

## APPENDIX A: INVESTMENT RISKS

## YOU MIGHT LOSE YOUR MONEY

When you buy a certificate of deposit from a bank, the Federal government (through the FDIC) guarantees you will get your money back. Buying a Note is not like that at all. The ability of Island Scoops to make the payments you expect, and ultimately to give you your money back, depends on a number of factors, including many beyond our control.

## INABILITY TO SELL YOUR INVESTMENT

The law prohibits you from selling your securities (except in certain very limited circumstances) for 12 months after you acquire them. Even after that one-year period, a host of Federal and State securities laws may limit or restrict your ability to sell your securities. Even if you are permitted to sell, you will likely have difficulty finding a buyer because there will be no established market. Given these factors, you should be prepared to hold your investment for its full term.

## THE COMPANY MIGHT NEED MORE CAPITAL

Island Scoops might need to raise more capital in the future to fund/expand operations, buy property and equipment, hire new team members, market its services, pay overhead and general administrative expenses, or a variety of other reasons. There is no assurance that additional capital will be available when needed, or that it will be available on terms that are not adverse to your interests as an investor. If Island Scoops is unable to obtain additional funding when needed, it could be forced to delay its business plan or even cease operations altogether.

## FUTURE INVESTORS MIGHT HAVE SUPERIOR RIGHTS

If Island Scoops needs more capital in the future and takes on additional debt or other sources of financing, the new investors might have rights superior to yours. For example, they might have the right to be paid before you are, to receive larger distributions, to have a greater voice in management, or otherwise.

## YOU HAVE A LIMITED UPSIDE

Notes include a maximum amount you can receive. You cannot receive more than that even if Island Scoops is significantly more successful than your initial expectations.

## YOU DO HAVE A DOWNSIDE

Conversely, if Island Scoops fails to generate enough revenue, you could lose some or all of your money.

## PAYMENTS AND RETURN ARE UNPREDICTABLE

Because your payments are based on the revenue of Island Scoops, and the revenue of Island Scoops can go up or down (or even disappear altogether) unpredictably, it is impossible to predict how much you will receive and when. And because the payments are unpredictable, so is your ultimate return.

## THE NOTES ARE UNSECURED AND UNINSURED

The Notes are not secured by any collateral, nor are they guaranteed or insured by the FDIC or any other entity.

## SUBORDINATION

The Notes shall be subordinated to all indebtedness of Island Scoops to banks, commercial finance lenders, leasing and equipment financing institutions, and/or other institutions regularly engaged in the business of lending money.

## LACK OF GUARANTY

The Notes are not personally guaranteed by any of the founders or any other person.

## LIMITATION OF INDIVIDUAL RIGHTS IN EVENT OF DEFAULT

In the event of a default under the Notes, you will not be able to enforce your rights individually (for example, by bringing a lawsuit). Instead, a representative will be appointed according to the procedures set forth in the Note Indenture. It's possible that you will not like the representative, or that the representative will do things you believe are wrong or misguided. If an event of default has occurred and a representative has been appointed, all of the representative's reasonable expenses must be paid before any further payments are made with respect to the Notes.