

### ITEM 6. OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty (Note 2)	4% of Gross Sales	Monthly, payable by the 10 <sup>th</sup> calendar day of each month based on the total Gross Sales derived in the prior month.	Gross Sales are defined in Note 2 below
Marketing Fee (Note 2)	1% of Gross Sales to Marketing Fund (collected by us)  2% of Gross Sales invested directly by you in local store marketing.	1% to Marketing Fund is payable by the 10 <sup>th</sup> calendar day of each month based on the total Gross Sales derived in the prior month.	Gross Sales are defined in Note 2 below
Menus	\$2,250 to \$3,000	At least once annually	Pre-printed menus can be ordered from us directly or you may order shells and have your menus printed by an Approved Supplier.
Additional Training Fees	\$1,000 per <del>manager</del> <u>person</u> for the 6 <sup>th</sup> and each subsequent <del>manager-person</del> <u>person</u> trained	Before training begins	Payable to us

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<b>Type of Fee (Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Logo Merchandise purchases	Varies	Upon receipt of invoice	Logo merchandise may be purchased from us or an Approved Supplier
Audit Fee (Note 3)	Cost of audit, expected to range from \$5,000 to \$20,000 if you have maintained adequate books and records	Upon receipt of invoice	Payable if the audit discloses under reporting by you of royalties or other fees due to us that is intentional or in the amount of 2% or more for any month or longer
Transfer Fee	\$5,000	Before any assignment, sale or transfer of the franchise	Payable to us for evaluation of proposed transferee or assignee.
Transfer Fee (Area Development Agreement)	\$7,500	On transfer of any interest in the Area Development Agreement	We may waive or reduce this fee This fee is in addition to any transfer fee(s) charged for the assignment of any franchise agreements held by you.
Interest Charge	Lesser of 158% per year or maximum rate allowed by law	Upon receipt of invoice	Payable if you fail to pay fees or other amounts when due.

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(2) "Gross Sales" means all revenues or things of value you receive from your Broken Yolk Cafe® Restaurant from all sales or other transactions for goods, wares, food, merchandise and services whether for cash, check, credit, barter or otherwise. There is no reserve or deduction for your inability or failure to collect any revenue or thing of value. Gross Sales include sales and services where orders are received or billed at or from the Restaurant but delivery or performance is at any other place, and any sums or receipts from the sale of meals to employees of the Restaurant. Gross Sales do not include rebates or refunds to customers or the amount of any sales taxes or other taxes that you collect from customers and pay to any federal, state or local taxing authority. You are required to contribute 1% of the Marketing Fee to the Marketing Fund, which we will use to promote the BYC System. You are required to spend an additional 2% of your Gross Sales on local marketing programs, which will be subject to our prior approval and direction. Upon our request, you must provide receipts and invoices verifying that you have met your local marketing investment.

(3) "Under reporting" means that not all sales were included in your sales report to us.

(4) Upon our request, you must sign bank authorizations allowing us to debit royalties, fees, charges, merchandise purchase payments and all other amounts due to us, directly from your bank account or credit card. See Authorization for Direct Debit (Exhibit "E" to the Franchise Agreement).

**ITEM 7. ESTIMATED INITIAL INVESTMENT<sup>1</sup>**  
**YOUR ESTIMATED INITIAL INVESTMENT**  
**FRANCHISE AGREEMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee (Note 2)	\$35,000	Lump Sum	At Signing of Franchise Agreement	Franchisor
Training Fee (Note 3)	\$1,000 per <del>manager</del> person for the 6 <sup>th</sup> and each subsequent <del>manager</del> person trained	Lump Sum	One Week Before Training	Franchisor
Travel and Living Expenses While Training (Note 4)	\$10,000-\$18,000 per manager for the full training program	As required	Before Opening	Airline, hotel, restaurants

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