

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds (covers first 3 months) ⁽⁷⁾	\$1,000 to \$5,000	As Arranged	As Arranged	Miscellaneous Third Parties.
TOTAL ⁽⁸⁾	\$101,000 to \$1,037,000			

Specific Notes:

1. This table estimates the initial investment required to develop an Area Director franchise.
2. The initial Area Director fee will vary widely because it will be calculated based on a number of factors unique to each Area Director Territory granted, primarily its size and population. See **Item 5** for more information.
3. You will need the use of a vehicle in the operation of your AD Business, which you may own or lease. We do not require that the vehicle you use meet any specific criteria, except that it must run reliably enough to enable you to perform your obligations under the Area Director Agreement, such as visiting TCBY Stores, and performing site services and support services. The lower end of the estimate assumes you will use a vehicle that you already own and the higher end of the estimate assumes you will lease a vehicle. The cost of your investment in a vehicle will vary depending on your current assets, the cost of leasing and purchasing vehicles in your area, and the vehicle you choose.
4. You will need a laptop computer for the operation of your AD Business, as further described in **Item 11**. If you already own a laptop computer, you may use it in the operation of your AD Business. The cost of your investment in computer hardware will vary depending on your current assets, the cost of computer hardware in your area, and the specific equipment you choose.
5. See **Items 6** and **11** for further information regarding your obligations to advertise for prospective TCBY franchisees within your Area Director Territory.
6. You must, at your expense, register as our franchise broker and provide us with proof of that registration if the laws in your Area Director Territory require broker registration, even though the sales services you perform do not give you the right or authority to offer or sell franchises, or negotiate or execute franchise agreements on our behalf. We estimate the cost of this registration to be up to \$1,000. In addition, if your activities as our Area Director require you separately to register in your Area Director Territory, you must prepare the necessary documents (including disclosure documents similar to this disclosure document) and submit the relevant filings at your expense. As an alternative, we may, at our option, agree to prepare and register in certain states joint disclosure documents that include information not only about us, but also about you as our Area Director. In that case, you agree, upon demand, to pay to us or our designee the costs of preparing and registering those portions of disclosure documents and ancillary documents which are applicable only to you and your AD Business. Regardless of whether you rely on your own FDD or a joint FDD, we estimate that the disclosure and registration costs you will incur as an Area Director will be up to \$20,000. These costs may include your preparation of audited financial statements.
7. We do not require that you rent commercial office space, nor do we impose specifications for office decoration, fixtures, business equipment, insurance, minimum number of employees or otherwise. You may locate the administrative office for your AD Business in your home. However, we

expect you will incur miscellaneous expenses to establish your AD Business. This table reflects our estimate of your miscellaneous expenses for the first 3 months after you sign the Area Director Agreement. The table assumes you do not incur any real estate leasing costs, but allows for the lease or purchase of home office furniture (we do not impose any specifications and leave this to your judgment); required expenditures such as a facsimile machine, telephone line, business cards and stationery; insurance; travel costs for initial training and site development work in your Area Director Territory; and legal and professional expenses to acquire the franchise and form a business entity to own the Area Director franchise.

8. This total is an estimate of your initial investment for the development of an AD Business under the Area Director Agreement, not including the initial Area Director fee payable to us or our Affiliates as more fully explained in **Item 5** and **Note 2** above. The estimated initial investment is based on our prior experience in the development and support of TCBY Stores. You should review these figures carefully with a business advisor before making any decision to enter into the Area Director Agreement. Please note that the estimates do not include the estimated initial investment to develop individual TCBY Stores. The estimated initial investment to develop a TCBY Store is described in the first table of this **Item 7**.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases of TCBY Products and Other Items

TCBY brand fresh yogurt, soft-serve frozen yogurt, hand-dipped frozen yogurt, sorbets, and other TCBY branded products are distinctive as a result of being specially produced using secret formulas and processes. These products are, in the mind of the public, inextricably interrelated with the Marks, and the reputation and goodwill of TCBY Stores is based upon, and can be maintained only by, the sale of these products. Therefore, your Store will only prepare and offer for sale menu items using TCBY brand frozen desserts or other products, test products under the Marks, or frozen desserts or other products which, in our opinion, meet our high standards and specifications. These TCBY brand products are currently only produced by Scott Brothers Dairy and Hudsonville Creamery & Ice Cream Company, LLC and Jon Donaire is our designated manufacturer of our frozen yogurt cake and pie products (“**Manufacturers**”). We have the right to appoint substitute or additional manufacturers, but are not required to do so. Manufacturers then sell TCBY brand products to our authorized distributors (“**Distributors**”).

We have established a regional system of Distributors to supply TCBY brand products to TCBY franchisees. You must purchase TCBY brand products from the Distributor we designate for your region. Distribution costs and terms, including minimum drop sizes, minimum case charges and delivery schedules, vary by Distributor. We have the right to appoint substitute or additional Distributors, but are not required to do so. Although we and our Affiliates pay the same prices as franchisees do to purchase TCBY brand products from a particular distributor, we or our Affiliates may receive rebates or payments on our and franchisees’ purchases of those products as described below.

We have currently designated Venture Projects, Inc. dba Concept Services (“**Concept Services**”), Tundra Services (“**Tundra**”), Regency Lighting, Inc. (“**Regency**”) and Wisconsin Built (“**WB**”) as approved suppliers of Store build out services, certain soft goods, furnishings, equipment and supplies. For an estimate of your initial costs for equipment, see **Item 7**.

Except for certain items that Concept Services and Tundra make available to you for purchase, such as small wares, small equipment and promotional materials (as described below in this **Item 8**), **Master Brands** (“**Master Brands**”) is the only supplier licensed to distribute soft goods supplies

displaying the TCBY Marks and you must purchase these items from them. We have the right to appoint substitute or add additional suppliers, but are not required to do so.

In operating your Store, you must use only the soft goods, small wares, utensils, cleaning supplies, novelty items and other miscellaneous items that we require and have been approved for TCBY Stores, as meeting our specifications and standards for quality, appearance, function and performance. Except as stated in this **Item 8** and in our Operating Procedures Manual, you may purchase these items from any supplier who can satisfy our standards and specifications. All standards and specifications will be contained in the Operating Procedures Manual and other written or electronically transmitted materials that we or an Affiliate furnish to you

We and/or our Affiliates participate in a nationwide marketing program sponsored by Coca-Cola Fountain and its affiliates. To sell certain of our products, you must participate in the program and purchase Coca-Cola soft drink mixes, beverages, and other products required under the program from any authorized Coca-Cola distributor. Coca-Cola currently pays us or our Affiliates amounts based upon purchases by our franchisees. The amounts that Coca-Cola pays to us or our Affiliates under this program is included in the total revenue amount received from suppliers and vendors disclosed below. Amounts paid by Coca-Cola to us or our Affiliates may be used to develop and implement marketing and promotional activities designed to benefit the TCBY system, the other MFFB Franchised Concept systems, and to increase the sale of Coca-Cola products at all stores within those systems. Amounts received by us or our Affiliates from Coca-Cola will not reduce any payments you must make to us or others as advertising fees under the Franchise Agreement.

Further, if we grant you the right to develop and operate a TCBY Store within an Area Director Territory, or if we appoint an Area Director for an Area Director Territory that encompasses your TCBY Store after you open it, we have the right to require you to obtain or receive certain site services and support services from your Area Director and its agents and employees. Your Area Director may receive a portion of the initial franchise fee, royalty and service fees and other fees you pay to us or our designee in consideration for providing services to you, although you will not be required to pay any additional or greater initial franchise fee, royalty and service fees to your Area Director in order to receive the services it provides.

If you sign an Area Director Agreement and act as our Area Director within your Area Director Territory, we may require you to communicate, work with or use certain designated and/or approved distributors, suppliers, vendors and manufacturers, including Manufacturers, Distributors and Approved Store Vendors, when performing the services required under the Area Director Agreement. In addition, we estimate that the cost of purchases or leases in accordance with our specifications will represent approximately 2% to 20% of your AD Business' total operating expenses, and 2% to 20% of your initial costs, depending on how many designated and approved distributors, suppliers, vendors and manufacturers you use or are required to communicate, work with or use. See **Item 7** for an estimate of the initial investment for an Area Director franchise.

Location of your Store; Real Estate Lease

You must locate a site for your Store that is approved by us, and you may not sign a lease for the site until we have given our approval in writing. We may recommend that you use certain brokers in your area when evaluating sites, but you are not required to use them and they are not our employees or agents. We may require you to consult with our Area Director, if one exists for your proposed location, during the process of identifying the location for your Store and its development. We, and not our Area Director, however, will be responsible for approving the location of your Store. When you sign your lease, we may also require that you and your landlord sign a Lease Addendum in the form included in **Exhibit I** of this

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/tcby>