

Item 7

YOUR ESTIMATED INITIAL INVESTMENT¹

	<u>Amount or Formula</u>	<u>Due Date</u>	<u>When Paid</u>	<u>To Whom Payment is Made</u>
INITIAL FRANCHISE FEE	\$21,000 Retail	Lump Sum or two installments	Upon signing of Franchise Agreement	Company
	\$21,000 Standard Wholesale			
	\$21,000 Grand Wholesale ²			
	\$21,000 Super Grand Wholesale ²			
FREEZERS	\$1,425 Retail	Same	Same	Company
	\$7,900 Standard Wholesale			
	\$14,650 Grand Wholesale			
	\$20,900 Super Grand Wholesale ³			

¹ 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.

² 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 Offering Circular is delivered to you (normally 3 days later). Retail Franchisees who wish to convert their businesses to Standard Wholesale Franchises will be required to pay the Company an additional \$14,106 while this Offering Circular 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 (\$6,525), a Marketing and Training Fee (\$3,500) 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.

³ 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 and a Super Grand Wholesale Franchisee must purchase 30 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 \$600 to \$650.

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OPENING INVENTORY	\$4,081 Retail	Same	Same	Company
	\$8,069 Standard Wholesale			
	\$8,069 Grand Wholesale			
	\$12,129 Super Grand Wholesale ⁴			
TRAINING	\$0 Retail	Same	Same	Company
	\$3,500 Standard Wholesale			
	\$7,000 Grand Wholesale			
	\$7,000 Super Grand Wholesale			
REAL ESTATE AND AUTOMOBILE	\$0 - \$600 ⁵			
SECURITY DEPOSITS, PREPAID EXPENSES & MISCELLANEOUS OTHER PAYMENTS ⁶	\$500 - \$1,000	As Incurred	As Incurred	Suppliers, Utilities, Tradesmen, Insurers & others at your discretion
SHIPPING COSTS	\$0 - \$200 Retail	Lump Sum	As Arranged	Company

⁴ These prices include a 2% discount for prepayment if payment is received before the date the inventory is shipped.

⁵ The Company assumes that you will (at least initially) operate the franchised business from your home using an automobile which you already own. If either of these assumptions is inaccurate, you should independently investigate the cost of obtaining an office and/or a vehicle for operating your franchised business. The high estimate is one month's payment of a lease for a car and one month's rent for a mini-warehouse space.

⁶ 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.

	<u>Amount or Formula</u>	<u>Due Date</u>	<u>When Paid</u>	<u>To Whom Payment is Made</u>
	\$0 - \$1,000 Grand Wholesale			
	\$0 - \$1,500 Super Grand Wholesale ⁷			
WATERMELON CART KIT	\$2,100 Retail	Lump Sum	As Arranged	Company
	\$0 - \$2,100 Standard Wholesale			
	\$0 - \$2,100 Grand Wholesale			
	\$0 - \$2,100 Super Grand Wholesale ⁸			
ADDITIONAL FUNDS Three Months ⁹	\$500 - \$1,000	As incurred	As incurred	Suppliers, state and local governments; others
TOTAL ¹⁰ :	\$29,606 - \$31,406 (Retail) \$41,469 - \$45,669 (Standard Wholesale) \$51,719 - \$56,419 (Grand Wholesale) \$62,029 - \$67,229 (Super Grand Wholesale)			

⁷ 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 full initial franchise fee, full cost of the freezer(s) and full cost of the initial inventory within 15 business days after the Company provides you with this Uniform Franchise Offering Circular.

⁸ Retail Franchisees are required to purchase at least 1 cart kit for use at retail events for \$2,100. Retail Franchisees may purchase a second cart kit and second freezer from the Company for the same prices. Standard Wholesale, Grand Wholesale Franchisees and Super Grand Wholesale Franchisees also have the option of purchasing a cart kit and using the assembled cart for participation at retail sale events.

⁹ This estimates your additional start-up expenses for the first 3 months. You may incur additional miscellaneous expenses like a telephone answering machine, a trailer to move freezers if you do not own one or have a van or truck. A trailer kit (assembly required) may be purchased for as little as \$200 through local outlets. Other costs will include printing of business cards and forms, use of a telephone (the line is not required to be dedicated to your business), purchase of clothing bearing the Licensed Marks 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.

You are required to secure a cold storage facility at your sole expense. You may need to execute whatever form of agreement your local cold storage facility requires. Storage fees typically run less than 1 to 3 per bar or \$50 - \$100 per pallet per month. If you live in an apartment building or you are unable or unwilling to operate your business from your home, you may need to rent space in a mini-warehouse.

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.

¹⁰ The Company does not offer, either directly or indirectly, financing to you for any items.

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, or from a Master Distributor designated by the Company if desired. You may, however, make emergency purchases, to fill an unexpected shortage of certain products, from another Franchisee. Frozen H & H Products are manufactured under a license from the Company under the Company's formulas and specifications. Certain advertising and promotional marketing and point of sales materials are only available for purchase from the Company. 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 Agreement with the manufacturer. FRUITFULL[®], Happy Indulgence[®] Decadent Dips[™] bars, a line of frozen dessert bars, Be Happy & Healthy[®] snacks and breads are the only current H & H Products. 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.

You must also purchase your initial freezers from the Company. Future purchases 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.

For the fiscal year ended December 31, 2006, the Company's total revenues from required product and equipment purchases and leases by franchisees was \$2,849,503 or 71% of the Company's total revenues of \$4,005,716. See, Financial Statements, Exhibit C.

You or a supplier may request that a new product be approved as a 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 an approved supplier. The Company is not restricted in the time in which it may or may not grant approval or disapproval.

The Company estimates that your required purchases from the Company and its affiliates will constitute 100% of your total purchases of inventory to establish the franchised business and 75% of your purchases of inventory in operating the franchised business.