchisee the services of an independent marketing consultant, in consideration of the Training Fee specified on the Summary Pages. The term "Wholesale Franchisee" includes "Standard Wholesale," "Grand Wholesale," "Super Grand Wholesale" and "Premium Wholesale Franchisees." The marketing consultant shall provide Franchisee with on-the-job training in the operation of an H & H Franchised Business in Franchisee's MSA, and any surrounding areas agreed to by H & H. For the Standard Wholesale Franchisee, the consultant will assist you establishing contracts with 10-15 accounts in your MSA and any surrounding areas agreed to by H & H. The accounts will be a combination of freezer accounts and "conventional" (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 10-15 accounts.

For the Grand Wholesale Franchisee, the consultant will assist you in establishing contracts with 20-30 accounts in your MSA and any surrounding areas agreed to by the Company. The accounts will be a combination of freezer accounts and "conventional" (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 20-30 accounts.

For the Super Grand Wholesale and Premium Wholesale Franchisee, the consultant will assist you in establishing contracts with 25-35 accounts in your MSA and any surrounding areas agreed to by H & H. The accounts will be a combination of freezer accounts and "conventional" (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 25-35 accounts.

Once the initial accounts have been established, Franchisee alone shall be responsible for servicing the accounts, relocating freezers whenever business so warrants, and establishing new accounts.

This Agreement in no way precludes Franchisee from hiring or retaining sales personnel or independent contractors, including the independent marketing consultant which helped Franchisee to establish his business, so long as such relationships are undertaken at no expense to H & H.

#### 6. SALES AND MARKETING

a. Franchisee understands that H & H will provide Franchisee with an explanation of its dedicated freezer marketing plan and ideas for promoting H & H Products at retail events. Moreover, H & H will provide Franchisee (if Franchisee is a Standard, Grand, Super Grand or Premium Wholesale Franchisee) with the location and marketing assistance prescribed in Section 5, above. H & H's assistance may include, without limitation or obligation, pricing recommendations, suggestions of point of purchase promotional materials, signage for dedicated freezers, suggestions for sales presentations to retailers and food service company managers, and the opportunity to exchange ideas and experiences with other H & H franchisees. Franchisee's success as a business person will depend primarily on Franchisee's ability to obtain and service profitable accounts. No two accounts are the same. Franchisee agrees that the Franchisee alone is responsible for developing and implementing his or her own marketing and sales programs in the Franchisee's MSA, and that H & H has no obligation to Franchisee other than those expressly prescribed by this Agreement.

b. H & H has granted Franchisee this Franchise solely for the purpose of opening and servicing new accounts for H & H Products. Thus, Franchisee may not solicit sales from any account which is an existing account of another authorized seller of H & H Products or an account that another authorized seller of H & H Products is actively pursuing, provided that authorized seller is following the guidelines for actively pursuing accounts as stipulated in H & H's Operations Manual. Additionally, Retail Franchisees may not solicit sales from any Wholesale account without H & H's consent, which will be conditioned on the Franchisee's execution of an agreement to be bound by all the terms and conditions of Standard Wholesale Franchisees, as they may exist at the time the request is made. Finally, Franchisee may not sell H & H Products to any other distributor of frozen desserts or snack products without H & H's prior written approval, which may be withheld for any reason.

c. Except as is otherwise expressly set forth in this Agreement, H & H does not restrict Franchisee or any other H & H Franchisee in the accounts upon which they may call. Franchisee is an independent contractor and, subject to the terms of this Agreement, shall have complete control over the operations of Franchisee's business.

d. H & H will direct all marketing programs financed by the Advertising Fund, and will have sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The Advertising Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering local, regional, multi-regional and national advertising programs including, without limitation, purchasing direct mail and other media advertising; employing advertising, public relations and media buying agencies to assist in these activities; and supporting public relations, market research and other advertising and marketing activities. The Advertising Fund may elect to furnish Franchisee with marketing, advertising and promotional formats and sample materials without additional charge, or provide Franchisee with multiple copies of marketing, advertising and promotional materials at the direct cost of producing them.

The Advertising Fund will be accounted for separately from H & H's other funds, and will not be used to defray any of H & H's general operating expenses, except for costs, salaries, travel expenses, administrative costs and overhead H & H may incur in activities reasonably related to the administration of the Advertising Fund and its marketing programs (including, without limitation, conducting market research, preparing advertising and marketing materials, general production costs and collecting and accounting for contributions to the Advertising Fund). H & H may spend in any fiscal year an amount greater or less than the total contributions of all Franchised Locations to the Advertising Fund in that year and H & H may cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. Franchisee authorizes H & H to collect for remission to the Advertising Fund any advertising or promotional monies or credits offered by any supplier based upon Franchisee's purchases. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs of the Advertising Fund before other assets of the Advertising Fund are expended. H & H will prepare an annual statement of monies collected and costs incurred by the Advertising Fund and will furnish it to Franchisee upon written request.

Franchisee agrees that the Advertising Fund will be intended to maximize recognition of the Marks and all H & H franchisees. Although H & H will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising that will benefit all H & H franchisees, H & H undertakes no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area will be proportionate or equivalent to the contributions to the Advertising Fund by Franchisees operating in that geographic area or that any Franchised Location will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. Although H & H intends the Advertising Fund to be of unlimited duration, H & H will have the right to terminate and, if terminated, to reinstate, the Advertising Fund at any time after all amounts in the fund have been expended.



e. Except as expressly provided in this Section 6, H & H assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund.

## 7. SUPPLIES AND INFORMATION

a. H & H will provide Franchisee a limited supply of advertising and sales materials for use in promoting the Products. H & H may charge a fee for quantities which exceed its current standard allotment for Franchisees.

b. H & H will provide form freezer location agreements to Franchisee if franchisee is a Wholesale Franchise for use when placing freezers on the premises of third parties.

c. H & H may provide telephonic assistance to the Franchisee on matters relating to H & H Products or the freezers.

d. H & H also may serve as a clearing house for questions and information between and among various H & H Franchisees.

e. H & H shall permit Franchisee access to its Confidential Operations Manual (the "Manual") which is online and Franchisee shall comply with all provisions of such Manual. From time to time during the term of this Agreement, H & H may communicate to the Franchisee mandatory and suggested standards, methods, procedures and specifications applicable to the System and information relative to other obligations of Franchisee hereunder and to the operation of the Franchised Business. Such communications may be made through such Confidential Manual, as and when available, or through H & H Communications. All intellectual-property rights to the Manual shall at all times remain the exclusive property of H & H and shall Franchisee shall have no rights to it (including access rights), in any event, upon termination or expiration of this Agreement for any reason whatsoever. Franchisee shall not at any time download, copy, duplicate, record or otherwise reproduce or transcribe the Manual or any part of this Agreement or any of the forms supplied by H & H hereunder without H & H's prior written consent. H & H shall have the right to add to, modify, withdraw from or otherwise revise the provisions of the Manual from time to time. The provisions of the Manual (as revised from time to time) and the mandatory standards, methods, procedures and specifications applicable to the System and such revisions made from time to time by H & H shall constitute provisions of this Agreement and Franchisee shall comply with same as if fully set forth herein.

f. Franchisee acknowledges that certain information relating to the operation of the Franchised Business including, without limitation, the standards, methods, procedures and specifications of the System, and the contents of the Manual, is derived from information disclosed to Franchisee by H & H and that all such information is of a proprietary and confidential nature and is a trade secret of H & H. Franchisee shall maintain the absolute confidentiality of all such information during the Term and after the termination or expiration of this Agreement for any reason whatsoever and shall not disclose any such information for any reason whatsoever, disclosing the same to Franchisee's employees only to the extent necessary for the operation of the Franchised Business in accordance with this Agreement. Franchisee further agrees not to use any such information, directly or indirectly, in any other business or in any other manner or obtain any benefit therefrom not specifically approved in writing by H & H during the term of this Agreement or afterwards. Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Manual. If Franchisee's copy of the Manual is lost, destroyed or significantly damaged, H & H will replace the Manual at its then applicable charge.

## 8. WARRANTIES

H & H is an authorized wholesaler of freezers and inventory for one or more suppliers. As a wholesale distributor, H & H neither manufactures the freezers nor manufactures the Products sold by its Franchisees. All warranties on freezers and Products shall be manufacturers' warranties. No warranty, either express or implied on the freezers or Products is offered by H & H. However, H & H agrees to pass through to Franchisee all warranties of manufacturers with whom H & H and Franchisee deal.

## 9. FRANCHISEE'S OBLIGATIONS

a. Franchisee agrees to use his/her best efforts to sell H & H Products.

b. So long as this Agreement is in effect, except in an emergency, Franchisee agrees that he/she will not purchase from any source other than H & H or a Master Distributor designated by H & H any of the Products offered to Franchisee by H & H unless H & H notifies Franchisee that he or she may purchase directly from a manufacturer. Nor shall Franchisee, without H & H's prior written approval, offer or sell through the Franchised Business or otherwise, any products which compete directly with Products offered to Franchisee by H & H.

c. Franchisee agrees to purchase all additional freezers (after purchasing initial freezers from H & H ) from H & H or sources approved by H & H, which approval will not be unreasonably withheld.

d. Franchisee shall secure, at its sole expense, appropriate cold storage facilities necessary for the operation of its Franchised Business. Franchisee shall designate a single cold storage facility for receiving shipments from H & H. H & H will ship only to such a designated cold storage facility, approved by H & H in writing, which is located in Franchisee's MSA or in a surrounding area. H & H may withhold its approval of a cold storage facility in its sole discretion, including, without limitation, if H & H determines that transportation of Products to the facility is difficult or impractical.

e. Franchisee agrees not to engage in any activities which reflect unfavorably upon the manufacturers of the Products acquired pursuant to this Agreement, or upon H & H.

f. Franchisee agrees to allow H & H to use Franchisee's likeness, company name or individual name, as the case may be, in future H & H promotional materials, as well as to identify Franchisee as an H & H Franchisee.

g. Franchisee shall purchase automobile and business liability insurance for the Franchise Business in amounts adequate to protect Franchisee and H & H against claims of up to One Million Dollars (\$1,000,000). Such policies shall name H & H as an additional insured. If Franchisee doesn't purchase the insurance as required, H & H may, at its option, purchase the minimum coverage required of Franchisee, and charge Franchisee an administrative surcharge of up to One Hundred Ten Percent (110%) of the cost of the premium to cover H & H's associated administrative costs. Franchisee must provide H & H with certificates of such insurance within sixty (60) days of the execution of this Agreement. Franchisee shall require the insurance carrier to provide H & H with at least thirty (30) days notice of its intended cancellation of such policy(ies).

h. Franchisee shall maintain all accounting reports, lists of active accounts, lists of accounts which Franchisee is actively pursuing and other informational reports as H & H may require. Franchisee shall also respond in a reasonable amount of time to questionnaires and provide other information as H & H may require. In the event that Franchisee has not responded to any such requests from H & H within two (2) weeks after the requested due date, H & H may, in its sole discretion, refrain

from shipping any additional H & H Products or other items to Franchisee until such requested information is provided.

i. Franchisee shall within thirty (30) days after execution of this Agreement provide H & H with a quality photograph of Franchisee (together with Franchisee's household family members if applicable). Franchisee and all members in the photograph shall execute a Personal Release, in the form set forth in Schedule 3, attached hereto, so that H & H may use such photograph.

j. Franchisee shall only stock freezers and carts with H & H Products, authorized products and other non-competitive products. Franchisee shall ensure that H & H Products constitute at least two-thirds (2/3) of all products contained in each of its freezers and carts. If H & H elects to add items to its line of H & H Products, these items can also be stocked in the freezers and carts and competitive products shall be removed.

k. Franchisee agrees to conduct its business at all times in a manner using sales, marketing and operational procedures which have been prescribed and/or approved by H & H in either its Confidential Operations Manual(s) (if any) or other communications to its franchisees.

l. Franchisee agrees that it will not, without H & H's prior written approval, sell, assign or transfer any freezer to a person or entity that is not an H & H franchisee until Franchisee has removed all H & H Products, the Licensed Marks, decals and other marks associated with the Franchise from the freezer. Franchisee acknowledges that it would be difficult to determine the amount of damages suffered by H & H if Franchisee fails to comply with this subsection, so Franchisee agrees that Franchisee shall pay H & H Three Thousand Dollars (\$3,000) in addition to all attorneys' fees H & H incurs in enforcing this provision, as liquidated damages and not as a penalty, for each individual violation of this subsection. The requirements of this Section 9.1 apply even when H & H and Franchisee are not renewing the Franchise Agreement.

m. Franchisee agrees that, during the term of this Agreement, he/she shall attend and participate in (i) either the Convention or the Winter Symposium within two (2) years after commencing operation of the Franchised Business and (ii) at least one (1) Convention or Winter Symposium every three-year period thereafter. Failure to comply with this requirement will result in either termination or a fine of \$1,000 at the discretion of H & H. All shipments will be withheld until such fine has been paid. Franchisee shall solely be responsible for the costs associated with attending such Conventions or Symposiums, including airfare, lodging and meals.

n. Franchisee agrees that, within three (3) months after Franchisee commences business and at all time thereafter during the term of this Agreement, Franchisee shall have a computer or some other electronic device, along with access to the internet through an internet access provider, which will enable Franchisee to communicate via e-mail with H & H from Franchisee's place of business. Franchisee agrees that it will review its e-mail messages at least once every business day, unless otherwise agreed upon by H & H in advance.

o. Franchisee agrees that Franchisee shall execute a Security Agreement (in a form satisfactory to H & H) in the event that H & H extends credit to Franchisee in connection with the purchase of more than two (2) pallets of H & H Products.

10. TRANSFER

a. H & H may sell or assign any or all of its rights or interests in this Agreement at any time.

b. Franchisee may sell, assign or transfer his/her interest in this Agreement, in Franchisee, or in the Franchised Business only with H & H's prior written approval, which may be withheld for good business reasons, which include, but are not limited to the failure of the Franchisee, transferee or terms of the transfer to satisfy the terms and standards H & H generally applies to transfers and transferees at the time Franchisee proposes to make a transfer. The standards need not be in writing.

c. Franchisee must notify H & H of any bona fide proposed transfer or sale of any rights or interests in Franchisee, the Franchise Agreement or the Franchised Business, and set forth a complete description of all terms and fees of the proposed transfer or assignment, including the proposed transferee's name, address, financial qualifications and previous five (5) years business experience.

d. H & H or its assignee may, within thirty (30) days after receipt of such notice, purchase the interest offered on the same economic terms as those offered, less any brokerage fees or commissions.

e. If H & H fails to exercise its option to purchase the interest which is the subject of the transfer or assignment within thirty (30) days of H & H's receipt of the notice described above, H & H shall notify Franchisee of its approval or disapproval of the proposed transfer and its terms. If H & H approves the transfer, it only may be accomplished on terms which are no more favorable to the transferee than were the terms offered to H & H.

f. H & H may condition a transfer upon the transferee's paying H & H a transfer fee (but no initial franchise fee) and upon the transferee's executing a general release for the benefit of H & H, its employees, agents and representatives, and upon the transferee's signing H & H's then current form of Franchise Agreement. The transfer fee and training fee will be Five Thousand Dollars (\$5,000) and up to Twenty Thousand Dollars (\$20,000) if H & H obtained the lead for such transfer.

g. Franchisee may transfer to another MSA, only with H & H's prior written approval, which may be withheld in H & H's sole discretion. Such transfer will be conditioned upon Franchisee's payment of Three Thousand Dollars (\$3,000) and Franchisee's entering into H & H's then current Franchise Agreement.

h. Upon Franchisee's death or disability (or, if Franchisee is a corporation, partnership or other entity, the death or disability of a principal owner), Franchisee's (or such principal owner's) executor, administrator, conservator, guardian or other personal representative shall transfer Franchisee's interest in this Agreement (or the principal owner's interest) in Franchisee to a third party provided the transfer is made to the spouse, adult child, heirs or legal representative of the deceased or disabled person and such person has been approved by H & H in advance, which approval may be withheld for good business reasons. Such disposition of this Agreement or the interest in Franchisee (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer Franchisee's interest in this Agreement or a principal owner's interest in Franchisee to an approved party within this period of time constitutes a breach of this Agreement. For purposes hereof, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or the principal owner from managing and operating the Franchised Business. Any

transfer made pursuant to this Section 10.h shall not be subject to the provisions of Section 10.d, 10.e, or 10.f.

## 11. TERMINATION

H & H may terminate the Franchise Agreement, without prejudice to the enforcement of any legal or equitable remedy, immediately upon giving Franchisee written notice of such termination and the reason or cause for the termination, without providing Franchisee with an opportunity to cure the default. The following shall constitute sufficient basis for H & H to terminate the Franchise Agreement:

a. If the Franchisee fails to pay any financial obligation to H & H or to a supplier of products or equipment approved by H & H or fails to comply with Section 9.g of this Agreement within five (5) days after H & H gives Franchisee a written notice of default;

b. If the Franchisee fails to perform or breaches any covenant or obligation owing under the Franchise Agreement and fails to cure such non-compliance within thirty (30) days after H & H gives Franchisee written notice of default;

c. If Franchisee uses the Licensed Marks in any way which has not been previously approved by H & H;

d. If Franchisee attempts to divert any prospective H & H Franchisee from entering into a Franchise Agreement with H & H, or if Franchisee attempts to sell its Franchise or Franchised Business in the MSA within ninety (90) days of the date(s) H & H is scheduled to participate in a franchise or business opportunity show, conducting an in-house workshop or conducting an advertising campaign to select new franchisees in the Franchisee's MSA, without H & H's prior written approval;

e. If Franchisee attempts to sell its Franchise or any interest in Franchisee or its Franchised Business in any MSA within ninety (90) days of the day(s) H & H is scheduled to participate in a franchise or business opportunity show, conducting an in-house workshop or conducting an advertising campaign to select new franchisees without H & H's prior written approval;

f. If Franchisee attempts to subfranchise or subdivide its Franchise rights without H & H's prior written approval;

g. If Franchisee sells or attempts to sell any H & H Product to another wholesaler, distributor or former H & H franchisee without H & H's prior written approval;

h. If Franchisee engages in any other activities which, in H & H's reasonable opinion, brings discredit upon the Licensed Marks or the reputation and goodwill of H & H or its Franchisees;

i. If Franchisee files, or if Franchisee has filed against it, a voluntary or involuntary petition in bankruptcy or is adjudicated as bankrupt or insolvent; if Franchisee files any petition or answer seeking or acquiescing in any reorganization, arrangement, liquidation, dissolution, receivership, appointment of trustee, liquidator or examiner; if a receiver, trustee or liquidator is appointed for all or any part of Franchisee's assets; or upon the dissolution or termination of existence of Franchisee;

j. If Franchisee sells more than fifty percent (50%) of the assets relating to its Franchised Business;

k. If Franchisee has received from H & H, during any consecutive 24 month period, 3 or more notices of default (whether or not the notices relate to the same or to different defaults and whether or not the defaults were timely cured by Franchisee);

l. If Franchisee abandons or fails or refuses to actively operate the Franchised Business for any period such that H & H may reasonably conclude that Franchisee does not intend to continue operating the Franchised Business;

m. If Franchisee fails to purchase at least four (4) pallets of frozen H & H Products from H & H or an authorized Master Distributor during any calendar year following the year in which H & H executes the Franchise Agreement;

n. If Franchisee attempts to directly contact any of H & H's freight companies, vendors or national accounts;

o. If Franchisee sells or attempts to sell to another Franchisee's account; or

p. If Franchisee fails to attend and participate in the Convention or Winter Symposium as required under Section 9.m of this Agreement.

## 12. OBLIGATIONS FOLLOWING TERMINATION OR NONRENEWAL

Upon the expiration or termination of the Franchise Agreement, Franchisee shall immediately:

a. Cease to be a Franchisee of H & H and cease to operate the former Franchised Business. Franchisee shall not thereafter, directly or indirectly, represent to the public that the former Franchised Business is or was operated or in any way connected with H & H Products, or hold itself out as a present or former Franchisee of H & H;

b. Pay all sums owing to H & H. Upon termination for any default by Franchisee, such sums shall include actual damages, costs and expenses incurred by H & H as a result of the default;

c. Return to H & H any and all trade secrets and confidential materials owned by H & H, and all copies thereof which may be in Franchisee's possession. Franchisee shall retain no copy or record of any of the foregoing other than its copy of the Franchise Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;

d. Provide H & H a complete list of Franchisee's employees, customers, their respective addresses, all mailing lists, and any outstanding obligations Franchisee may have to any third parties, including outstanding customer orders. H & H shall have the right, but not the obligation, to fill any such outstanding customer orders generated by Franchisee, and in such event, Franchisee shall immediately reimburse H & H for any costs or expenses incurred by H & H in doing so. In addition, H & H shall have the right to cancel any orders placed by Franchisee for which delivery has not been made;

e. Take such action as may be required by H & H to terminate, transfer or assign to H & H or its designee all telephone numbers, white and yellow page telephone references and advertisements, and all trade and similar name registrations and business licenses, and to cancel any interest which Franchisee may have in the same;

f. Cease to use in advertising or in any manner whatsoever, any methods, procedures, or techniques in which H & H has a proprietary right, title or interest, the Licensed Marks, and other

marks and indicia of origin associated with the Franchise, and remove or change all trade dress, including photographs of Products, decals, posters and other indications of association with the Franchise from any vehicles, buildings, freezers, uniforms, clothing and other effects at the Franchisee's expense and in a manner satisfactory to H & H. Unless otherwise approved in writing by H & H, Franchisee must return to H & H all copies of materials bearing the Licensed Marks as specified by H & H.

In addition:

g. For one (1) year following the termination or expiration of the Franchise Agreement, the Franchisee shall not directly or indirectly own an interest in or engage in any business, in Franchisee's MSA or in surrounding areas where Franchisee has carried on the Franchised Business, which sells products that compete directly with the H & H brand Products which were sold by the Franchisee during the term of the Franchise Agreement.

h. Franchisee understands and acknowledges that H & H shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in the Franchise Agreement or any portions thereof, without the Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply immediately with any covenant as so modified.

i. If all or any portion of a covenant described above is held unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which H & H is a party, Franchisee expressly agrees to be bound by any lesser covenant imposing the maximum duty permitted by law that is subsumed within the terms of such covenant, as if the resulting covenant were separately stated in and made a part of the covenants described above. Franchisee further expressly agrees that the existence of any claim it may have against H & H, whether or not arising from the Franchise Agreement, shall not constitute a defense to the enforcement by H & H of the above covenants.

### 13. DISCLAIMERS

a. Except as is expressly set forth elsewhere in this Agreement, H & H will not refund Franchisee's initial investment in whole or in part, unless the freezers or Products sold to Franchisee by H & H are defective, and the manufacturer does not promptly replace the defective freezers or Products.

b. Except as set forth in the Franchise Disclosure Document that has been delivered to Franchisee, H & H makes no representations whatsoever as to the actual or potential sales, income or profits a Franchisee may achieve as a result of this Agreement. Franchisee acknowledges that the success or failure of the Franchisee's Business depends substantially upon Franchisee himself or herself.

### 14. REMEDIES

a. Franchisee may only bring any claims he or she may have against H & H in arbitration pursuant to the rules of the American Arbitration Association in Palm Beach County, Florida.

b. H & H may bring any claim it may have against Franchisee in arbitration pursuant to the rules of the American Arbitration Association in Palm Beach County, Florida. H & H also may bring an action in any court of competent jurisdiction to enjoin any violation of this Agreement or to obtain specific performance hereof. Franchisee shall be liable to H & H for H & H's costs and attorneys' fees arising from pursuing or defending against any claims against Franchisee in arbitration or in litigation, regardless of the forum. Additionally, Franchisee agrees to reimburse H & H for any fees or expenses H & H incurs in collecting any amounts due under this Agreement.

15. GOVERNING LAW

This Agreement shall be governed by and interpreted under the laws of Florida.

16. ACKNOWLEDGMENTS

a. Franchisee understands and acknowledges that H & H is not the manufacturer of the freezers which H & H sells to Franchisee and that H & H makes no representations or warranties about the freezers. H & H has multiple sources of freezers which are all similar in utility value but may have minor differences in dimensions, features and colors (e.g., the freezers currently come in either red, white or blue). The freezers do not include locks or baskets, although manufacturers and H & H may occasionally add those features at no charge. Franchisee's only contractual obligation is to H & H, and this Agreement creates no contractual obligation between Franchisee and any manufacturer or other suppliers of Products or equipment.

b. H & H agrees to arrange shipment of all freezers purchased at the time this Agreement is executed to Franchisee within approximately thirty (30) working days from receipt and approval of this Agreement, and receipt of payment in full by ACH (Automated Clearing House). In the event of strikes, riots, insurrections, circumstances beyond H & H's control or Acts of God, this period may be extended, but under no circumstances to exceed ninety (90) working days. If H & H fails to effect shipment within such time period, Franchisee, upon request, shall have payment for said order refunded immediately.

c. Franchisee shall be responsible for Franchisee's own federal, state and local taxes, and or compliance with all applicable laws, as well as any sales taxes due on equipment or Products purchased from H & H. Franchisee shall act as an independent contractor and shall be solely liable for determining the nature and applicability of all local laws which may apply to the operation of the Franchised Business in Franchisee's MSA, or where else the Franchisee conducts business.

d. All Franchisee's purchases of H & H Products shall be made solely from H & H or an authorized Master Distributor, other than emergency purchases to fill an unexpected shortage of certain products, which purchases may be made from another Franchisee. An "H & H Product" or "Product" is any product designated as such by H & H, and which H & H makes available for purchase by Franchisee. All purchases of H & H Products, freezers and other items from H & H must be made via ACH (Automated Clearing House), unless H & H agrees otherwise in writing in advance.

e. Franchisee and H & H agree that this Agreement contains their entire understanding relative to its subject matter, and there is no reliance upon any verbal or other written representation whatsoever. H & H has not guaranteed minimum or maximum earnings; any estimate thereof is in the nature of possibilities only; earnings are primarily dependent upon the type of service and promotion rendered by the Franchisee and sales volume, which factors are beyond the control of H & H. This Agreement may be amended only in writing and signed by all parties hereto.

f. Franchisee agrees not to use the Licensed Marks or any trademarks, service marks, names or indicia which are or maybe confusingly similar to the Licensed Marks in Franchisee's name or identity. Franchisee must obtain written permission to use any of the Licensed Marks from H & H on a per use basis if such use has not previously been authorized in writing.

g. Franchisee acknowledges that H & H or its agent has provided Franchisee with a Franchise Disclosure Document not later than the earlier of the first personal meeting held to discuss the sale of the Franchise, ten (10) business days before the execution of this Agreement, or ten (10) business days before any payment of any consideration connected to the purchase of this Franchise. Franchisee



further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

h. Franchisee acknowledges that H & H has provided Franchisee with a copy of this Agreement and all related documents, fully completed, for at least five (5) business days prior to Franchisee's execution hereof.

i. Franchisee acknowledges that H & H has advised it to consult with its own attorneys, accountants, or other advisors, that Franchisee has had ample opportunity to do so, and that the attorneys for H & H have not advised or represented Franchisee with respect to this Agreement or the relationship hereby created.

j. Franchisee acknowledges and recognizes that different terms and conditions, including different fee structure and investment requirements may pertain to different H & H Franchises offered in the past, contemporaneously herewith, or in the future, and that H & H does not represent that all Franchise Agreements are or will be identical.

k. Franchisee acknowledges that, except as is specifically set forth in this Agreement, it is not nor is it intended to be a third party beneficiary of this Agreement or any other agreement or contractual relationship to which H & H is a party.

l. This Agreement only shall become effective upon its execution by H & H's President.

m. Franchisee agrees that the Franchised Business shall only be operated by the Franchisee or by a Manager/Employee employed by Franchisee who has previously been approved by H & H. H & H's approval of Franchisee's Manager/Employee shall be predicated upon the Manager's execution of a confidentiality agreement in a form approved by H & H.

IN WITNESS WHEREOF, the parties intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement.

Happy & Healthy Products, Inc.

By: \_\_\_\_\_  
Linda Kerr Kamm, President

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

Franchisee

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

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

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

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

**Schedule 1**

**Franchisee's Metropolitan Statistical Area ("MSA")**

H & H awards Franchisee the right to operate an H & H Franchised Business pursuant to the attached Franchise Agreement in the Metropolitan Statistical Area known as:

A map depicting the boundaries is attached hereto with initials of an authorized H & H representative and Franchisee to express their agreement to its boundaries.

Schedule 2

Happy & Healthy Products, Inc.

Equipment Purchase Order

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

( ) \_\_\_\_\_

Home Phone

( ) \_\_\_\_\_

Business Phone

DATE: \_\_\_\_\_

TO: Happy & Healthy Products, Inc.  
1600 S. Dixie Highway  
Suite 200  
Boca Raton, FL 33432

PAYMENT: \_\_\_\_\_  
All funds to be by ACH (Automated  
Clearing House), now and in the future.

PLEASE SHIP THE FOLLOWING ITEMS:

Custom Display Freezer, includes initial  
Point of Sale material and other initial  
materials.

QUANTITY

PRICE

TOTAL

\_\_\_\_\_ CUSTOM DISPLAY FREEZER(S)

@ \$ \_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ CASES OF H & H PRODUCTS

@ \$ \_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ CUSTOM WATERMELON CART KIT(S)

@ \$5,450 \$ \_\_\_\_\_

GRAND TOTAL ON EQUIPMENT

\$ \_\_\_\_\_

TRAINING FEE

\$ \_\_\_\_\_

FRANCHISE FEE TOTAL

\$ \_\_\_\_\_

STATE SALES TAX (FLORIDA ONLY)

\$ \_\_\_\_\_

GRAND TOTAL

\$ \_\_\_\_\_

FLORIDA PURCHASERS REQUIRED TO PAY 6% FLORIDA SALES TAX ON EQUIPMENT (plus  
the county discretionary tax for the county in which they live).

Address where Equipment is to be shipped: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTE: All shipments will be freight collect, F.O.B. point of shipment, unless Purchaser remits balance of payment, or payment in full within fifteen (15) business days of receipt of Franchise Disclosure Document. If Purchaser makes full payment in given time frame, Purchaser will not be required to pay freight on initial shipment of equipment or product. If not approved within five (5) business days by H & H or Purchaser, refund payment immediately to Purchaser.

APPROVED BY H & H

\_\_\_\_\_  
Representative of H & H                      DATE

DATE

\_\_\_\_\_  
Purchaser    DATE

By: Linda Kerr Kamm, President

\_\_\_\_\_  
Purchaser    DATE

### Schedule 3

#### HAPPY & HEALTHY PRODUCTS, INC. PERSONAL RELEASE

---

In consideration of, and as an inducement to, the execution of the Franchise Agreement (the "Franchise Agreement") dated \_\_\_\_\_, 20\_\_, by Happy and Healthy Products, Inc. ("H & H"), a Florida Corporation with its principal place of business at 1600 South Dixie Highway, Suite 200, Boca Raton, Florida 33432 and \_\_\_\_\_ ("Franchisee"), Franchisee and H & H agree as follows:

1. Franchisee hereby grants to H & H, its agents, successors, licensees and assigns, the right to use the photograph(s) of Franchisee (and Franchisee's family as the case may be), which was provided to H & H pursuant to the Franchise Agreement ("the Photos"), along with any additional photos given to or acquired by H & H.

2. Franchisee agrees and consents that H & H may exhibit, distribute, transmit and/or otherwise exploit the Photos as H & H may see fit, in any and all media now and hereafter known, and in advertising and/or publicity in connection therewith and the right to use Franchisee's name in any connection with any of the foregoing.

3. Franchisee agrees that the rights granted to H & H hereunder are granted for the entire world and shall inure in perpetuity and no further compensation shall be payable to Franchisee at any time in connection therewith.

IN WITNESS WHEREOF, the parties intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement.

**HAPPY & HEALTHY PRODUCTS, INC.**

By: \_\_\_\_\_  
Linda Kerr Kamm  
President

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

**FRANCHISEE**

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

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

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

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

**Schedule 4**  
**STATE ADDENDA**

**GEORGIA**

In recognition of the requirements of the Georgia Sale of Business Opportunities and Multilevel Distribution Companies Law (the "Law"), H & H hereby agrees to supplement the Franchise Agreement as follows:

1. H & H hereby irrevocably appoints the Secretary of State of the State of Georgia as its agent for service of process in Georgia for any violation of the Law.
  
2. H & H's principal business address is:  
  
1600 S. Dixie Highway  
Suite 200  
Boca Raton, Florida 33432
  
3. H & H will deliver all products, equipment, supplies and services that H & H promises to deliver to the Franchisee, necessary to commence the Franchisee's business, within 45 days after the Franchise orders such items from H & H.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the date first written above.

**HAPPY & HEALTHY PRODUCTS, INC.**

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

**FRANCHISEE**

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



**ILLINOIS**

THIS ADDENDUM to the Franchise Agreement (the "Agreement") by and between **Happy & Healthy Products, Inc.**, a Florida Corporation and \_\_\_\_\_ (hereinafter referred to as "Franchisee") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The parties agree to amend the Agreement as follows:

1. Sections 16(g) and 16(h) of the Agreement are deleted.
2. Section 11 of the Agreement is modified to add the following:
  - "i. Notwithstanding any provision herein to the contrary, H & H will provide Franchisee a notice of default and an opportunity to cure as mandated by the Illinois Franchise Disclosure Act."
3. Section 15 of the Agreement is modified to add the following:

... " , except for claims that arise under the Illinois Franchise Disclosure Act of 1987."

4. Section 16(e) of the Agreement is modified to read, in its entirety, as follows:

"Franchisee and H & H agree that this Agreement contains their entire understanding relative to its subject matter. H & H has not guaranteed minimum or maximum earnings; any estimate thereof is in the nature of possibilities only; earnings are primarily dependent upon the type of service and promotion rendered by the Franchisee and sales volume, which factors are beyond the control of H & H. This Agreement may be amended only in writing and signed by all parties hereto. The foregoing does not, however, disclaim the representations in H & H's franchise disclosure document."

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the date first written above.

**HAPPY & HEALTHY PRODUCTS, INC.**

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

**FRANCHISEE**

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

## INDIANA

THIS ADDENDUM to the Franchise Agreement (the "Agreement") by and between **Happy & Healthy Products, Inc.**, a Florida Corporation and \_\_\_\_\_ (hereinafter referred to as "Franchisee") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The parties agree to amend the Agreement as follows:

1. Sections 3.b and 10.f of the Agreement are modified to add the following:

"The general release mentioned above shall not in any way act as a release or waiver of any liability incurred under the Indiana Deceptive Practices Act."

2. Section 4.b is deleted and replaced with the following:

"Although H & H charges no royalty or advertising fees, H & H reserves the right in the future to require Franchisee to pay for costs associated with local, regional and/or national advertising of up to one hundred fifty dollars (\$150) per month, which may be adjusted for inflation by an amount equal to the rate of inflation measured by the Consumer Price Index. In no event, however, shall the advertising fee be increased by more than fifty dollars (\$50) in any one year. Any fees so collected shall be spent by H & H in its sole discretion for the promotion and marketing of H & H Products. H & H shall not be required to spend such funds in a way which provides a pro rata benefit to Franchisee for the funds Franchisee contributes."

3. Section 9.1 of the Agreement is modified to delete the following language,

"; so Franchisee agrees that Franchisee shall pay H & H \$500 in addition to all attorneys' fees H & H incurs in enforcing this provision, as liquidated damages and not as a penalty, for each individual violation of this subsection."

4. Sections 14 and 15 of the Agreement are deleted.

5. Section 2 of the Agreement is amended to add the following:

"During the term of this Agreement, H & H shall not compete unfairly with Franchisee within a reasonable area."

6. Section 16.c of the Agreement is amended to add the following:

"Notwithstanding anything to the contrary in this provision, the franchisee does not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document."

7. Section 16 of the Agreement is amended to add the following:

"H & H shall not obtain money, goods, services or any other benefit from any other person with whom Franchisee does business, on account of, or in relation to, the transaction

between Franchisee and the other person, other than compensation for services rendered by H & H, unless the benefit accounted for, and transmitted to Franchisee.”

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the date first written above.

**HAPPY & HEALTHY PRODUCTS, INC.**

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

**FRANCHISEE**

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

## MINNESOTA

This Addendum to the Franchise Agreement by and between Happy & Healthy Products, Inc. ("H & H") and \_\_\_\_\_, ("Franchisee"), dated \_\_\_\_\_, 20\_\_\_\_. (the "Agreement") is made and entered into on \_\_\_\_\_, 20\_\_\_\_.

In consideration of the mutual promises herein stated and for other good and valuable consideration, the parties agree as follows:

1. Section 11 of the Agreement is amended to add the following:

"With respect to franchises governed by Minnesota law, H & H will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement."

2. Sections 14 and 15 of the Agreement are amended to add the following:

"Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit H & H from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement 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."

3. Section 16.f of the Franchise Agreement is amended to add the following:

"H & H agrees to indemnify Franchisee against liability from your authorized use the Licensed Marks if you have promptly notified H & H of any such claim of proceeding, as long as Franchisee is in compliance with this Agreement when the claim arose. Franchisee acknowledges that H & H has the exclusive right to control administrative proceedings or litigation concerning the Licensed Marks."

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above:

HAPPY & HEALTHY PRODUCTS, INC.

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

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

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

FRANCHISEE:

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

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

Home Address: \_\_\_\_\_

\_\_\_\_\_

Home Phone Number: \_\_\_\_\_

Facility Address: \_\_\_\_\_

\_\_\_\_\_

Facility Phone Number: \_\_\_\_\_

Title \_\_\_\_\_

Attest: \_\_\_\_\_

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

(Affix Corporate Seal)

**NEW YORK**

The Franchise Agreement is amended to add the following provision in Section 16:

“n. Franchisee may terminate this Agreement upon grounds available by law.”

HAPPY & HEALTHY PRODUCTS, INC.

By: \_\_\_\_\_  
Linda Kerr Kamm  
President

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

FRANCHISEE

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

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

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

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

**Schedule 5**

**SBA ADDENDUM TO THE  
FRANCHISE AGREEMENT**

THIS ADDENDUM to the Franchise Agreement (the "Agreement") by and between **Happy & Healthy Products, Inc.**, a Florida Corporation and \_\_\_\_\_ (hereinafter referred to as "Franchisee") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**Recitals**

Franchisor and Franchisee entered into the Agreement on \_\_\_\_\_, 20\_\_. The Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- Provided that Franchisee complies with the provisions of Section 10 of the Agreement, Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee.
- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the SBA financing.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the date first written above.

**HAPPY & HEALTHY PRODUCTS, INC.**

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

**FRANCHISEE**

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

**EXHIBIT C**  
**FINANCIAL STATEMENTS**



HAPPY AND HEALTHY GUARANTY, LLC

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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Statement of Changes in Member Equity	5
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# BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

9073 SHOAL CREEK DRIVE  
TALLAHASSEE, FL 32312  
TELEPHONE: (850) 894-3135  
FAX: (850) 894-3155  
CELL: (850) 212-6607  
E-MAIL: bruce@bdscpapa.com

## Independent Auditor's Report

To the Member  
Happy & Healthy Guaranty, LLC  
Boca Raton, Florida

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Happy & Healthy Guaranty, LLC which comprise the statement of assets, liabilities and member equity as of December 31, 2013 and 2012 and the related statements of income and member equity, changes in member equity and cash flow for the years then ended, 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**

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

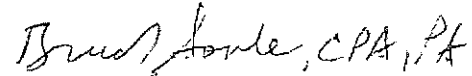
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Happy & Healthy Guaranty, LLC as of December 31, 2013 and 2012, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Bruce D. Soule, CPA, P. A.**

A handwritten signature in black ink that reads "Bruce D. Soule, CPA, P.A." The signature is written in a cursive style.

**Certified Public Accountant**

**Tallahassee, Florida  
January 30, 2014**

**HAPPY AND HEALTHY GUARANTY, LLC**  
**ASSETS, LIABILITIES AND MEMBER EQUITY**

**DECEMBER 31, 2013 AND 2012**

<b><u>ASSETS</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>CURRENT ASSETS:</b>		
Cash	\$ <u>102,068</u>	\$ <u>103,227</u>
Total current assets	<u>102,068</u>	<u>103,227</u>
<b>TOTAL</b>	\$ <u><u>102,068</u></u>	\$ <u><u>103,227</u></u>
 <b><u>LIABILITIES AND MEMBER EQUITY</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ <u>-</u>	\$ <u>-</u>
Total current liabilities	<u>-</u>	<u>-</u>
<b>MEMBER EQUITY</b>		
Member Equity	<u>102,068</u>	<u>103,227</u>
<b>TOTAL</b>	\$ <u><u>102,068</u></u>	\$ <u><u>103,227</u></u>

The accompanying notes are an integral part of these financial statements.

**HAPPY AND HEALTHY GUARANTY, LLC**  
**STATEMENT OF INCOME AND MEMBER EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
REVENUE	\$ 28	\$ 19
EXPENSES	<u>2,187</u>	<u>1,850</u>
INCOME TO MEMBER	(2,159)	(1,831)
Member equity - Beginning of year	103,227	102,058
MEMBER EQUITY CONTRIBUTED	<u>1,000</u>	<u>3,000</u>
MEMBER EQUITY End of Year	<u>\$ 102,068</u>	<u>\$ 103,227</u>

The accompanying notes are an integral part of these financial statements.

**HAPPY AND HEALTHY GUARANTY, LLC**  
**STATEMENT OF CHANGES IN MEMBER EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Total Member Equity</u>
Balance - December 31, 2011	\$ 102,058
Member equity contributed	3,000
Net income for period	<u>(1,831)</u>
Balance - December 31, 2012	103,227
Member equity contributed	1,000
Net income for period	<u>(2,159)</u>
Balance - December 31, 2013	\$ <u><u>102,068</u></u>

The accompanying notes are an integral part of these financial statements.

**HAPPY AND HEALTHY GUARANTY, LLC**

**STATEMENT OF CASH FLOW**

**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income	\$ (2,159)	\$ (1,831)
Adjustments to Reconcile Net Income To Net Cash Provided by Operating Activities:	<u>0</u>	<u>0</u>
Net cash flow provided by (used in) operating activities	<u>(2,159)</u>	<u>(1,831)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from member equity contributions	1,000	3,000
Net cash flow provided by financing activities	<u>1,000</u>	<u>3,000</u>
<b>NET INCREASE IN CASH</b>	(1,159)	1,169
<b>CASH AT BEGINNING OF YEAR</b>	<u>103,227</u>	<u>102,058</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 102,068</u>	<u>\$ 103,227</u>

The accompanying notes are an integral part of these financial statements.

**HAPPY AND HEALTHY GUARANTY, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS**

**ORGANIZATION** - The limited liability company was formed in Florida on January 6, 2010. The Company was formed in order to guarantee and assume the duties and obligations of Happy & Healthy Products, Inc. under Happy & Healthy Products, Inc.'s franchise registration in each state where the franchise is registered and under its Franchise Agreement identified in its Franchise Disclosure Document.

**USE OF ESTIMATES** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS** - The Company considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**NOTE 2 – INCOME TAXES**

As a limited liability company the entity does not record or pay any state or federal income taxes. Any profit or loss is passed through on a ratable basis where the items of income and expenses are claimed on the tax return of the member.

**NOTE 3 – RELATED PARTY**

The single member of Happy and Healthy Guaranty, LLC is related to three other entities.

Happy & Healthy Products, Inc. will sell and distribute products to the franchisees that Happy & Healthy Guaranty, LLC intend to sell. The single member of Guaranty is the sole stockholder of Products.

Ex Corde Enterprises LLC produces the frozen fruit products and sells them to Products. Ex Corde is 50% owned by Products sole stockholder and her husband.

**NOTE 4 – SUBSEQUENT EVENTS**

Subsequent events have been considered through the date of the report.



**HAPPY AND HEALTHY GUARANTY, LLC**  
**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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# BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

7075 GRENVILLE ROAD  
TALLAHASSEE, FL 32309  
TELEPHONE: (850) 894-3135  
FAX: (850) 894-3155  
TOLL FREE: (800) 957-9686  
E-MAIL: bruce@bdscpapa.com

## Independent Auditor's Report

To the Member  
Happy & Healthy Guaranty, LLC  
Boca Raton, Florida

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Happy & Healthy Guaranty, LLC which comprise the statement of assets, liabilities and member equity as of December 31, 2012 and 2011 and the related statements of income and member equity, changes in member equity and cash flow for the years then ended, 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**

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

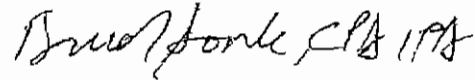
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Happy & Healthy Guaranty, LLC as of December 31, 2012 and 2011, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Bruce D. Soule, CPA, P. A.**

A handwritten signature in black ink, appearing to read "Bruce D. Soule CPA P.A.", written in a cursive style.

**Certified Public Accountant**

**Tallahassee, Florida  
February 13, 2013**

**HAPPY HEALTHY GUARANTY, LLC**

**ASSETS, LIABILITIES AND MEMBER EQUITY**

**DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 103,227	\$ 102,058
Total current assets	<u>103,227</u>	<u>102,058</u>
<b>TOTAL</b>	<u><u>\$ 103,227</u></u>	<u><u>\$ 102,058</u></u>
<b><u>LIABILITIES AND MEMBER EQUITY</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 0	\$ 0
Total current liabilities	<u>0</u>	<u>0</u>
<b>MEMBER EQUITY</b>		
Member Equity	<u>103,227</u>	<u>102,058</u>
<b>TOTAL</b>	<u><u>\$ 103,227</u></u>	<u><u>\$ 102,058</u></u>

The accompanying notes are an integral part of these financial statements.

**HAPPY HEALTHY GUARANTY, LLC**  
**STATEMENT OF INCOME AND MEMBER EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
REVENUE	\$ 19	\$ 223
EXPENSES	<u>1,850</u>	<u>1,728</u>
INCOME TO MEMBER	(1,831)	(1,505)
Member equity - Beginning of year	102,058	103,563
MEMBER EQUITY CONTRIBUTED	<u>3,000</u>	<u>-</u>
MEMBER EQUITY End of Year	<u>\$ 103,227</u>	<u>\$ 102,058</u>

The accompanying notes are an integral part of these financial statements.

**HAPPY HEALTHY GUARANTY, LLC**  
**STATEMENT OF CHANGES IN MEMBER EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Total Member Equity</u>
Balance - December 31, 2010	\$103,563
Net income for period	<u>(1,505)</u>
Balance - December 31, 2011	102,058
Member equity contributed	3,000
Net income for period	<u>(1,831)</u>
Balance - December 31, 2012	<u>\$ 103,227</u>

The accompanying notes are an integral part of these financial statements.

**HAPPY HEALTHY GUARANTY, LLC**

**STATEMENT OF CASH FLOW**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income	\$ (1,831)	(1,505)
Adjustments to Reconcile Net Income To Net Cash Provided by Operating Activities:	<u>0</u>	<u>0</u>
Net cash flow provided by (used in) operating activities	<u>(1,831)</u>	<u>(1,505)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from member equity contributions	3,000	-
Net cash flow provided by financing activities	<u>3,000</u>	<u>-</u>
<b>NET INCREASE IN CASH</b>	1,169	(1,505)
<b>CASH AT BEGINNING OF YEAR</b>	<u>102,058</u>	<u>103,563</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 103,227</u>	<u>\$ 102,058</u>

The accompanying notes are an integral part of these financial statements.

**HAPPY AND HEALTHY GUARANTY, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS**

**ORGANIZATION** - The limited liability company was formed in Florida on January 6, 2010. The Company was formed in order to guarantee to assume the duties and obligations of Happy & Healthy Products, Inc. under Happy & Healthy Products, Inc.'s franchise registration in each state where the franchise is registered and under its Franchise Agreement identified in its Franchise Disclosure Document.

**USE OF ESTIMATES** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS** - The Company considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**NOTE 2 – INCOME TAXES**

As a limited liability company the entity does not record or pay any state or federal income taxes. Any profit or loss is passed through on a ratable basis where the items of income and expenses are claimed on the tax return of the member.

**NOTE 3 – RELATED PARTY**

The single member of Happy and Healthy Guaranty, LLC is related to three other entities.

Happy & Healthy Products, Inc. will sell and distribute products to the franchisees that Happy & Healthy Guaranty, LLC intend to sell. The single member of Guaranty is the sole stockholder of Products.

Ex Corde Enterprises LLC produces the frozen fruit products and sells them to Products. Ex Corde is 50% owned by Products sole stockholder and her husband.

**NOTE 4 – SUBSEQUENT EVENTS**

Subsequent events have been considered through the date of the report.

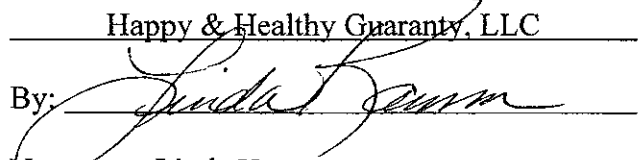


## GUARANTEE OF PERFORMANCE

For value received, Happy & Healthy Guaranty, LLC, a Florida limited liability company (the "Guarantor"), located at 1600 South Dixie Highway, Suite 200, Boca Raton, Florida 33432, absolutely and unconditionally guarantees to assume the duties and obligations of Happy & Healthy Products, Inc., located at 1600 South Dixie Highway, Suite 200, Boca Raton, Florida 33432 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2013 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Boca Raton, Florida on the 31<sup>st</sup> day of January, 2014.

Guarantor:

Happy & Healthy Guaranty, LLC  
By:   
Name: Linda Kamm  
Title: Manager

**EXHIBIT D**  
**LIST OF FRANCHISEES**

**EXHIBIT D**

**LIST OF FRANCHISEES CURRENTLY IN OPERATION**

<b>FRANCHISE NAME</b>	<b>OWNERS</b>	<b>STREET ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
TBG Distributors, LLC	Jeff & Janice Boyce	P.O. Box 6166	Glendale	AZ	85312	(623) 695-1721 tbg8442@q.com
Desert Delites	Jeff Jaeger	4108 E. Ahwatukee Drive	Phoenix	AZ	85044	(480) 897-9606 jjaeger@desertdelites.com
Wise Selection	Henry & Fanny Fong	3635 Cormorant Trail	Fremont	CA	94555	(510) 742-8396 wiseselect@sbcglobal.net
Natural Fare Distributors	Richard Dyer	3372 Ley Drive	Los Angeles	CA	90027	(323) 661-9877 naturalfare@sbcglobal.net
Kang's Natural Products	David Kang	711 N. Lacy Street, Apt. D	Santa Ana	CA	92701	(213) 235-6737 david.kang1@us.army.mil
Matsui Enterprises	Joy Matsui	3460 Marron Road, Suite 103-367	Oceanside	CA	92056	(760) 828-7805 matsuienterprises@yahoo.com
Serendipity Fruits	Joseph Michael	692 De Mar Circle	Vacaville	CA	95688	(201) 716-9859 josephmich@icloud.com
Healthy Addictions LLC	Kim & Regis Cunningham	121 E. Magnolia St. Unit D-232	Fort Collins	CO	80524	(970) 472-1883 info@healthyaddictions.net
Healthy Addictions LLC	Kim & Regis Cunningham	121 E. Magnolia St. Unit D-232	Fort Collins	CO	80524	(970) 472-1883 info@healthyaddictions.net
REL Distributors	Roger LaChance	7 Grandview Terrace	East Windsor	CT	06088	(860) 370-9210

FRANCHISE NAME	OWNERS	STREET ADDRESS	CITY	STATE	ZIP	PHONE
						<a href="mailto:reldistributors@gmail.com">reldistributors@gmail.com</a>
Natural Treats & Healthy Snacks LLC	Monica & Joseph Cuevas	32 Little Fox Lane	Weston	CT	06883	(203) 293-5265 <a href="mailto:naturaltreatsct@yahoo.com">naturaltreatsct@yahoo.com</a>
Fruit Fun, Inc.	Marsha Dyal & Cynthia Stapf	3807 Parapet Drive	Cocoa	FL	32936	(321) 482-9558 <a href="mailto:mldequus@aol.com">mldequus@aol.com</a>
On-the-go Nutritional Excellence	John Iovino	8553 NW 38 <sup>th</sup> Street	Cooper City	FL	33024	954-234-8021 <a href="mailto:johnnyiovino@gmail.com">johnnyiovino@gmail.com</a>
DBK Delights, LLC	David Weiss	17537 Orange Grove Blvd.	Loxahatchee	FL	33470	(561) 827-3676 <a href="mailto:weissd59@gmail.com">weissd59@gmail.com</a>
B&B Healthy Treats	Haydee & Emma Beltran	1625 East River Drive	Margate	FL	33063	(786) 366-8050 <a href="mailto:BBHealthytreats@gmail.com">BBHealthytreats@gmail.com</a>
Best of Nature Snacks	Erik & Leslie Colon	1930 NW 88 <sup>th</sup> Way	Pembroke Pines	FL	33024	(954) 444-1303 <a href="mailto:naturesbestsnacks@gmail.com">naturesbestsnacks@gmail.com</a>
Cool Treats of the Treasure Coast, LLC	Tommy & Kathy Ritch	6115 NW Densaw Terrace	Port St. Lucie	FL	34986	(772) 344-8356 <a href="mailto:cooltreats@hotmail.com">cooltreats@hotmail.com</a>
Kool Delights	Ali & Zehra Khan	4716 Kemble Ct.	Tampa	FL	33624	(813) 898-2242 <a href="mailto:kooldelights@yahoo.com">kooldelights@yahoo.com</a>
Healthy Products of Georgia	Tyrone Carpenter	P.O. Box 961224	Riverdale	GA	30296	(770) 728-2051 <a href="mailto:tccarpt@yahoo.com">tccarpt@yahoo.com</a>
Midwest Healthy Alternatives	Shad England	11668 NW 115 <sup>th</sup> Street	Grainger	IA	50109	(515) 210-2562 <a href="mailto:mwhealthyalt@mail.com">mwhealthyalt@mail.com</a>
Treasure Valley Distributors, LLC	Mike Gardner & Karen Osterling	1680 E Handel	Meridian	ID	83646	(208) 895-8216 <a href="mailto:treasurevalleydistribu">treasurevalleydistribu</a>

FRANCHISE NAME	OWNERS	STREET ADDRESS	CITY	STATE	ZIP	PHONE
						<a href="mailto:tors@gmail.com">tors@gmail.com</a>
Kernal & BJ's Tasty Treats	Paul & Barbara Klein	450 Cimarron Drive W.	Aurora	IL	60504	(630) 383-9814 <a href="mailto:pjklein@aol.com">pjklein@aol.com</a>
Healthy Habits	Myrna & Robert Colon	1005 Phelps Lane	Shorewood	IL	60404	(815) 3420381 <a href="mailto:healthyhabits2011@yahoo.com">healthyhabits2011@yahoo.com</a>
Fruits of the Caribbean	Baheir Sultan	1103 Pine Wood	Waterloo	IL	62298	(618) 727-0198 <a href="mailto:fruitsofcaribbean@hotmail.com">fruitsofcaribbean@hotmail.com</a>
Classic Creations	Jeff Robins	1422 Abourndale Court	Wheeling	IL	60090	(847) 394-9213 <a href="mailto:abourndale@aol.com">abourndale@aol.com</a>
HPC Enterprises	Henry & Daisy Cua	341 Willshire Drive, East	Wilmette	IL	60091	(847) 256-0872 <a href="mailto:hpc_usa@sbcglobal.net">hpc_usa@sbcglobal.net</a>
Cer-Mor Distributing, LLC	Vanessa Moran and David Cerrato	23 Anson Road	Concord	MA	01742	(978) 505-2876 <a href="mailto:morant23@aol.com">morant23@aol.com</a>
Pure & Wholesome Distributors	Anthony & Tammy Cracolici	P.O. Box 2084	Pittsfield	MA	01202	(413) 499-8704 <a href="mailto:pw@berkshire.rr.com">pw@berkshire.rr.com</a>
Cool Deliveries, Inc.	Denis & Faith Sullivan	2828 Beechland Avenue	Baltimore	MD	21214	(410) 319-4956 <a href="mailto:cooldeliveries@gmail.com">cooldeliveries@gmail.com</a>
Healthy Delights Distributors, LLC	Dan Cramer & Rafael Vargas	274 Beth Avenue	Kalamazoo	MI	49004	(269) 998-1792 <a href="mailto:danc5300@yahoo.com">danc5300@yahoo.com</a>
Rum River Foods LLC	Gary & Julie Vadnais	16951 Sodium St. NW	Ramsey	MN	55303	763-753-6329 <a href="mailto:gary@rumriverfoods.com">gary@rumriverfoods.com</a>
Natural Delights, LLC	Tom & Susan Barr	P.O. Box 11413	Springfield	MO	65808	(417) 414-2999 <a href="mailto:naturaldelightsllc@gmail.com">naturaldelightsllc@gmail.com</a>
Better Health Ventures, LLC	Diego Schemel	330 HiAlta Avenue	Asheville	NC	28806	(828) 230-9685

FRANCHISE NAME	OWNERS	STREET ADDRESS	CITY	STATE	ZIP	PHONE
						<a href="mailto:betterhealthventures@gmail.com">betterhealthventures@gmail.com</a>
Num Num Foods LLC	Aaron Kamenick	6041 Abergele Lane	Matthews	NC	28104	(704) 488-9661 <a href="mailto:numnumfoodsllc@gmail.com">numnumfoodsllc@gmail.com</a>
Delightfully Healthy Snacks	Alan Guerry & Angela Rodin	7320 Incline Drive	Wake Forest	NC	27587	(919) 812-1866 <a href="mailto:delightfullyhealthysnacks@gmail.com">delightfullyhealthysnacks@gmail.com</a>
Good 4 You , LLC	Robert Pratt	P.O. Box 473	Norfolk	NE	68702	(402) 371-3401 <a href="mailto:good4youdist@hotmail.com">good4youdist@hotmail.com</a>
Holly Foods LLC	Paul Holly	P.O. Box 304	Midland Park	NJ	07432	(551) 574-0177 <a href="mailto:hollyfoodsnj@gmail.com">hollyfoodsnj@gmail.com</a>
Cool Breeze Distribution LLC	Pat Vaughan	P.O. Box 370803	Las Vegas	NV	89137	(702)683-7444 <a href="mailto:coolbreezedistribution@yahoo.com">coolbreezedistribution@yahoo.com</a>
Hills Happy Eight	Jay & Rhonda Hills	P.O. Box 947	Logandale	NV	89021	(702) 398-3862 <a href="mailto:rhondah@comnett.net">rhondah@comnett.net</a>
Happy Valley Snacks	Suzanne & Joseph Perucci	43 State Line Road	Brewster	NY	10509	(845) 278-2156 <a href="mailto:owner@happyvalleysnacks.com">owner@happyvalleysnacks.com</a>
R & R Enterprises	Robert Salzman	2259 Howes Street	Merrick	NY	11566	(516) 546-8552 <a href="mailto:jerrs2@verizon.net">jerrs2@verizon.net</a>
Nap's Snacks	Rob Napoli	9F Sherwood Forest	Wappingers Falls	NY	12590	(845) 235-7577 <a href="mailto:rob@napssnacks.com">rob@napssnacks.com</a>
Savory Essence, Inc.	Michael Ng	351 Lightner Avenue	Staten Island	NY	10314	917-353-5495 <a href="mailto:savoryessence@gmail.com">savoryessence@gmail.com</a>

<b>FRANCHISE NAME</b>	<b>OWNERS</b>	<b>STREET ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
Healthy Way Dist. Inc.	Carol Miller	320 53 <sup>rd</sup> St. SW	Canton	OH	44706	(330) 484-2534 <a href="mailto:cmiller@neo.rr.com">cmiller@neo.rr.com</a>
Alerion Enterprises	Mark Sanford	790 Canal Street	Delaware	OH	43015	(740) 971-6584 <a href="mailto:markwsan@frontier.com">markwsan@frontier.com</a>
Znack	Zack Nolte	P.O. Box 389048	Cincinnati	OH	45338	(513) 679-0164 <a href="mailto:znackproducts@gmail.com">znackproducts@gmail.com</a>
Bar Love Distributors, LLC	Christina & Ryan Yeary	227 Donerail Avenue	Powell	OH	43065	(614) 450-0925 <a href="mailto:christina@barlovedistributors.com">christina@barlovedistributors.com</a>
Healthy Snacks 2 Go	Shannon Saxon	818 Upton Road	Youngstown	OH	44509	(303) 792-1183 <a href="mailto:gethealthysnacks@gmail.com">gethealthysnacks@gmail.com</a>
Natural Selections	Meredith Ille	1702 Sheffield Road	Oklahoma City	OK	73120	(405) 640-9809 <a href="mailto:frozenfruitbars@yahoo.com">frozenfruitbars@yahoo.com</a>
Naturally Sweet	Zari Stahl & Steven Payones	5036 Grundy Way	Doylestown	PA	18902	(215) 272-5215 <a href="mailto:naturallsweet@comcast.net">naturallsweet@comcast.net</a>
Tastebud Delites	John & Marcia Rehrig	1520 Fireline Road	Palmerton	PA	18071	(610) 392-4709 <a href="mailto:tdelites@ptd.net">tdelites@ptd.net</a>
Oh So Good Distributors	Terry & Inez Rish	9630 Highway 141 South	Lebanon	TN	37087	615-579-2893 <a href="mailto:terryrish@earthlink.net">terryrish@earthlink.net</a>
Oasis Healthy Snacks, Inc.	David Mills	14190 Northshore Drive	Lenoir City	TN	37772	(865) 386-3525 <a href="mailto:davidmills005@gmail.com">davidmills005@gmail.com</a>
Real Healthy Delights	Brad Grundy	9299 Seagrove	Dallas	TX	75243	(214) 293-2050 <a href="mailto:wgrundy@hotmail.com">wgrundy@hotmail.com</a>

<b>FRANCHISE NAME</b>	<b>OWNERS</b>	<b>STREET ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
Fresh Start Healthy Living, Inc.	Lisa & William Pritchett	P.O. Box 2093	Mansfield	TX	76063	(817) 453-7490 <a href="mailto:gideonii@aol.com">gideonii@aol.com</a>
Tropical Treats	Kent Lutz	244 East 950 North	Lehi	UT	84043	(801) 856-6645 <a href="mailto:kentrutz@gmail.com">kentrutz@gmail.com</a>
Healthy Snacks Distributors, Ltd.	John Moore & Claire Dudley	7103 Woodrise Court	Fairfax Station	VA	22039	(703) 627-8578 <a href="mailto:healthysnacks7@verizon.net">healthysnacks7@verizon.net</a>
Nova's Healthy Treats	Andre Watson-Connell	5587 Websters Way	Manassas	VA	20112	(703) 590-0690 <a href="mailto:VAhealthytreats@verizon.net">VAhealthytreats@verizon.net</a>
Tiki Pete's Healthy Treats	Ed & Lucinda Pearson	20204 42 <sup>nd</sup> Avenue NE	Lake Forest Park,	WA	98155	(206) 755-9582 <a href="mailto:tikipetes@comcast.net">tikipetes@comcast.net</a>
Kelly Specialty Foods LLC	Doug Kelly	7394 Heatheridge Court	Franklin	WI	53132	(414) 550-4664 <a href="mailto:debdoug1@aol.com">debdoug1@aol.com</a>



**EXHIBIT E**  
**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

**EXHIBIT E**

**FRANCHISEES WHO HAVE LEFT THE SYSTEM  
FROM January 1, 2013 THROUGH December 31, 2013**

**Franchises Transferred**

Sensibly Delicious	Tom & Susan Schoenborn	13964 W. 21 <sup>st</sup> Avenue	Golden	CO	80401	(303) 278-2321
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**Franchisees Terminated**

**None**

**Franchisees Who Sold Substantially All  
Their Assets (other than their  
Franchise Agreements) to Happy & Healthy Franchisees**

<b>FRANCHISE NAME</b>	<b>OWNERS</b>	<b>STREET ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
Frozen Fruits 4 You	Dyan Robles	PO Box 1794	Whittier	CA	90609	(562) 762-9893
Mile High Treats, Inc.	Peter Yang	9496 Halstead Lane	Lone Tree	CO	80124	(303)-880-3509
Midwest Naturals LLC	Jason Heidesch	2940 McGowan Blvd.	Mario	IA	52302	(319) 360-1412
Pi Squared Enterprises, Inc.	Mark Peiser	1209 Dewey Avenue	Evanston	IL	60202	(847) 529-8460
New England Healthful Treats	Peter & Lori Bonafide	9 Ben Circle	Goffstown	NH	03045	(603) 493-8196
Fagan Distribution, LLC	Sean Fagan	70 Glen Echo Avenue	Swedesboro	NJ	08085	(856) 905-1000
Kool Things	Vicki Kollar	125 Kendall Park Road	Peninsula	OH	44264	(330) 463-5677
TNR Bars	Bessie & Terry Krajicek	8123 Glenside Lane	Tulsa	OK	74131	(918) 227-1452
Mill Creek Distributing	Dennis Stephens	4742 Liberty Rd, S. #290	Salem	OR	97302	(503) 580-8309
MawMaw's Freezers, LLC	Kevin & Jenny Morris	406 Sunrise Canyon Drive	Universal City	TX	78148	(210) 243-8311
Health Urself	Sam & Sandra Levin	1324 Roadrunner	Cedar Park	TX	78613	(512) 785-9967

**FRANCHISES WHO HAVE OTHERWISE LEFT THE SYSTEM**

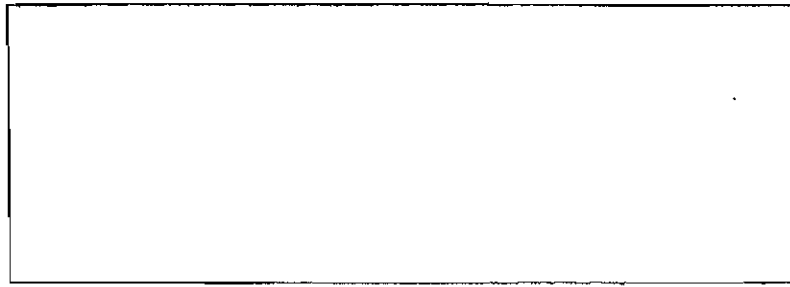
None

**FRANCHISES WHO WE HAVE NOT COMMUNICATED WITH  
IN THE PAST 10 WEEKS**

**None**

**EXHIBIT F**  
**FREEZER CONTRACT**

# Happy & Healthy products from



Healthy Never Tasted So Good!

**Be Happy & Healthy Breads**  
Our Happiness is All Natural

**Happy Indulgences**  
**Decadent Dips**

**Be Happy & Healthy Snacks**

Customer: _____	Date: _____
Address: _____	Delivery: _____
City: _____ ST _____ Zip _____	Hours: _____
Phone: _____	Serial #: _____

Quantity	Description	Initial Setup Cost

Total \$ \_\_\_\_\_

- I have accepted on loan \_\_\_\_\_ Fruitfull® Freezer(s).
- I have accepted on loan \_\_\_\_\_ Be Happy & Healthy™ Snack racks (specify sizes here \_\_\_\_\_)
- It is understood that the Unit, all equipment and POS materials supplied with the Unit are the property of the Distributor.
- I agree to purchase all products sold in this unit from above said Distributor.
- Distributor fully guarantees the maintenance and service of the unit.
- Either party may terminate this agreement if the volume of purchases does not justify the operation.
- I agree to keep the freezer plugged into a grounded functioning electrical outlet at all times and do not hold the Distributor responsible for any loss of product by failure to do so.

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

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

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

\_\_\_\_\_  
Distributor Representative

**EXHIBIT G**  
**OPERATIONS MANUAL - TABLE OF CONTENTS**

The total number of pages per subject are contained in the Operations Manual:

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# OPERATIONS MANUAL 2013

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Equipment	H & H Products	Point of Sale Materials	Bookkeeping	
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Legal Notices	Glossary of Terms	Blank Forms		



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## Blank Forms

- Actively Pursuing Accounts Form (Online version available)
- Current Fruitfull® Locations Form (Online version available)
- Retail Equipment & Supplies Checklist
- Retail Event & Daily Summary Form
- Retail Event Financial Summary Form
- Cold Storage Inventory Form
- Home Storage Inventory Form
- Product Status Inventory Form
- Account Profile Card
- Chart of Active Accounts
- Customer Sales Tracking Form

## Appendix

- UPC Codes for H&H Frozen Products
- UPC Codes - Bar scans for Fruitfull® & Fruitfull® 4-packs
- UPC Codes - Bar Scans for Happy Indulgence® & HIDD
- Fruitfull® Ingredients - Juice Based bars
- Fruitfull® Ingredients - Cream and Yogurt Based bars
- Fruitfull® Ingredients - 4-packs
- Happy Indulgence® Decadent Dips™ Ingredients
- Happy Indulgence® Dessert Bars Ingredients
- Fruitfull® Nutritional Information - Juice Based bars
- Fruitfull® Nutritional Information - Cream Based bars
- Fruitfull® Nutritional Information - Yogurt Based bars
- Fruitfull® Nutritional Information - 4-packs
- Happy Indulgence® Decadent Dips™ Nutritional Information
- Happy Indulgence® Dessert Bars Nutritional Information
- UPC codes for Be Happy & Healthy® Snacks
- UPC codes - bar scans for Be Happy & Healthy® Snacks
- Be Happy & Healthy® Snacks Ingredients
- Be Happy & Healthy® Snacks Nutritional Information
- UPC codes for Be Happy & Healthy® Breads
- UPC codes - bar scans for Be Happy & Healthy® Breadss
- Be Happy & Healthy® Breads Ingredients
- Be Happy & Healthy® Breads Nutritional Information
- Weight Watcher Points
- H&H Product Approvals
- Orthodox Union Letter
- Islamic Food & Nutrition Council of America Letter
- Feingold Association Letter
- Feingold Association List of Acceptable H&H Products
- American Diabetes Letter

## Fruitfull® Recipes

**EXHIBIT H**  
**SECURITY AGREEMENT**

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is dated as of \_\_\_\_\_, 20\_\_ and entered into by and between \_\_\_\_\_ ("Franchisee") and Happy & Healthy Products, Inc., a Florida corporation ("H&H").

### WITNESSETH:

WHEREAS, H&H intends to sell, from time to time, certain of H&H's products to Franchisee (the "Products");

WHEREAS, in connection with each sale of the Products to Franchisee, H&H will invoice Franchisee for the cost of the Products (each such invoice, an "Invoice");

WHEREAS, it is a condition to the initial extension of credit subsequent to or contemporaneous with the execution of this Agreement to Franchisee with respect to the sale of the Products to Franchisee and to the extension of credit to Franchisee from time to time with respect to further sales of the Products to Franchisee that Franchisee shall have granted the security interests contemplated by this Agreement, and Franchisee desires to grant such security interests in order to induce H&H to extend credit with respect to the sale of the Products to Franchisee;

NOW, THEREFORE, in consideration of the premises and in order to induce H&H to extend credit with respect to the sale of the Products to Franchisee, Franchisee hereby agrees with H&H, as follows:

#### 1. Definitions

1.1. Certain Defined Terms. The following terms, as used herein, have the meanings set forth below:

"Control" means "control" as defined in the UCC.

"Proceeds" means all "proceeds" (as defined in the UCC) of, and all other profits, rentals or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, any Collateral.

"Security Interests" means the security interests granted pursuant to Section 2 hereof, as well as all other security interests created or assigned as additional security for the Secured Obligations (as defined in Section 3) pursuant to the provisions of this Agreement or any Invoice.

"UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of Florida, provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the Security Interests in any Collateral or the availability of any remedy hereunder is governed

by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy.

2. Grant of Security Interests

To secure the payment, performance and observance of the Secured Obligations, Franchisee hereby grants to H&H, a first priority security interest in, a right of setoff against, and an assignment to H&H of, all right, title and interest of Franchisee in (all being collectively referred to as the "Collateral"):

(a) All right, title and interest in the equipment set forth in Exhibit A hereto and replacements therefor; and

(b) Proceeds of all or any of the property described in subparts (a) above.

3. Security for Obligations

This Agreement secures the payment and performance of the Invoices and all indebtedness, liabilities and obligations of Franchisee now or hereafter existing under this Agreement and all renewals, extensions, restructurings and refinancings of any of the above, including, without limitation, any additional indebtedness which may be extended to Franchisee pursuant to any restructuring or refinancing of Franchisee's indebtedness under any Invoice, and including any post-petition interest accruing during any bankruptcy reorganization of Franchisee or other similar proceeding (all such indebtedness, liabilities and obligations of Franchisee being collectively called the "Secured Obligations").

4. Representations and Warranties

Franchisee represents and warrants as follows:

4.1. Ownership of Collateral. Franchisee owns the Collateral, and will own all after-acquired Collateral, free and clear of any lien, pledge, encumbrance or security interest (other than those created by this Agreement). No effective financing statement or other form of lien notice covering all or any part of the Collateral is on file in any recording office, except for those in favor of H&H.

4.2. Office Locations. Franchisee's principal place of business and all of the sites where any Collateral is located are specified on Schedule I, which Schedule I shall be amended from time-to-time pursuant to the terms of this Agreement.

5. Further Assurances; Covenants

5.1. Other Documents and Actions. Franchisee will, from time to time, at its expense, promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable, or that H&H may request, in order to create, perfect and protect the Security Interests granted or purported to be granted hereby or pursuant to any Invoice or to enable H&H to exercise and enforce its rights and remedies hereunder or under any Invoice with respect to any Collateral.

5.2. Corporate or Name Change. Franchisee will give H&H at least thirty (30) days prior written notice of any change in Franchisee's name, identity, mailing address or corporate structure. With respect to any such change, Franchisee will execute such documents and take such actions as H&H deems necessary or desirable to create, perfect and preserve the Security Interests.

5.3. Business Locations. Franchisee will give H&H at least ten (10) days prior written notice of (i) any change in Franchisee's principal place of business or (ii) of any new location of any of the Collateral. Schedule I hereto shall be amended to reflect any such change in Franchisee's principal place of business or any new location of any of the Collateral. With respect to any new location of any Collateral (which in any event shall be within the continental United States), Franchisee will execute such documents and take such actions as H&H deems necessary or desirable to create, perfect and preserve the Security Interests.

5.4. Protection of Collateral. Franchisee will do nothing to impair the rights of H&H in the Collateral. Franchisee assumes all liability and responsibility in connection with the Collateral acquired by it, and the liability of Franchisee to pay the Secured Obligations shall in no way be affected or diminished by reason of the fact that such Collateral may be lost, stolen, damaged, or for any reason whatsoever unavailable to Franchisee.

6. H&H Appointed Attorney-in-Fact

Franchisee hereby irrevocably appoints H&H as Franchisee's attorney-in-fact, with full authority in the place and stead of Franchisee and in the name of Franchisee, H&H or otherwise or without the signature of Franchisee where permitted by law, from time to time in H&H's discretion to take any action and to execute any instrument that H&H may deem necessary or advisable to accomplish the purposes of this Agreement. Franchisee hereby ratifies and approves all acts of H&H made or taken pursuant to this Section 6. Neither H&H nor any person designated by H&H shall be liable for any acts or omissions or for any error of judgment or mistake of fact or law, unless it is determined by a judgment of a court of competent jurisdiction, final and not subject to review on appeal, that such action, omission, error or mistake constituted gross negligence or willful misconduct. This power, being coupled with an interest, is irrevocable so long as this Agreement shall remain in force.

7. Event of Default

The occurrence of any of the following shall be deemed an event of default hereunder (an “Event of Default”):

(a) failure by Franchisee to make any payment of principal or interest under any Invoice when it becomes due and payable or to perform any other term, condition, provision or covenant contained herein;

(b) failure by Franchisee to perform any term, condition, provision or covenant contained in any other agreement between H&H and Franchisee, including, without limitation, the Franchise Agreement;

(c) any statement, representation, warranty or covenant made by Franchisee in connection with this Agreement, now or hereafter is found to have been untrue, incomplete or misleading when made or furnished;

(d) an application is made by Franchisee for the appointment of a receiver, trustee or custodian for any of Franchisee’s assets; a petition under any section or chapter of the Bankruptcy Code or any similar law or regulation is filed by Franchisee; Franchisee makes an assignment for the benefit of its creditors; any case or proceeding is filed by Franchisee for its dissolution, liquidation, or termination; the collateral securing this indebtedness or Franchisee's other assets are attached, seized, levied upon or subjected to a writ of distress or warrant; Franchisee is enjoined, restrained or in any way prevented by court order from conducting all or any material part of its business affairs; or

(e) an application is made against Franchisee for the appointment of a receiver, trustee or custodian for any of Franchisee’s assets and such petition is not dismissed within thirty (30) days; a petition under any section or chapter of the Bankruptcy Code or any similar law or regulation is filed against Franchisee and such petition is not dismissed within thirty (30) days; or any case or proceeding is filed against Franchisee for its dissolution, liquidation, or termination and is not dismissed within thirty (30) days.

8. Remedies

If any Event of Default shall have occurred, H&H may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral) and also may require Franchisee to, and Franchisee hereby agrees that it will, at its expense and upon request of H&H forthwith, assemble all or part of the Collateral as directed by H&H and make it available to H&H at any reasonable place or places designated by H&H. To the extent permitted by law, Franchisee hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter enacted.



Upon the occurrence of an Event of Default, H&H or its agents or attorneys shall have the right without notice or demand or legal process (unless the same shall be required by applicable law), personally, or by agents or attorneys, to enter upon, occupy and use any premises owned or leased by Franchisee or where the Collateral is located (or is believed to be located) until the Secured Obligations are paid in full without any obligation to pay rent to Franchisee, to remove the Collateral or any part thereof therefrom to the premises of H&H or any agent of H&H for such time as H&H may desire in order to effectively collect or liquidate the Collateral and use in connection with such removal any and all services, supplies and other facilities of Franchisee.

Franchisee acknowledges and agrees that a breach of any of the covenants contained in Sections 4, 5, and 6 hereof will cause irreparable injury to H&H and that H&H has no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of H&H to seek and obtain specific performance of other obligations of Franchisee contained in this Agreement, that the covenants of Franchisee contained in the Sections referred to in this Section shall be specifically enforceable against Franchisee.

9. Limitation on Duty of H&H with Respect to Collateral

Beyond the safe custody thereof, H&H shall have no duty with respect to any Collateral in its possession or control (or in the possession or control of any agent or bailee) or the preservation of rights against prior parties or any other rights pertaining thereto. H&H shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property. H&H shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by H&H in good faith.

10. Application of Proceeds

Upon the occurrence and during the continuance of an Event of Default, the proceeds of any sale of, or other realization upon, all or any part of the Collateral shall be applied: first, to all fees, costs and expenses incurred by H&H with respect to the Collateral including, without limitation, those described in Section 11 hereof; second, to accrued and unpaid interest on the Secured Obligations (including any interest which but for the provisions of the Bankruptcy Code, would have accrued on such amounts); and third, to the principal amounts of the Secured Obligations outstanding. Any balance remaining shall be delivered to Franchisee or to whomsoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct.

11. Expenses

Franchisee shall pay all costs, fees and expenses of perfecting, maintaining and enforcing the Security Interests, and any and all excise, property, sales and use taxes imposed by any state, federal or local authority on any of the Collateral.

12. Termination of Security Interests; Release of Collateral

Upon final payment in full of all Secured Obligations and the receipt by H&H of the written confirmation of Franchisee terminating any further credit accommodations by H&H, the Security Interests granted herein shall terminate with respect to all or any portion of the Collateral which has not been paid to H&H pursuant to the terms of this Agreement, if any (the "Remaining Collateral"), and all rights to the Remaining Collateral shall revert to Franchisee. Upon such termination of the Security Interests or release of the Remaining Collateral, H&H will, at the expense of Franchisee, execute and deliver to Franchisee such documents as Franchisee shall reasonably request to evidence the termination of the Security Interests or the release of the Remaining Collateral, as the case may be.

13. Notices

Any notice, approval, request, demand, consent or other communication hereunder including any notice of default or notice of sale, shall be in writing (including facsimile transmission) and shall be sent to the applicable party at its address shown below or at such other address as such party may, by written notice received by the other party, have designated as its address for such purpose. Notices sent by facsimile transmission shall be deemed to have been given when sent; notices sent by mail shall be deemed to have been given three business days after the date when sent by registered or certified mail, postage prepaid; and notices sent by hand delivery or overnight courier service shall be deemed to have been given when received. Notices shall be addressed as follows:

If to H&H:

Happy & Healthy Products, Inc.  
1600 South Dixie Highway  
Suite 200  
Boca Raton, Florida 33432  
Attention: Rosemary Harris  
Facsimile: (561) 368-5267

If to Franchisee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: ( ) - \_\_\_\_\_

14. Successors and Assigns

This Agreement is for the benefit of H&H and its successors and assigns, and in the event of an assignment of all or any of the Secured Obligations, the rights hereunder, to the extent applicable to the Secured Obligations so assigned, may be transferred with such Secured Obligations. This Agreement shall be binding on Franchisee and its successors and assigns; provided that Franchisee may not delegate its obligations under this Agreement without H&H's prior written consent.

15. Amendments, Waivers and Consents

No amendment, modification, termination or waiver of any provision of this Agreement shall be effective unless the same shall be in writing signed by H&H and Franchisee.

16. Survival

All representations and warranties of Franchisee shall survive the execution and delivery of this Agreement.

17. Applicable Law

This agreement is governed by and shall be construed and enforced in accordance with the internal laws of the state of Florida, without regard to conflict of laws principles.

18. Forum Selection and Consent to Jurisdiction

Any litigation based hereon, or arising out of, under, or in connection with this agreement or any other loan document, shall be brought and maintained exclusively in the courts of the state of Florida or in the United States District Court for the Southern District of Florida; provided that any suit seeking enforcement against any collateral or other property may be brought, at H&H's option, in the courts of any jurisdiction where such collateral or other property may be found. Franchisee hereby expressly and irrevocably submits to the jurisdiction of the courts of the state of Florida or in the United States District Court for the Southern District of Florida for the purpose of any such litigation as set forth above. Franchisee further irrevocably consents to the service of process by registered mail, postage prepaid, or by personal service within or without the state of Florida. Franchisee hereby expressly and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such litigation brought in any such court referred to above and any claim that any such litigation has been brought in an inconvenient forum.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first written above.

**FRANCHISEE**

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

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

**HAPPY & HEALTHY PRODUCTS, INC.**

By \_\_\_\_\_  
Name: Linda Kerr Kamm  
Title: President

**SCHEDULE I**

**Principal Place of Business, Location of Collateral**

1. Principal Place of Business

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2. Location(s) of Collateral:

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**EXHIBIT A**

Description of Collateral

## EXHIBIT I

### STATE EFFECTIVE DATES AND STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

Following this page are addenda for the States of California, Georgia, Illinois, Indiana, Michigan, Minnesota, New Hampshire, New York, North Carolina and South Carolina. If you or your business is located in any of these states, please read the addendum for your state and the addendum to the Franchise Agreement that may apply to your transaction with us.

The Effective Dates of this Disclosure Document for the States of California, Florida, Illinois, Indiana, Maryland, Michigan, Minnesota, New Hampshire, New York, North Carolina, Rhode Island, South Carolina, Utah, Virginia, Washington and Wisconsin are listed below. The Effective Date in all other states is March 1, 2014.

The regulatory authorities and the registered agents for service of process in each state are listed in Exhibit A.

STATE	EFFECTIVE DATE
California	February 21, 2014
Florida	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New Hampshire	
New York	
North Carolina	
Rhode Island	
South Carolina	
Utah	
Virginia	
Washington	
Wisconsin	

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW  
AND THE CALIFORNIA FRANCHISE RELATIONS ACT  
THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF  
ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE  
BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.**

The following provisions supersede any inconsistent provisions in the Disclosure Document and apply to all franchises the offer and sale of which are governed by the California Franchise Investment Law:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document.

Section 31125 of the Corporations Code requires us to provide you a disclosure document in the form required by the Commissioner of Corporations before we ask you to consider a material modification of an existing franchise agreement.

No person or franchise broker in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

The Franchise Agreement requires you to sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement requires binding arbitration for any claims you may have against us. The arbitration will occur at Palm Beach County, Florida with the cost being borne by you. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any



provisions of a franchise agreement restricting venue to a forum outside of the state of California.

**OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT [WWW.CORP.CA.GOV](http://WWW.CORP.CA.GOV).**

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
PURSUANT TO THE GEORGIA BUSINESS OPPORTUNITY LAW**

In recognition of the requirements of the Georgia Sale of Business Opportunities and Multilevel Distribution Companies Law (the "Law"), the Company hereby agrees to supplement the Franchise Disclosure Document as follows:

1. Item 5 of this Franchise Disclosure Document is amended to add the following:

"The company selling a business opportunity or the seller shall collect no more than 15 percent of the purchase price. The balance of the purchase price shall be paid into an escrow account, established with a bank or an attorney, which is agreed upon by both parties. The balance in escrow shall be paid to the company 60 days after the purchaser commences operation of the business or upon complete compliance with the terms of the contract, whichever occurs first."

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE LAW**

The Cover Page of this Disclosure Document is amended to add the following Risk Factor:

“THIS DISCLOSURE DOCUMENT, THE RELATED FRANCHISE AGREEMENTS  
AND YOUR RELATIONSHIP WITH US MAY BE GOVERNED BY THE ILLINOIS  
FRANCHISE DISCLOSURE ACT.”

Item 17 of the FDD is amended to include the following statement:

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. Additionally, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void.

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
PURSUANT TO THE INDIANA FRANCHISE ACT**

This Disclosure Document is amended to delete paragraphs 1 and 2 of the “Risk Factors” on the Disclosure Document Cover Page.

Item 17(c) of this Disclosure Document is amended to add the following:

“The general release mentioned above shall not in any way act as a release or waiver of any liability incurred under the Indiana Deceptive Practices Act.”

Item 17(u) of this Disclosure Document is amended to state as follows:

“Dispute resolution by None n/a”  
arbitration or mediation

Item 17(w) of this Disclosure Document is amended to state as follows:

“Choice of law None n/a”

Item 17 of this Disclosure Document is amended to add the following:

“During the term of the Franchise Agreement, the Company will not unfairly compete with the Franchisee within a reasonable area.”

Item 17(t) is amended to add the following:

“Notwithstanding anything to the contrary in this provision, the franchisee does not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document.”

Item 8 is amended to add the following:

“H & H shall not obtain money, goods, services, or any other benefit from any other person with whom H & H does business, on account of, or in relation to, the transaction between Franchisee and the other person, other than compensation for services rendered by H & H, unless the benefit is promptly accounted for, and transmitted to Franchisee.”

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW  
THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT  
ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING  
PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE  
VOID AND CANNOT BE ENFORCED AGAINST YOU.**

**(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.**

**(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTION PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.**

**(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.**

**(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.**

**(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.**

**(F) A PROVISION REQUIRING IN THAT ARBITRATION OR LITIGATION CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.**

**(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OR OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:**

**(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.**

**(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.**

**(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.**

**(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.**

**(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).**

**(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.**

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:**

**MICHIGAN DEPARTMENT OF ATTORNEY GENERAL  
Consumer Protection Division  
Antitrust and Franchise Unit  
670 Law Building  
Lansing, Michigan 48913**

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW**

The following provisions supersede any inconsistent provision in the Disclosure Document and apply to all franchises the offer and sale of which are covered by the Minnesota Franchise Investment Law:

Item 17 of this Disclosure Document is amended to add the following:

“Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C. 14, subs. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60) days to cure) and 180 days notice for non-renewal of the franchise agreement.”

The Sixth, Seventh and Eighth paragraphs of Item 13 are deleted and replaced with the following:

“The Franchise Agreement requires H & H to indemnify you against liability from your authorized use of the Licensed Marks if you have promptly notified H & H of any such claim or proceeding, and as long as you are in compliance with the Franchise Agreement when the claim arose. As owner of the Licensed Marks, H & H has the exclusive right to control administrative proceedings or litigation concerning the Licensed Marks.”



## **DISCLOSURE REQUIRED BY NEW HAMPSHIRE ADDENDUM**

**THE NEW HAMPSHIRE DISTRIBUTORSHIP ACT MAKES IT UNLAWFUL TO SELL ANY DISTRIBUTORSHIP IN THIS STATE WHICH IS SUBJECT TO THAT ACT WITHOUT FIRST PROVIDING TO THE PROSPECTIVE DISTRIBUTOR AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY SUCH DISTRIBUTOR OF ANY BINDING DISTRIBUTORSHIP AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST, A COPY OF THIS DISCLOSURE STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE DISTRIBUTORSHIP. IF THESE DOCUMENTS HAVE NOT BEEN PRESENTED TO YOU IN ACCORDANCE WITH THESE REQUIREMENTS, YOU MAY VOID THE AGREEMENT WITHIN 90 DAYS BY SENDING NOTICE OF YOUR INTENTION TO THE GRANTOR BY UNITED STATES MAIL, RETURN RECEIPT REQUESTED. UPON RECEIPT OF THE NOTICE, THE GRANTOR MUST REFUND ALL MONIES YOU HAVE PAID FOR THE DISTRIBUTORSHIP PLUS INTEREST. THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE DISTRIBUTORSHIP AGREEMENT. THE AGREEMENT SHOULD BE CAREFULLY READ FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH GRANTOR AND DISTRIBUTOR.**

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
PURSUANT TO THE NEW YORK FRANCHISES LAWS**

The following additional information is being disclosed to you pursuant to regulations under the New York Franchises Law:

**ADDITIONAL RISK FACTOR:**

- 1. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THIS DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.**

The Franchise Disclosure Document shall be amended as follows:

1. The last paragraph of Item 3 shall be deleted and the following language shall be added:

“Except as is described above, neither the Company nor any director, officer or other person identified in Item 2 above:

“Has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality), including actions or complaints in arbitration, pending against him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practice, misappropriation of property, or comparable allegations;

“Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint filed for the purpose of commencing an adjudicative proceeding in any administrative agency, in any court or before any panel of arbitrators, or has been the subject of other legal proceeding if such felony, misdemeanor conviction or charge, civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations; or,

“Is subject to any injunctive or restrictive order or decree, including any similar orders or decrees issued in an arbitration proceeding whether or not judicially enforced, relating to franchises or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.”

2. The language under Item 4 shall be deleted and the following information added:

“During the fifteen (15) year period immediately preceding the date of this Disclosure Document neither the Company nor any predecessor, officer, or general partner of the Company has been adjudged bankrupt or reorganized due to insolvency, or been a principal officer of a company or a general partner of a partnership at or within one year of the time that such company or partnership was adjudged bankrupt or reorganized due to insolvency or is subject to any such pending bankruptcy or reorganization proceeding.”

3. The following language is added to the Summary Column opposite Provision J of Item 17:

“However, no assignment will be made, except to an assignee, who in the good faith judgment of the Company, is willing and able to assume the Company’s obligation under the Franchise Agreement.”

4. The following language is added to the Summary Column opposite Provision W of Item 17:

“The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisee by the GBL of the State of New York, Article 33.”

**DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

THE STATE OF NORTH CAROLINA HAS NOT REVIEWED AND DOES NOT APPROVE, RECOMMEND, ENDORSE OR SPONSOR ANY BUSINESS OPPORTUNITY. THE INFORMATION CONTAINED IN THIS DISCLOSURE HAS NOT BEEN VERIFIED BY THE STATE. IF YOU HAVE ANY QUESTIONS ABOUT THIS INVESTMENT, SEE AN ATTORNEY BEFORE YOU SIGN A CONTRACT OR AGREEMENT.

IF THE FRANCHISOR FAILS TO DELIVER THE PRODUCT(S), EQUIPMENT OR SUPPLIES NECESSARY TO BEGIN SUBSTANTIAL OPERATION OF THE BUSINESS WITHIN 45 DAYS OF THE DELIVERY DATED STATED IN YOUR CONTRACT, THE FRANCHISEE MAY NOTIFY THE FRANCHISOR IN WRITING AND DEMAND THAT THE CONTRACT BE CANCELLED.

FRANCHISE OFFERING  
CIRCULAR FOR PROSPECTIVE FRANCHISEES  
REQUIRED BY THE STATE OF NORTH CAROLINA

HAPPY & HEALTHY PRODUCTS, INC.  
1600 DIXIE HIGHWAY  
SUITE 200  
BOCA RATON, FLORIDA 33432  
**(561) 367-0739**

## DISCLOSURES REQUIRED BY SOUTH CAROLINA

THE STATE OF SOUTH CAROLINA HAS NOT REVIEWED AND DOES NOT APPROVE, RECOMMEND, ENDORSE OR SPONSOR ANY BUSINESS OPPORTUNITY. THE INFORMATION CONTAINED IN THIS DISCLOSURE HAS NOT BEEN VERIFIED BY THE STATE. IF YOU HAVE ANY QUESTIONS ABOUT THIS INVESTMENT, SEE AN ATTORNEY BEFORE YOU SIGN A CONTRACT OR AGREEMENT.

In recognition of the requirements of the South Carolina Business Opportunity Sales Act, H & H hereby agrees to supplement the Disclosure Document as follows:

1. Item 11 of this Disclosure Document is amended to add the following:

“If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.”

2. The name and address of the person to serve as state agent for service of process in the State of South Carolina is as follows:

Bob Gutterman  
1023 Seabridge Court  
Surfside Beach, South Carolina 29575  
(843) 238-2916

### SALESPERSON INFORMATION

Name	Address	Title
Linda Kerr Kamm	1600 South Dixie Highway, Suite 200 Boca Raton, FL 33432	President
Rosemary E. Harris	1600 South Dixie Highway, Suite 200 Boca Raton, FL 33432	Compliance Director
Leonard J. Murray	1600 South Dixie Highway, Suite 200 Boca Raton, FL 33432	Vice President of Operations
Tabitha Locke	1600 South Dixie Highway, Suite 200 Boca Raton, FL 33432	National Sales Director
Rona Doyle	1600 South Dixie Highway, Suite 200 Boca Raton, FL 33432	General Manager
Leslie Frazer	1600 South Dixie Highway, Suite 200 Boca Raton, FL 33432	Sales & Marketing Manager
Louise Lanorias	1600 South Dixie Highway, Suite 200 Boca Raton, FL 33432	Sales & Marketing Manager
Elysha Swider	1600 South Dixie Highway, Suite 200 Boca Raton, FL 33432	Sales & Marketing Manager

**EXHIBIT J**  
**RECEIPTS**

# RECEIPT

## For Franchisee

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Happy & Healthy Products, Inc. offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Happy & Healthy Products, Inc. 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 name, address and telephone numbers of each of our franchise sellers are:

Name	Address and telephone number
Linda Kerr Kamm	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Rosemary Harris	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Leonard Murray	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Tabitha Locke	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Rona Doyle	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Leslie Frazer	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Louise Lanorias	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Elysha Swider	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Jason Miller	TES Franchising, LLC, d/b/a The Entrepreneur's Source, 900 Main Street South,, Building #2, Southbury, Connecticut 06488, (203) 405-2142
Timothy Holadia	FranMogul, 154 Newtown Rd., Ste. B2, Virginia Beach, VA 23462 (757) 962-2683
Karen Ottewell, P.A.	Florida Franchise Authority, 1655 Bonita Bluff Ct., Ruskin, FL 33570 (813) 625-1371
Lenette Blanco	FranchiseMart, 8480 Okeechobee Blvd. #5, W. Palm Beach, FL 33411 (561) 333-4228
Marc Camras, Ph.D.	Business Alliance, 1520 Calle Narcisos, Encinitas, CA 92024 (760) 230-2827

I have received a Disclosure Document issued March 1, 2014 (see Exhibit I for the state effective dates) that included the following Exhibits:

- A. List of State Administrators
- B. Franchise Agreement and State Addenda
- C. Financial Statements of Happy & Healthy Guaranty, LLC  
Guarantee of Performance of Happy & Healthy Guaranty, LLC
- D. List of Franchisees
- E. List of Former Franchisees
- F. Freezer Contract
- G. Operations Manual - Table of Contents
- H. Security Agreement
- I. State Effective Dates and State Addenda to Franchise Disclosure Document
- J. Receipts

Prospective Franchisee

The address of the Prospective Franchisee is:

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

(Signature)

(Please Print)

(Print name of signatory)

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

# RECEIPT

## For Franchisor

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Happy & Healthy Products, Inc. offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Happy & Healthy Products, Inc. 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 name, address and telephone numbers of each of our franchise sellers are:

Name	Address and telephone number
Linda Kerr Kamm	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Rosemary Harris	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Leonard Murray	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Tabitha Locke	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Rona Doyle	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Leslie Frazer	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Louise Lanorias	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Elysha Swider	1600 S. Dixie Highway, Ste. 200, Boca Raton, FL 33432, (561) 367-0739
Jason Miller	TES Franchising, LLC, d/b/a The Entrepreneur's Source, 900 Main Street South,, Building #2, Southbury, Connecticut 06488, (203) 405-2142
Timothy Holadia	FranMogul, 154 Newtown Rd., Ste. B2, Virginia Beach, VA 23462 (757) 962-2683
Karen Ottewell, P.A.	Florida Franchise Authority, 1655 Bonita Bluff Ct., Ruskin, FL 33570 (813) 625-1371
Lenette Blanco	FranchiseMart, 8480 Okeechobee Blvd. #5, W. Palm Beach, FL 33411 (561) 333-4228
Marc Camras, Ph.D.	Business Alliance, 1520 Calle Narcisos, Encinitas, CA 92024 (760) 230-2827

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Prospective Franchisee

The address of the Prospective Franchisee is:

\_\_\_\_\_

\_\_\_\_\_

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

(Signature)

\_\_\_\_\_

(Please Print)

(Print name of signatory)

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