

Item 7

ESTIMATED INITIAL INVESTMENT**YOUR ESTIMATED INITIAL INVESTMENT**

Type of expenditure	Amount	Method of payment	When Due	To whom payment is to be made
Initial franchisee fee	\$25,000	Cash	Upon signing the franchise agreement	Company
Construction, Leasehold improvements, and remodeling ^(Note 1)	\$90,000 - \$400,000	Check or cash	When work is performed	Contractors
Interior signage and décor	\$10,000 - \$15,000	Check or cash	Upon delivery	Approved vendors
Equipment, fixtures and other fixed assets	\$95,000 - \$150,000	Check or cash	Upon delivery	Approved vendors
Furnishings	\$12,000 - \$22,000	Check or cash	Upon delivery	Approved vendors
Inventory	\$5,000 - \$15,000	Check or cash	Upon delivery	Approved vendors
Cash Register system	\$12,000 - \$20,000	Check or cash	Upon delivery	Approved vendors
Signage ^(Note 2)	\$5,500 - \$22,000	Check or cash	Upon installation	Approved vendors
Camera System	\$3,500 - \$12,000	Check or cash	Upon installation	Approved vendors
Architectural	\$6,500 - \$15,000	Check or cash	When services are performed	Approved vendors
Permits and Licenses	\$1,500 - \$5,000	Check or cash	Upon application	Cities and counties
Insurance ^(Note 3)	\$4,200 - \$20,000	Check or cash	When policy(s) is written	Insurance carrier
Television & Stereo	\$3,500 - \$10,000	Check or cash	When Installed	Vendors
Training (transportation, lodging, etc.)	\$2,500 - \$12,000	Cash	When incurred	Vendors; hotels, employees, etc.
Security deposits, utility deposits, impact fees and other prepaid expenses	\$3,000 - \$50,000	Check or cash	Upon application	Vendors, regulatory agencies and other 3 rd parties
Working capital required before operations begin	\$10,000 - \$50,000	Cash	When services are performed	Various vendors and labor
Working capital required during the initial phase of the business (3 months) ^(Note 4)	\$25,000 - \$50,000	As incurred	As Incurred	Employees, vendors, etc.
Total Estimated Initial Investment: \$314,200 - \$893,000				

- Note 1: If you remodel an existing facility in accordance with our specifications, such remodeling costs are estimated to be \$90,000 to \$400,000 plus the cost of leasing or purchasing the real estate. It is anticipated that your lease costs would be \$12.00 to \$30.00 per square foot.
- Note 2: If your Restaurant has a drive thru window, your signage costs will increase up to \$40,000.
- Note 3: It is estimated that worker's compensation premium will be 3% of your payroll.
- Note 4: The estimate of additional funds is based on an owner-operated restaurant. It does not include any allowance for owner's draw. This estimate is based on our principal shareholder's experience in owning and operating Momma Goldberg's restaurants and information provided by our franchisees. The Company estimates that, in general, you may expect to put additional cash into the business during at least the first 3 months of operation and sometimes longer but the Company cannot estimate or promise when, or whether, you will receive a positive cash flow or profits from the franchised business.
- Total: We relied on the experience of MGD and our franchisees to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. The estimates do not include any finance charges, interest or debt service obligations.