
FRANCHISE OFFERING CIRCULAR

Sweets For Change

**Sweets For Change Franchises, Inc.
7525 Metropolitan Dr., Suite 300
San Diego, CA 92108
(619) 325-0428**

DEPARTMENT OF CORPORATIONS
RECORDED
JAN 20 2006
SAN DIEGO OFFICE

SWEETS FOR CHANGE Franchises, Inc.

INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY FEDERAL TRADE COMMISSION

TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION
Washington, D.C.

The date of issuance of this Franchise Offering Circular is _____

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ITEM 1 - THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

THE FRANCHISOR

The name of the franchisor is SWEETS FOR CHANGE Franchises, Inc. In this Franchise Offering Circular, SWEETS FOR CHANGE Franchises, Inc. is referred to as "we", "us", "our", or "SWEETS FOR CHANGE." In this Offering Circular, the Franchisee is referred to as "you", "your", or the person or legal entity [includes a corporation, partnership, LLC or other legal entity (collectively "legal entity") and their owners, officers and directors] who is buying the SWEETS FOR CHANGE franchise. We do business under the name "SWEETS FOR CHANGE." We do not do business under any other name. We maintain our principal business address at 7525 Metropolitan Drive, Suite 300, San Diego, CA 92108. We are a California corporation formed on September 16, 2005.

OUR EXPERIENCE

The officers, directors, and other executives of SWEETS FOR CHANGE have continuously conducted a business of the type that you will operate since July, 1999. We began selling franchises in November, 2005. We are not in any other line of business, except for the ownership, operation and sale of the type of franchise offered under this Franchise Offering Circular. The officers, directors, and other executives of Sweets For Change, Inc. have continuously conducted a business of the type that you will operate since September, 2003, in San Diego and San Francisco, California.

OUR BUSINESS

We were formed for the purpose of offering and selling SWEETS FOR CHANGE Franchises, and servicing, supporting and administering all functions inherent in operating the System. We derive our right to use and to license others to use the trademark "SWEETS FOR CHANGE" from a trademark assignment agreement with Sweets For Change, Inc., a California company, dated September 19, 2005 (see ITEM 13.)

OUR OTHER BUSINESS ACTIVITIES

We do not have any other business activities.

OUR PREDECESSORS

We have no Predecessor.

OUR AFFILIATES

We have no affiliates that are selling franchises or that will provide products or services to you.

All capitalized terms not specifically defined in this Franchise Offering Circular have the same meaning as the terms defined in ARTICLE 1.04 (Definitions) of the SWEETS FOR CHANGE Franchise Agreement attached as Exhibit C to this Franchise Offering Circular.

OUR AGENTS FOR SERVICE OF PROCESS

Our agents for service of process in all states are listed on Exhibit A.

DESCRIPTION OF THE SWEETS FOR CHANGE FRANCHISE

The business you must conduct as a SWEETS FOR CHANGE Franchise is a confectionary distribution and charity fund raising business and related services utilizing specially developed Starlight Children's Foundation, charitable organization sponsored, "Honor System Donation Boxes" for receipt of payment placed in businesses and other premises open to the public, identification schemes, products, route management, programs, staffing, production standards, specifications and proprietary marks and information. We may improve or otherwise change the System from time to time.

GENERAL MARKET

The general market for the products and services to be offered by you is business-to-business retail, wholesale and office establishments and other public building facilities.

INDUSTRY SPECIFIC REGULATIONS

You must comply with all local, state and federal laws that apply to your ownership and operation of your SWEETS FOR CHANGE Franchise including health, sanitation, no smoking, EEOC, discrimination, employment, and sexual harassment laws.

COMPETITION

The confectionary and candy route and distribution business is very competitive. You will have to compete with other businesses selling similar candy and confectionary services and products in connection with charity fund raising activities and numerous other vending type business opportunities and franchises. Competitors include other charitable fund raising groups, franchise companies offering similar products and services, and business opportunity vending and route businesses.

ITEM 2 - BUSINESS EXPERIENCE

DIRECTORS, OFFICERS AND OTHER EXECUTIVES

DIRECTOR AND PRESIDENT, DAVID COX

Mr. David Cox has been a Director and our President since the incorporation of SWEETS FOR CHANGE Franchises, Inc. on September 16, 2005, to the present time. Mr. Cox is the Founder and President of Help Fund Australia Pty, Ltd. and Sweets for Change, Inc., a California corporation, since July, 1999, and September 29, 2004, respectively to the present time. Mr. Cox is responsible for expanding the SWEETS FOR CHANGE business worldwide. He has established charitable and business relationships with Starlight Children's Foundation and the Nestlé Company on a worldwide basis. Help Fund Australia Pty, Ltd. operates candy and confectionary services and products businesses in connection with charity fund raising activities in 30 cities in Australia and New Zealand, of the type that you will operate. From October, 1990, to July, 1999, Mr. Cox was the owner and Chief Executive Officer of Cox Motors, an automobile dealership located in Canberra, Australia.

DIRECTOR AND CORPORATE SECRETARY, STEVE CONN

Mr. Steve Conn has been a Director and corporate Secretary for SWEETS FOR CHANGE, Franchises, Inc. since November 1, 2005. Mr. Conn is responsible for the General Management of the business including the direct management of finance and administration staff. Mr. Conn will continue to support the SWEETS FOR CHANGE business in all aspects, and is actively involved in the day to day running, management and growth of the company. Mr. Conn currently owns and manages several nationally recognized car rental companies in Australia since 1990 to the present time with operations in Brisbane, Sydney, and Melbourne under the names of Abel Rent A Car, Crown Car Rentals, and Can Do Car Rentals.

NATIONAL DIRECTOR OF FINANCE, MRS. ANDREA KING

Mrs. Andrea King has been National Director of Finance and Chief Financial Officer for SWEETS FOR CHANGE, Franchises, Inc. since November 1, 2005. She is responsible for maintenance of all financial matters relating to Sweets for Change Franchises Inc. From January, 2003, to the present time, Mrs. King has been Financial Controller for Chilmac Pty, Ltd. located in Brisbane, Australia. From August, 1993 to December, 2002, Mrs. King owned and operated a public accounting and tax preparation business in Brisbane, Australia.

DIRECTOR AND GENERAL MANAGER, KENNETH O'SHEA

Mr. Kenneth O'Shea has been a Director and General Manager for SWEETS FOR CHANGE Franchises, Inc. since its incorporation on September, 16, 2005. Mr. O'Shea is responsible for the general management of the business which includes management of financial and administration functions. Mr. O'Shea founded Eastcoast Auto Wholesale Pty, Ltd. in July 1992. Eastcoast Auto Wholesale is located in Canberra, Australia, and operates a vehicle wholesaling business. Mr. O'Shea sold the business in August, 2003. In September, 2003, to the present time, Mr. O'Shea established Eastcoast United Group Pty, Ltd. with the assistance of Austrade (Australian Government Department.) In September, 2004 to the present time, Mr. O'Shea founded East Coast United Group, Inc., a California corporation, conducting an export business in San Diego, California.

FRANCHISE OPERATIONS MANAGER, PAUL CORTESE

Mr. Paul Cortese has been Operations Manager for SWEETS FOR CHANGE Franchises, Inc. since its incorporation on September, 16, 2005 to the present time. Mr. Cortese is responsible for the overall operations of establishing both individual and master franchise areas and will be involved in the sale of Sweets For Change franchises. He has been employed in a similar role by Help Fund Australia Pty, Ltd., located in Canberra, Australia since its inception in July, 1999, to the present time. From December, 1994, to July, 1999, Mr. Cortese was an active partner in a motor vehicle business in Canberra, Australia.

INTERNATIONAL OPERATIONS MANAGER, EDWINA WEBSTER

Mrs. Edwina Webster has been International Operations Manager for SWEETS FOR CHANGE Franchises, Inc. since its incorporation on July, 16, 2005 to the present time. Mrs. Webster has also been Director of Operations Australia and is responsible for the liaison between the Australian office of Help Fund Australia Pty, Ltd. and United States offices of Sweets for Change, Inc. since September 29, 2004, to the present time. Mrs. Webster has been a Director of East Coast United Group Pty, Ltd. located in Canberra, Australia and East Coast United Group, Inc. located in San Diego, California from September, 2004, to the present time. Mrs. Webster is also responsible for maintaining the relationship between Sweets for Change, Inc. and Austrade (Australian Government Department) who through their export development project are assisting Help Fund Australia Pty, Ltd. to enter the worldwide market. From December, 1995, until July, 2001, Mrs. Webster was employed by Solution 6 Group, a worldwide software development company, as a Financial Controller.

NATIONAL DIRECTOR OF OPERATIONS UNITED STATES, KIM GRAHAM

Kim Graham has been National Director of Operations United States for SWEETS FOR CHANGE Franchises, Inc. since its incorporation on July, 16, 2005 to the present time. Miss Graham is responsible for the coordination of the day-to-day running of the East Coast United Group, Inc. office and liaison with SWEETS FOR CHANGE Franchises, Inc. personnel in the San Diego, California office. Up until July, 2005, Miss Graham had worked for Avon Products Pty, Ltd. since 1990 where she had held many varied Marketing and Inventory Management roles.

CUSTOMER SERVICE MANAGER, RENAY CROWE

Ms. Renay Crowe has been National Customer Service Manager for SWEETS FOR CHANGE, Franchises, Inc. since November 1, 2005. Ms. Crowe is responsible for all initial and ongoing customer relations contact with franchisees. She has been Customer Service Manager for Abel Car Rental in Brisbane, Australia from March, 1995, to October, 2005.

FRANCHISE BROKERS

We do not currently engage the services of any franchise brokers.

REFERRAL PROGRAM FOR EXISTING FRANCHISEES

We do not currently offer, but may decide in the future to offer a program whereby you can receive a referral fee of 2% of the Initial Franchise Fee in cash, services or product credit for referring a third party franchise prospect to us, who ultimately becomes an SWEETS FOR CHANGE Franchisee. You must only present a prospect with our informational brochure and to identify the prospect to our Company sales staff. You must not act as our agent or franchise broker and are instructed not to provide any information to prospects other than our information brochure. If you are entitled to receive a referral fee, notice will be given to the prospective franchisee receiving the FOC, together with the same type of information reported in ITEMS 2 and 3 of this Franchise Offering Circular about you. We retain the right in our sole discretion to initiate, modify or terminate this referral program at any time with or without notice.

ITEM 3 - LITIGATION

No litigation is required to be disclosed in this Franchise Offering Circular.

ITEM 4 - BANKRUPTCY

No company or person who is an officer previously identified in ITEMS 1 or 2 of this Franchise Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this ITEM.

ITEM 5 - INITIAL FRANCHISE FEE

INITIAL FRANCHISE FEE

Upon signing the Franchise Agreement, you must agree to pay to us an Initial Franchise Fee of \$25,000 before your training. Prior to the full initial franchise fee being paid, you must pay us a Five Thousand (\$5,000) non-refundable deposit to hold your territory. The territory reservation deposit is non-refundable, but will be credited against the initial Franchise Fee of \$25,000 for a Sweets For Change Business, with the balance of the Initial Franchise Fee paid prior to franchisee training.

The Initial Franchise Fee for an SWEETS FOR CHANGE Franchise is based on designated U. S. Postal Zip Code(s). You will be assigned a protected territory based upon population density, whether your location is in a metropolitan or rural area, but generally we will not place another franchise within 5 miles of the location of your SWEETS FOR CHANGE Franchise, and your protected territory will have a population base of not less than 250,000 people.

The purposes for which the Initial Franchise Fee will be used are to provide the initial site location assistance, initial training, training at your location, and the other initial services provided by us to you, and for working capital. The Initial Franchise Fee is payable to us in full prior to your SWEETS FOR CHANGE Franchisee Training. The Initial Franchise Fee is fully earned and non-refundable prior to your SWEETS FOR CHANGE Franchisee Training, except as provided below.

The Initial Franchise Fee must be refunded, without interest, to you if: (i) we do not accept you at our home office within 30 days from the date you sign the SWEETS FOR CHANGE Franchise Agreement; or (ii) any Trainee required to attend Initial Training fails to complete satisfactorily training as we determine, and we elect to terminate the SWEETS FOR CHANGE Franchise Agreement. In the case of (i) above, we must refund the entire Initial Franchise Fee. In the case of (ii) above, we are entitled to retain an amount from the Initial Franchise Fee equal to our out-of-pocket costs

and standard fees for training and other assistance provided to you and the SWEETS FOR CHANGE Franchise Agreement terminates. The Initial Franchise Fee is uniform as to all Franchisees currently purchasing an SWEETS FOR CHANGE Franchise.

OPENING INVENTORY

The typical required supplies and for-sale items held in opening inventory are Charity Donation Boxes, bags of confectionary, route supplies and promotional materials, and SWEETS FOR CHANGE wearing apparel in the amount of \$25,000.

TRAINING FEES

We will provide, at no extra charge to you and your Operating Partner, Initial Training, pre-opening training, and training materials. You must pay for all expenses of the Trainees in attending Initial Training including all travel, lodging and meal expenses. You must pay all expenses incurred to have your additional employees, independent contractors or agents attend Initial Training. We will make available to you pre-opening, on-site training by an opening supervisor. You must pay for all travel, meals and lodging costs for your attendees. See **ITEM 11, TRAINING** for additional information on training.

ITEM 6 - OTHER FEES

The following is a detailed description of other recurring or isolated fees or payments that you must pay to us or that we impose or collect for a third party. All payments are non-refundable.

Name of Fee	Amount	Due Date	Remarks
Ongoing Fee	(\$1.00) per charity donation box calculated on a weekly basis	Within 10 days of the end of the previous calendar month	You must maintain the number of charity donation boxes equal to not less than 90% of the required placement total of 600 boxes described in Schedule G of the SWEETS FOR CHANGE Franchise Agreement, with the exception of the first six months from the date of this Agreement. Further, you must manage the charity donation boxes so as to stay within 14% of the system-wide pilferage experience factor of 40%.
Ongoing Fee	10% of your total candy and confectionary purchases	Within 10 days of the end of the previous calendar month	You must pay a continuing non-refundable fee of 10% of your total confectionary purchases to the Starlight Children's Foundation Charity on a monthly basis as published, in our confidential operating manual, as amended from time to time, regardless of whether the purchases are from us or an authorized supplier described in Schedule F, (B).
Advertising Contributions to the Marketing Fund	\$200	Within 10 days of the end of the previous calendar month	You must contribute to the Marketing Fund, as further provided for in Sections 3.03, 7.01, 7.02 of the SWEETS FOR CHANGE Franchise Agreement. Sweets For Change Businesses owned by us and our Affiliates will contribute to the Marketing Fund on the same basis as you are required to do. The Marketing Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs and overhead we may incur in activities related to the administration of the Marketing Fund and its programs, including collecting and

			accounting for contributions to the Marketing Fund.
Local Advertising Requirement ²	\$100	Per calendar month	You agree to spend a minimum of \$100.00 per month on local advertising pursuant to Sections 3.04 and 7.02 of the SWEETS FOR CHANGE Franchise Agreement.
SWEETS FOR CHANGE Products ¹	As set by us or our Affiliate	Immediately upon receipt of invoice or as otherwise arranged.	You must purchase the SWEETS FOR CHANGE Products from us or from an approved source we designate and license.
Training Fees ¹	Included in Initial Franchise Fee	N/A	Any Initial Training required for new Managers, or refresher training programs or seminars we offer or require, you must pay for all travel, meals and lodging costs for your attendees.
Fees for Special Assistance ¹	As set by us or our Affiliate	Immediately upon receipt of invoice	If you request, we will furnish non-routine guidance and assistance to deal with your unusual or unique operating problems at reasonable per diem fees, charges and out-of-pocket expenses we establish.
Insurance Coverage ¹	Cost of the insurance, interest on the monies we advance and a reasonable fee	Immediately upon receipt of invoice	If you fail to maintain the insurance required by the SWEETS FOR CHANGE Franchise Agreement, we may obtain the required insurance and charge you the cost of the insurance, interest on the monies we advance and a reasonable fee for our efforts.
Reimbursement of Audit Costs ¹	Actual cost to us	Immediately upon receipt of invoice	We have the right to have an audit made of your records and conduct a physical inventory. If any inspection discloses an understatement of any reported amount of any type, in any report, you must, in addition to paying us the amount of the understatement plus interest, reimburse us for all expenses of the inspection (including reasonable accounting and attorneys' fees and costs.)
Deficiencies ¹	Actual cost to us	Immediately upon receipt of invoice	If you do not satisfy your obligations under the SWEETS FOR CHANGE Franchise Agreement, we may perform your obligations for you. You must reimburse us for our costs in performing your obligations plus interest.
Renewal Fee ¹	None	At the time you exercise the option	You must sign a new SWEETS FOR CHANGE Franchise Agreement, but there will not be an Initial Franchise Fee.
Transfer Fee ¹	None	At the time of transfer	Upon a transfer, the transferee must pay the then-current Initial Franchise Fee. If the transfer is to a corporation wholly owned by you, or to your spouse or child, no Transfer Fee or Initial Franchise Fee will be charged.
Fee for Lost Manuals ¹	\$250 for each Manual	Immediately upon receipt of invoice	Upon the theft, loss or destruction of any of the Manuals, a replacement copy will be loaned to you at a fee of \$250 for each Manual. A partial loss or failure to update any Manual is considered a complete loss.
Interest on Late Payments ¹	2% per month; or (ii) the maximum rate of interest permitted by law.	Immediately upon receipt of invoice	Although each failure to pay monies when due is an Event of Default, to encourage prompt payment and to cover the costs involved in processing late payments, if any payment under the SWEETS FOR CHANGE Franchise Agreement or any other agreement between us and you is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, any

			insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was due until paid at a rate not to exceed 2% per month or the maximum rate of interest permitted by law.
Late Charge ¹	\$250	Immediately upon receipt of invoice	In addition to interest on overdue amounts, you must pay a late charge for each payment that is more than 10 days overdue to cover our administrative costs in dealing with the late payment.
Liquidated Damages for Sale of Prohibited Products or Services ³	None	N/A	The offer to sell or the sale of unauthorized or prohibited products and services may result in damages to us and we may institute arbitration, legal action or other proceedings to enforce your SWEETS FOR CHANGE Franchise Agreement.
Liquidated Damages for Premature ³	None	N/A	We have the right to sue you for default under your SWEETS FOR CHANGE Franchise Agreement for actual damages.
Indemnification ¹	Actual cost to us	Immediately upon receipt of invoice	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings), from claims brought by third parties involving your ownership or operation of your SWEETS FOR CHANGE Franchise. This indemnity obligation continues in full effect after the expiration or termination of your Franchise Agreement.
Enforcement Costs ¹	Actual cost to us	Immediately upon receipt of invoice	If any arbitration, legal action or other proceeding is begun for the enforcement of your SWEETS FOR CHANGE Franchise Agreement, or for an alleged dispute, breach, default or misrepresentation under any provision of your Franchise Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs. If we engage legal counsel for your failure to pay when due any monies owed under your Franchise Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with your Franchise Agreement, you must reimburse us for all of the Enforcement Costs we incur.

¹ This fee is payable to us.

² This fee is payable to third parties.

³ The following states have statutes that restrict or prohibit the imposition of liquidated damages provisions: California [Civil Code Section 1671], Indiana [IC 23-2-2.7-1(10)], Minnesota [Rule 2860.4400J], South Dakota [Civil Law 53-9-5]. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law and state and federal court decisions.

UNIFORMITY

The expenses in this ITEM are uniform for persons currently offered a Franchise.

PAYMENT SCHEDULE; PRE-AUTHORIZED TRANSFERS

All required monthly payments must be submitted to us by the 5th day of each month. All other amounts owed to us are due as specified above. If no time is specified, these payments are due upon receipt of our invoice. At our option, your payments to us must be effectuated by a Payment System by the use of pre-authorized transfers from your operating account through the use of special checks or electronic funds transfer that we will process at the time any payment is due including the Ongoing Fee and the Advertising Contributions.

ADVERTISING COOPERATIVES

Advertising cooperatives have not been established at this time. Once formed, company-owned units will have the same voting power as franchise units.

ITEM 7 - INITIAL INVESTMENT

The following is our best estimate of your initial investment to open 1 SWEETS FOR CHANGE Franchise. The estimate presented covers the period before the opening of your SWEETS FOR CHANGE Franchise and for the initial phase of your SWEETS FOR CHANGE Franchise estimated to be 3 months. Our estimates do not provide for your cash requirements to cover operating losses after the initial phase or personal living expenses. You must have additional sums available, whether in cash or through unsecured credit lines, or have other assets that you can liquidate, or that you can borrow against, to cover your personal living expenses and any operating losses after the initial phase of your SWEETS FOR CHANGE Franchise. We urge you to retain the services of an experienced accountant or financial advisor in order to develop a business plan and financial projections for your SWEETS FOR CHANGE Franchise.

Your actual investment will vary depending upon local conditions peculiar to your geographic area or market, for example, real estate demand, availability and occupancy rates. Additional variables that will impact your initial investment are: size of your facility; age of the structure; length of your lease or other instrument granting you the right of occupancy to the Premises; if your space is to be built out by the developer with no initial out-of-pocket cost to you; lease arrangements; location in the market; costs of demolishing existing leasehold improvements; construction costs; other variable expenses and whether you currently hold a lease of an acceptable location. We do not expect you to purchase real estate or construct the building containing your SWEETS FOR CHANGE Franchise.

The following chart contains a summary of your initial investment. Unless otherwise indicated, payments are generally not refundable.

Expense	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee ¹	\$25,000	Lump Sum	On signing the Franchise Agreement	Us
Misc. Supplies ²	\$100 to \$200	Lump sum	Before opening	Suppliers
Opening Inventory ³	\$14,718	Lump sum	Before opening	Suppliers
Insurance ⁴	\$100 to \$200	Monthly	Before opening	Insurer
Printing and Signage ⁵	\$200 to \$500	Lump sum	Before opening	Suppliers
Office Equipment ⁶	\$250 to \$750	Lump Sum	Before opening	Suppliers
Rent/Security Dep ⁷	\$2,000	Lump sum	As required	Landlord
Initial Advertising ⁸	\$600 to \$700	As Incurred	As required	Suppliers
Leasehold Improvements ⁹	\$500 to \$1,000	As Incurred	Before beginning business	Various contractors/Suppliers
Charity Donation Boxes ^{10a}	\$9,000	Lump Sum	Before Opening	Suppliers
Vehicle ^{10b}	\$5,000 to \$7,500	Lump Sum	Before beginning business	Suppliers

Expense	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Utilities Deposits ¹¹	\$200 to \$300	As Incurred	As required	Suppliers
Licenses and Permits ¹²	\$200 to \$300	Lump sum	As required	Governmental Agencies
Legal Review ¹³	\$1,000 to \$1,500	Lump Sum	Before beginning business	Attorney
Travel, Lodging, Meals, Etc. for Initial Training ¹⁴	\$500 to \$1,000	As Incurred	As required	Suppliers
Additional Funds ¹⁵ (3 months)	\$2,500	As Incurred	During the first 3 months of operation	Third Parties
Miscellaneous Start-Up Costs ¹⁶	\$1,000	As Incurred	During the first 3 months of operation	Third Parties
TOTAL	\$62,868 to \$68,168			

¹ Initial Franchise Fee See ITEM 5 INITIAL FRANCHISE FEE for a description of the Initial Franchise Fee.

² Misc. Supplies The supplies include housekeeping, janitorial disinfectants and other miscellaneous supplies. The cost is \$100 to \$200.

³ Inventory The inventory does not fluctuate as a function of seasonal sales. The typical for-sale items held in opening inventory are candy for SWEETS FOR CHANGE charity donation boxes in the amount of \$14,718.

⁴ Insurance As discussed in ITEM 8 and Section 6.06 of the Franchise Agreement, you must carry certain specified insurance. The method and timing of payments is a matter to be resolved between you and your insurer. Because the selection of the carrier, size of the premises, location of the premises, value of the leasehold improvements, amount of inventory, amount of wages and other related conditions will vary, it is difficult to estimate the ultimate cost to you. Therefore, we can only estimate the total cost with the caution that you should obtain quotes from carriers of choice before proceeding. Our best estimate is approximately \$1,200 to \$2,400 per year, paid at the rate of \$100 to \$200 per month, for insurance coverage.

⁵ Graphics We will specify your vehicle signs and graphics and only those we approve will be used. Signs and graphics will be maintained in a condition acceptable to us at all times. The costs of fabricating approved vehicle signs and graphics can vary depending upon local market conditions but are estimated to cost approximately \$200 to \$500.

⁶ Office Equipment Office equipment consists of a PC computer, desk and file cabinet, if you do not already own, in the amount of \$250 to \$750. You can expect initial cash outlays to be lower if the items can be leased rather than purchased.

⁷ Rent We expect that you may work out of your home. However, if you rent an office, lease costs will vary based upon variances in: (i) size in square feet to be leased; (ii) cost per square foot; and (iii) common area maintenance costs. These variances are determined by location, the length of the lease, the age of the leased property, local market conditions, the size of the premises and the bargaining power of the developer or property management company. We assume that the landlord will require first and last months' rent and a security deposit equal to one months' rent. We estimate that this will be \$2,000.

⁸ Grand Opening Grand opening promotional activities vary greatly based upon the nature of the events you elect and the local rates for services selected, for example, printing and advertising. We believe that

\$600 to \$700 is sufficient to create awareness.

9 Leasehold Improvements If you rent space, the cost of leasehold improvements for your SWEETS FOR CHANGE Franchise will vary as a function of size, condition and location of the Premises, price differences among contractors, local wage rates and material costs, other local conditions and the nature of your leasehold improvements. Shelving and storage bins are needed and we estimate that leasehold improvements vary from \$500 to \$1,000. It may be less if you work out of your home.

10 a Equipment You must purchase 600 Charity Donation Boxes. Our estimate is \$9,000 paid in lump sum.

10b Equipment You must already own a vehicle. If not, we estimate the cost to be between \$5,000 to \$7,500.

11 Utilities You must to incur certain deposits with local utilities, for example, electric, telephone, gas, water, etc. These will vary depending on the policies of the local utilities but are estimated to be \$200 to \$300.

12 Licenses Local, municipal, county and state regulations vary on what licenses and permits are required to operate a SWEETS FOR CHANGE Franchise. Classification of various types of fitness centers by local governments can cause the cost of licenses to vary. The total cost is approximately \$200 to \$300. These fees are paid to governmental authorities, when incurred, before beginning business and are usually not refundable.

13 Legal While you must sign the SWEETS FOR CHANGE Franchise Agreement individually, you may decide to hold the franchise interest in a corporation or other entity and will transfer the SWEETS FOR CHANGE Franchise Agreement to a corporation or other entity formed before beginning operations. Regardless of the ownership of the SWEETS FOR CHANGE Franchise, you must comply with the fictitious, assumed, or trade name statutes of the state in which the SWEETS FOR CHANGE Franchise will be located. We estimate that the attorneys' fees, publication fees, filing fees and other costs will total \$1,000 to \$1,500 for incorporation, compliance with your state's fictitious or assumed name statute and review of this Franchise Offering Circular, depending on the scope of legal services rendered. These fees may vary from state to state depending on each state's laws and the prevailing rate of attorneys' fees. These costs are paid to attorneys, newspapers and governmental agencies, are not refundable and usually incurred before beginning business.

14 TL&M You must pay for all out-of-pocket expenses, workers' compensation insurance and all employee compensation along with federal and state taxes for the Trainees. We assume no responsibility for your human resource-related liabilities or costs during Initial Training. The typical costs of training that you must bear are the transportation, lodging, compensation and meals. The estimate is for items that are non-discretionary in nature. Generally these costs will vary widely as a function of the distance traveled, accommodations selected, restaurants selected, the distance between the hotel and the training center and the transportation selected. Using different lifestyles, distances and compensation assumptions, the estimates are from \$500 to \$1,000.

15 Working Capital You must have adequate working capital before beginning operation of a SWEETS FOR CHANGE Franchise. Working capital should be sufficient to keep the SWEETS FOR CHANGE Franchise in operation for 3 months and capable of covering the excess of expenses over cash flow from the business covering independent contractor fees, employee salaries and taxes, inventory replenishment, insurance premiums, rent, utilities and other normal expenses that are associated with the day-to-day business operation of the Franchise. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the SWEETS FOR CHANGE Franchise develops sufficient cash flow to cover all costs. The estimate for working capital is \$2,500. This figure does not include any payments to you during the start-up period. You must have sufficient personal resources to cover your living expenses during this period. In the area of working capital, you must fill out a personal/family cash flow budget and determine if there is sufficient revenue on the personal level to provide for your family through the start-up period. Clearly, working capital requirements will be a

function of your decisions regarding nearly every aspect of your SWEETS FOR CHANGE Franchise, for example, how many independent contractors you engage, the size of the payroll, rent, utilities, size of the operation and many other expenses that you decide to incur. **We do not guarantee that you will not have greater start-up expenses than these estimates, or that you will not need more operating funds than these estimates. We do not imply or guarantee that you will "break even" by any particular time.**

¹⁶ *Miscellaneous* Although the estimated start-up expenses are our best estimate, it is possible that you will exceed these figures and it would be advisable to have additional working capital available. You must have an additional \$1,000 in reserve cash.

BASIS FOR ESTIMATES

We relied on our management staff's 6 years of experience as owners and operators of SWEETS FOR CHANGE businesses of the type that you will operate since July, 1999, utilizing the SWEETS FOR CHANGE name and trademark, to compile these estimates. You must review these figures carefully with a business advisor before making any decisions to purchase a SWEETS FOR CHANGE Franchise.

FINANCING

As described in ITEM 10, neither we nor our agents offer any financing arrangements to you.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

PURCHASES FROM US OR OUR DESIGNEE

You must purchase or lease the following goods, services, supplies, equipment or inventory for the establishment of your SWEETS FOR CHANGE Franchise from us or from suppliers approved by us or under our specifications.

SWEETS FOR CHANGE PRODUCTS

We have developed certain SWEETS FOR CHANGE Products for use in the System. You must purchase from us or from an approved source we designate and license, all of your supplies of the SWEETS FOR CHANGE Products and all in accordance with our requirements then in effect. All SWEETS FOR CHANGE Products sold by or through us to you must be sold under the terms we or the manufacturer of the SWEETS FOR CHANGE Products states in writing. **EXCEPT AS WE STATE IN WRITING AND SIGN, WE DO NOT MAKE ANY EXPRESS OR IMPLIED WARRANTIES ON THESE PRODUCTS, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. OUR EXCLUSIVE LIABILITY FOR ANY WARRANTIES EXTENDED AS PROVIDED IN THE SWEETS FOR CHANGE FRANCHISE AGREEMENT IS TO REPAIR OR REPLACE, AT OUR OPTION, ANY OF THE PRODUCTS WE SOLD TO YOU THAT ARE NOT IN COMPLIANCE WITH THIS WARRANTY, IF ANY. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE YOU PAID FOR ANY PRODUCTS NOT IN COMPLIANCE WITH THIS WARRANTY, IF ANY, WHICH MAY BE EXTENDED AS PROVIDED IN THE SWEETS FOR CHANGE FRANCHISE AGREEMENT. WE WILL NOT BE LIABLE TO ANY PARTY, INCLUDING YOU AND YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOOD WILL, FROM THE USE OF (OR INABILITY TO USE) THE PRODUCTS FOR ANY PURPOSE.**

The cost of inventory and equipment purchased in accordance with our specifications will represent approximately 50% of your total purchases in connection with the establishment of your business, and less than 5% of your total purchases in the operation of your business.

OTHER ITEMS

You must also rent Charity Donation Boxes from us.

SPECIFICATIONS AND STANDARDS

To help retain the uniform and high standards necessary to retain and enhance the good will of the System and your acceptance in your market, we provide specifications and/or required suppliers for the purchase or lease of certain items. Specifications may include standards for enhancing the System's image and minimum standards for safety, appearance and other factors. We design and modify specifications based upon the uniform and high standards necessary to retain and enhance the good will of the System. Specifications are issued to you in the Manuals or otherwise in writing. The categories for these purchases or leases are as follows:

STANDARD RECOMMENDED FLOOR PLAN

We will loan to you a sample of our standard recommended floor plan for you to conform to the inventory and supplies storage on the premises.

DESIGN SPECIFICATIONS

We will loan to you specifications of our requirements for design, decoration, layout, equipment, furniture, fixtures and signs for your SWEETS FOR CHANGE Franchise. These items may be purchased from any approved supplier.

SPECIFICATIONS FOR SWEETS FOR CHANGE UNIFORMS

We will loan to you specifications for SWEETS FOR CHANGE uniforms for your employees that you must purchase directly from our approved suppliers.

INSURANCE

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance that must be required by applicable law, your landlord, lender or otherwise. The policies must be written by an insurance company reasonably satisfactory to us and include the risks, amount of coverage and deductibles as stated in the Manuals and Section 6.06 of the Franchise Agreement.

The cost of insurance purchased in accordance with our specifications will represent less than 1% of your total purchases in connection with the establishment of your business, and less than 1% of your total purchases in the operation of your business. These percentages do not include worker's compensation insurance that will vary with the payroll amount and category of employees.

ADVERTISING

You must submit to us, for our approval, all materials to be used for Local Advertising, unless they have been approved before or they consist only of materials we have provided. All materials containing Proprietary Marks must comply with the specifications stated in the Manual and in accordance with Section 10.01 of the Franchise Agreement.

APPROVED SUPPLIES AND SUPPLIERS

You must purchase or lease equipment, supplies, inventory, advertising materials, and other products and services used for the operation of your SWEETS FOR CHANGE Franchise only from authorized manufacturers, contractors and other suppliers who demonstrate, to our continuing reasonable satisfaction: (i) the ability to meet our reasonable standards and specifications for the items; (ii) possess adequate quality controls and capacity to supply your needs promptly and reliably; and (iii) have been approved in writing by us and not later disapproved. We may approve a single supplier for any brand and may approve a supplier only as to certain brand or brands. In approving suppliers for the System, we may take into consideration the price and quality of the products or services and the reliability of the supplier.

and other factors. We may concentrate purchases with one or more suppliers to obtain the lowest prices and/or the best advertising support and/or services for any group of SWEETS FOR CHANGE Franchisees or Company Units within the Chain. Approval of a supplier may be conditioned on requirements for the frequency of delivery, standards of service, including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the supplier. If we later disapprove a supplier, we will notify you in writing of the disapproval. You must cease purchasing from that supplier within a reasonable time after your receipt of our notice of disapproval.

We are not the sole supplier for any SWEETS FOR CHANGE Products.

We provide material benefits to you based on your use of designated or approved sources through negotiated purchase arrangements with suppliers for your benefit and the benefit of the other franchisees.

Of your total purchases and leases that must conform to our specifications, we estimate that 50% will be purchased from us, in connection with the establishment of your franchised business. Of your total purchases and leases that must conform to our specifications, we estimate that 10% will be purchased from us.

APPROVAL OF NEW SUPPLIERS

If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, or other products or services from an unapproved supplier, you must submit to us a written request for approval, or request the supplier to do so itself. We have the right to require, as a condition of its approval that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. We will not be liable for damage to any sample that may result from the testing process. You must pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing. You must also, as a condition to its approval, that the supplier presents satisfactory evidence of insurance, for example, product liability insurance, protecting us and you from all claims from the use of the item within the System. We will give approval or disapproval in writing and delivered to you by regular mail within 10 days after all testing and the above conditions have been completed. We reserve the right, at our option, to reinspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense and to revoke approval upon the supplier's failure to continue to meet our standards and specifications. You will receive notification of approval or disapproval of a supplier within 7 days after we have investigated and inspected the supplier. Our criteria for supplier approval are available to you.

REVENUE FROM APPROVED SUPPLIES AND SUPPLIERS

We may, and any of our affiliates may receive payments, rebates or other consideration from approved suppliers. We reserve the right to be compensated by any supplier for creating or maintaining a relationship or arrangement with approved or recommended suppliers in the future.

PURCHASING OR DISTRIBUTION COOPERATIVES

There are currently no purchasing or distribution cooperatives that you must join or in which you may participate.

We do not discriminate among our Franchisees based upon a particular Franchisee's use of an approved supplier.

ITEM 9 - FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS FRANCHISE OFFERING CIRCULAR.

Obligation	Section In Agreement ⁽¹⁾	Item In Franchise Offering Circular
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Obligation	Section In Agreement ⁽¹⁾	Item In Franchise Offering Circular
a. Site selection and acquisition/lease	Section 5.02	ITEMS 6, 7, 8 and 11.
b. Pre-opening purchases/leases	Sections 3.05, 5.02, 6.01, and 6.02	ITEMS 5, 6, 7, 8 and 11.
c. Site development and other pre-opening requirements	Sections 5.01 and 5.02	ITEMS 5, 6, 7, 8 and 11.
d. Initial and ongoing training	Sections 3.01, 4.01, 4.02, 4.03, 4.04, 4.05, 4.06, 6.01, 6.05, 12.03, and 13.02	ITEMS 6, 7, 8 and 11.
e. Opening	Section 4.01, 5.02, 8.02(4)	ITEMS 7, 8 and 11.
f. Fees	Sections 3.01, 3.02, 3.03, 3.04, 3.05, 3.06, 3.07, 4.05, 13.02(e), 15.03, 16.01, 18.04, Schedule F, and Schedule G	ITEMS 5, 6 and 7.
g. Compliance with standards and policies/Operating Manual	Sections 1.01, 1.02, 1.04, 4.05, 5.02, 5.03, 6.01, 6.02, 6.03, 6.04, 6.05, 6.06, 6.07, 7.02, 8.01, 8.02, 10.02, and 11.01,	ITEMS 8, 11 and 14.
h. Trademarks and proprietary information	ARTICLES 1.04, 2.04, 10.01, 10.02, 10.03, 10.04, and 10.05	ITEMS 13 and 14.
i. Restrictions on products/services offered	Sections 2.04, 4.03, 4.05, 6.01, 6.02, 6.07, and Schedule A,	ITEMS 8 and 16.
j. Warranty and customer service requirements	Sections 4.04	ITEM 8.
k. Territorial development and sales quotas	Section 2.06	ITEM 12.
l. Ongoing product/service purchases	Sections 6.01	ITEMS 6 and 8.
m. Maintenance, appearance and remodeling requirements	Sections 6.02	ITEMS 6, 7 and 8.
n. Insurance	Section 6.06	ITEMS 6, 7 and 8.
o. Advertising	ARTICLE 7	ITEMS 6, 7, 8 and 11.
p. Indemnification	Section 10.05, 17.02	ITEMS 6 and 8.
q. Owner's participation/management/staffing	Sections 6.01, 6.05, 12.03, and Schedule C	ITEMS 6 and 15.
r. Records and reports	ARTICLE 8	ITEM 8.
s. Inspections and audits	ARTICLE 9	ITEMS 6, 8 and 11.
t. Transfer	Section 1.04, ARTICLE 13	ITEMS 6 and 17.
u. Renewal	ARTICLE 15	ITEMS 6 and 17.
v. Post-termination obligations	ARTICLE 16	ITEM 17.
w. Non-competition covenants	11.01, 13.02(g), 18.19(b), and SCHEDULE E,	ITEM 17.
x. Dispute resolution	ARTICLE 11.04, and 18.02	ITEMS 6 and 17.

¹ Unless otherwise stated, all references are to the SWEETS FOR CHANGE Franchise Agreement attached as Exhibit C.

ITEM 10 – FINANCING

We do not offer direct or indirect financing for anything. We do not assist in providing financing for you. We do not guarantee any notes or financial obligations you may incur in setting up and operating your franchise.

ITEM 11 - FRANCHISOR'S OBLIGATIONS

EXCEPT AS DISCLOSED BELOW, WE NEED NOT PROVIDE ANY ASSISTANCE TO YOU.

FRANCHISE AGREEMENT

MANDATORY OBLIGATIONS BEFORE OPENING OF THE SWEETS FOR CHANGE FRANCHISE

After the SWEETS FOR CHANGE Franchise Agreement is signed and before opening your SWEETS FOR CHANGE Franchise, we will provide you through us or our Designee with the following assistance and services as long as you are not in default under your SWEETS FOR CHANGE Franchise Agreement:

(a) **Site Selection Assistance.** We must approve the proposed site for your Premises in writing before beginning any construction of improvements. We will supply to you our site selection criteria. We will also provide an on-site evaluation in response to your request for site selection assistance and approval. However, we will not provide on-site evaluation for any proposed site before receipt of the materials required in the Manuals. We will not unreasonably withhold approval of any site that meets our standards for demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, the size, appearance and other physical characteristics of the site, and any other factors that we consider relevant in approving or disapproving a site. We will review site approval submissions on a first-in basis. If we do not approve the selected site, you have 30 days to submit a new site within the Reserved Area for our written approval. **WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN SELECTING SITES. OUR APPROVAL OF A SITE IS NOT A REPRESENTATION OR WARRANTY THAT THE SWEETS FOR CHANGE FRANCHISE WILL BE PROFITABLE OR THAT YOUR SALES WILL ATTAIN ANY PREDETERMINED LEVELS. APPROVAL IS INTENDED ONLY TO INDICATE THAT THE PROPOSED SITE MEETS OUR MINIMUM CRITERIA FOR IDENTIFYING SITES. OUR APPROVAL OR DISAPPROVAL OF A PROPOSED SITE DOES NOT IMPOSE ANY LIABILITY ON US.** (Section 5.01 and 5.02 of the Franchise Agreement.)

(b) **Plans and Specifications.** We will loan to you our standard recommended floor plan. (Section 5.02 of the Franchise Agreement.)

(c) **Design Specifications.** We will loan to you our specifications for design, decoration, layout, equipment, furniture, fixtures and signs for your SWEETS FOR CHANGE Franchise. (Section 5.02 of the Franchise Agreement.)

(d) **Uniform Requirements.** We will provide you with specifications for SWEETS FOR CHANGE uniforms for your employees that you must purchase from our approved suppliers. (Section 5.02 of the Franchise Agreement.)

(e) **Business Planning Assistance.** After this Agreement is signed by the parties, we will review and comment on any business plan and pro forma financial projections you prepare. **WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN REVIEWING OR DEVELOPING BUSINESS PLANS. OUR REVIEW AND COMMENTARY OF A BUSINESS PLAN OR FINANCIAL PROFORMA IS NOT A REPRESENTATION OR WARRANTY THAT THE SWEETS FOR CHANGE FRANCHISE WILL BE PROFITABLE OR THAT YOUR SALES WILL ATTAIN ANY PREDETERMINED LEVELS. OUR REVIEW AND COMMENTARY IS INTENDED ONLY TO PROVIDE INFORMATION SHARING TO YOU AND SUCH REVIEW AND COMMENTARY DOES NOT IMPOSE ANY LIABILITY ON US.** (Section 8.02 of the Franchise Agreement.)

(f) **Accounting, Cost Control and Inventory Control Systems.** We will provide you with standardized accounting, cost control and inventory control systems. (Section 5.02 of the Franchise Agreement.)

(g) **Lists, Forms and Schedules.** We will loan to you a list of required equipment, supplies, materials, inventory and other items necessary to operate your SWEETS FOR CHANGE Franchise, a list of approved suppliers of all items, and an initial set of forms, including the standard brochure and various operation forms, for example, standardized periodic reporting forms for reporting accounting information, cost analysis and purchase order forms. We will also make available to you a schedule of items that must be purchased from us and a schedule of recommended items to be purchased from third-party suppliers. These forms and schedules are set forth in the Manuals. **WE DO NOT WARRANT THE COMPLETENESS, LEGALITY OR ENFORCEABILITY OF ANY AGREEMENTS OR FORMS. YOU MUST RETAIN YOUR OWN COUNSEL TO REVIEW AND CONFORM SUCH AGREEMENTS AND DOCUMENTS TO ALL APPLICABLE FEDERAL AND STATE LAWS.** (Section 5.02 of the Franchise Agreement.)

(h) **Employee Information and Assistance.** We will give to you a standardized interviewing/selection system. You must perform the hiring, disciplining, supervising, promoting and firing of your employees and the establishment of their salaries as further provided in Section 4.8. (Section 6.05 of the Franchise Agreement.)

(i) **Initial Training.** We will provide a 5-day Initial Training program. (Section 4.01 of the Franchise Agreement.) Details of Initial Training are described below under the heading **TRAINING PROGRAM.**

(j) **Loan of the Manuals.** We will loan you one registered copy of each volume of the Manuals. (Section 4.05 of the Franchise Agreement.) To protect our reputation and good will and to maintain uniform standards of operation under the Proprietary Marks, you must conduct your business in accordance with the Manuals. (Section 4.05 of the Franchise Agreement.) You must at all times treat and maintain the Confidential Information as confidential and our trade secrets. The Manuals must, at all times, be kept in a secure area within the Premises. You must strictly limit access to the Confidential Information to your employees, to the extent they have a "need to know" in order to perform their jobs. You must report the theft, loss or destruction of the Manuals, or any portion of the Manuals, immediately to us. Upon the theft, loss or destruction of any Manuals, we will loan you a replacement copy at a fee of \$250 for each Manual. A partial loss or failure to update any Manual is considered a complete loss. You must not at any time, without our written consent, copy, record or otherwise reproduce any of the Confidential Information. All persons, whom you permit to have access to the Manuals or any other Confidential Information, must first sign a confidentiality agreement. (Section 4.05 of the Franchise Agreement.)

(k) **Pre-Opening Inspection.** We will inspect your Franchise Location before you open. We will provide you with advice, as we deem appropriate, to insure that you conform to applicable Franchise standards before the Opening Date. (Section 9.01 of the Franchise Agreement.)

(l) **Pre-Opening On-Site Training; Opening Supervisor.** We will make available to you pre-opening, on-site training for at least 2 business days by our Opening Supervisor, to be conducted at your SWEETS FOR CHANGE Franchise shortly before the Opening Date. The on-site training program involves a review of required equipment, systems and operations. The Opening Supervisor will also observe charity donation box placement and oversee the operation. We will pay the expenses of the Opening Supervisor. (Section 4.01 of the Franchise Agreement.) Details are described below under the heading "Training Program."

Except as otherwise stated above, these obligations of ours will be satisfied at Initial Training, Pre-Opening Training, or within 60 days after Initial Training.

DISCRETIONARY OBLIGATIONS BEFORE OPENING OF THE SWEETS FOR CHANGE FRANCHISE

None

MANDATORY OBLIGATIONS AFTER BEGINNING OPERATIONS

The obligations we or our Designee will perform during the operation of your SWEETS FOR CHANGE Franchise are as follows as long as you are not in default under your SWEETS FOR CHANGE Franchise Agreement: