

franchise payments

As part of the conditions to being a Cupcakes Franchise Operator, there are certain payments that are required on an isolated or reoccurring basis.

The Franchise Agreement is a 10 year term.

The table below illustrates the franchise payments.

description of payment	amount of payment	whom payment is made to	when the payment is due
initial franchise fee	\$50,000 (+GST)	franchisor	during and before completion of construction
lease deposit (usually 1 st and last month)	varies (\$5,000 to \$20,000)	landlord	when lease is signed
all build out costs, including permits, contractor, handling fee, plumber, electrical, and equipment	varies (\$150,000 to \$400,000)	franchisor	beginning and at the completion of the construction
royalty fees	5% (+GST) on gross of weekly revenue (Sunday thru Saturday)	franchisor via electronic transfer	on or before the Tuesday of the following week
advertising fees	3% (+GST) on gross of weekly revenue (Sunday thru Saturday)	franchisor via electronic transfer	on or before the Tuesday of the following week
transfer fees	to be determined	franchisor	payable prior to initial training
franchise renewal fee	50% (+GST) of the current initial franchise fee	franchisor	upon resigning of franchise agreement

