

Item 7

FRANCHISE AGREEMENT - MOBILE FOOD TRUCK

TYPE OF EXPENDITURE	AMOUNT	PAYMENT METHOD	TIME DUE	PAYMENT RECIPIENT
Initial Franchise Fee *1	\$35,000	Lump sum	At franchise agreement signing	Us
Food Truck - Initial 3 Months Financing Payments *2	\$9,000 - \$12,000	Varies	As incurred	Automobile dealers, approved 3rd party suppliers and vendors, subject to our specifications
Vehicle Parking and Storage (Commissary)	\$500 - \$1,000	Lump sum	Varies	3rd party for parking + electrical hookup for storage when not in use
Computer Software and POS System *3	\$1,000 - \$4,000	As billed	As incurred	Approved 3rd party suppliers and vendors, subject to our specifications
Initial General Inventory *4	\$5,000 - \$7,500	As billed	Before opening	Us, our affiliate, or approved 3rd party suppliers and vendors, subject to our specifications
Utility Deposits	\$500 - \$1,000	As arranged	As incurred	Suppliers
Initial Product Inventory *4	\$5,000 - \$7,500	As billed	Before opening	Us or our affiliates
Insurance Deposits and Premiums *5	\$1,000 - \$3,000	As billed	Varies	Insurance companies
Travel and Lodging for Initial Training *6	\$1,000 - \$2,000	As incurred	Before opening	Airlines, hotels, restaurants
Grand Opening Marketing Expense *7	\$2,500	In accordance with your marketing plan	As incurred but prior to opening	Approved 3rd party suppliers and vendors, subject to our specifications and approval
Professional Fees *8	\$2,000 - \$5,000	As billed	Before opening	Attorneys, accountants, advisors
Licenses and Permits *9	\$500 - \$1,000	Lump sum	Before opening	Government authorities
Printing, Stationery and Office Supplies	\$750	As billed	Before opening	3rd party
Additional Funds - Initial 3 Months *10	\$12,000 - \$17,000	As incurred	Before opening	Us, utility suppliers, employees, and other providers of services an/or goods necessary for the operation of your food truck
TOTAL ESTIMATE *11	\$75,750 - \$99,750			

*EXPLANATORY NOTES

NOTE 1: INITIAL FRANCHISE FEE - The Initial Franchise Fee for a single Food Truck under a Franchise Agreement is \$35,000. All fees paid to us for your initial franchise fee are non-refundable. There are no refunds under any other circumstances, including if you breach the franchise agreement and we terminate the Franchise Agreement.

NOTE 2: FOOD TRUCK - INITIAL 3 MONTHS OF FINANCING PAYMENTS - This estimate is for three months of financing payments for a vehicle that you will use and operate as your Carousel's Food Truck. The Food Truck must meet our standards and specifications and may be a used vehicle as long as it meets our specifications as to quality, condition, and type of vehicle. Food Truck vehicles that we approve include Ford E450 and F59 trucks. If you elect to purchase the vehicle for your Franchised Business without financing, we estimate you will pay a lump sum of approximately \$300,000 instead of the estimated ongoing lease installment or purchase financing payments above.

NOTE 3: COMPUTER, SOFTWARE AND POINT OF SALES SYSTEM - You will be required to purchase, license and use the point of sale systems, ordering systems, and applications that we designate. Information about the point of sale and computer systems are disclosed in Item 11 of this Disclosure Document.


NOTE 4: INITIAL INVENTORY: GENERAL INVENTORY AND PRODUCT INVENTORY - Your initial general inventory comprised of small wares, uniforms and supplies and your on-going inventory and supplies (including System Supplies) that you are required to obtain from us, our affiliate, or from our designated suppliers are paid for at standard prices and terms and your ongoing inventory must be purchased from either us or our approved vendors. Your initial product inventory refers to that portion of your opening inventory that consists of inventory used to provide your food and beverage menu items that you must purchase directly from us, our affiliate, or our designated suppliers.

NOTE 5: INSURANCE DEPOSITS - 3 MONTHS - You are required to maintain certain insurance respecting the operations of the Franchised Business. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. The cost of your insurance coverage will be based on factors outside of our control. The amount charged for insurance coverage may be significantly more or less than our estimate. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance. In addition to this initial deposit, depending on the agreement with your insurance carrier, you should expect monthly insurance premiums. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based on the area in which your Food Truck will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

NOTE 6: TRAVEL AND LODGING FOR INITIAL TRAINING - You must complete our pre-opening training program before opening your Carousel's Food Truck. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program.

NOTE 7: INITIAL MARKETING EXPENSE - You must spend a minimum of \$2,500 prior to the opening your Food Truck to promote your grand opening. You must submit your grand opening marketing plan to us for our pre-approval.

NOTE 8: PROFESSIONAL FEES - These estimates are for costs associated with the engagement of professionals such as attorneys and accountants for advisories consistent with the start-up of a Food Truck. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document and the Franchise Agreement. It is also advisable to consult these professionals to review any contracts that you will enter into as part of the development and operation of the Franchised Business.



NOTE 9: BUSINESS LICENSES AND PERMITS - You must apply for, obtain and maintain all required permits and licenses necessary to operate the Franchised Business. The licenses will vary depending on local, municipal, county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred and are due prior to opening the Franchised Business.

NOTE 10: ADDITIONAL FUNDS - This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, fuel, and utilities only for the initial three month period following the opening of your Food Truck. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your Food Truck. In making this estimate, we have relied on information provided to us by our franchisees as to their experiences in developing and operating a Food Truck. This is only an estimate for your initial three months of operations and more working capital and additional funds may be required depending on the sales and performance of your Food Truck. Before signing a Franchise Agreement, you should consult with your accountant and advisor to budget and determine the amount of additional funds that should be reserved and set aside by you to support and capitalize the long-term operations of your Food Truck.

NOTE 11: ABOUT YOUR ESTIMATED INITIAL INVESTMENT - This is an estimate of the initial start-up expenses for a Carousel's Food Truck. We have based these estimates on information provided to us by our franchisees as to their the experiences in developing a Food Truck. These are only estimates and your costs and, the range of those costs, may vary. Factors that may influence your costs include: the local geographic market and economic conditions; local licensing costs; competition; the capabilities of your management team; and the level of sales achieved by your Food Truck. These estimates do not include interest and financing charges that you may incur and they do not include management level compensation payable to you or your owners. This estimate assume that you will be directly managing and operating your Food Truck. You should carefully review these estimates with your business, accounting and legal advisors before making any decision to sign a Franchise Agreement. These estimates are for one Food Truck only.