AGREEMENT FOR R&D PERFORMED BY GFI

It is hereby agreed between the client \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Company and David Elston, the authorized representative for

Gourmet Foods Inc also known as GFI, that R&D for the specific product will entail the following costs and conditions:

 It is declared upfront by GFI and understood by the Client that GFI does not guarantee the outcome of any R&D. If the client wishes to pursue this venture, it’s at their sole risk since the client has developed their own recipes and procedures. GFI does not provide a food scientist for its initial R&D unless one is required by the Client at an additional cost to be determined and agreed to after the first test run.

 If however a food scientist is required for the continuation of the R&D, GFI can provide one for an additional cost to be agreed upon or the Client may bring their own.

The GFI facility is SQF compliant and Kosher compliant, and all activities and testing must follow the strict guidelines required to be in compliance. Any failure on the Client’s part would constitute a breach of this agreement and the R&D may be brought to a halt. All monies paid can and may be forfeited upon the decision and discretion of GFI. Guidelines to be in compliance will be listed further down in this agreement.

A minimum fee/day of $1,500.00 for the use of its staff, equipment and facilities. A day is a maximum of 8 hours or any part thereof which includes set up and final clean up. The minimum testing period required to properly perform R&D is 3 days, which is reserved for The Client. If after the 3rd day, The Client wishes to continue R&D it is up to them, but the cost increases to $2,000 for each day thereafter providing GFI does not have any other commitments.

The Client understands that GFI is subsidizing the cost for the first 3 days and understands that it is not in GFI’s best interest to continue doing R&D for prolonged periods but would try its best to facilitate the client but not guaranteed.

The staff is included in R&D for test batches and not production-type runs. This initial staff would consist of a maximum of 4 people. Any additional worker or staff needed for the R&D run would be an additional cost at a rate of One Hundred and twenty Dollars ($120.00) for each additional person.

If, however, due to the nature of the R&D needed, the staff goes over the 8-hour period, then an additional cost of $20/ hr per worker and $150/ hr for Plant/ Facility use. The R&D hours should not exceed 10 hrs per day.

The cost of all raw materials and packaging needed is additional or to be borne by the client. If GFI already has the raw materials, they may supply the items to the Client on a cost-plus basis.

If The Client’s products are to be SQF Certified, there is an upfront fee of $5,000.00 to cover the fees charged by the certifying company and auditor. In addition, preparation of the paperwork performed by GFI is billed at $100.00 per hour.

**All Ingredients that enter our plant MUST be Kosher certified**. Before any new ingredients can enter our plant, the Kosher application provided by GFI must be filled out and returned to our Practitioner to be sent into our Certifying Organization. Upon approval, the ingredients are added to our Schedule A and we can begin the process. If this is performed by GFI, there is a charge of $1500.00 per product. If at any time, an ingredient changes or a new one is added, the process starts over. If this happens, there is an additional charge of $1500.00 per product. All ingredient and packaging costs are the responsibility of the client for R&D runs.

**All research will be the property of both GFI and the client once we bring in our expertise and food scientist.** The cost of the food scientist is based on the complexity and nature of the R&D to be performed. **This cost will be delivered in writing only after the first batch is produced without any outside interference as per the client’s recipe and procedures**.

***Finally, if we help in any way to further develop a product, we ask for a residual income from this project for the life of its production whether it is produced by us or not, which will be agreed upon in the initial stage of R&D.***

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Client Company Name

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Client Name Printed Client Signature

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Date

Gourmet Foods Inc.

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Co-packing Company GFI Rep Printed Rep Signature

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Date