



FRANCHISE DISCLOSURE DOCUMENT

Adventures in Advertising Franchise, LLC
a Delaware limited liability company
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9th Floor
Appleton, Wisconsin 54911
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<https://aiacommunity.com>

The franchise provides a business format and support system for the sale and marketing of advertising specialty products and promotional items.

The total investment necessary to begin operation of an Adventures in Advertising franchise ranges from \$39,200 to \$77,800. This includes \$0 to \$47,500 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Legal Department, at 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911, (920) 886-3792 or legal@aiacorporation.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date of this California Franchise Disclosure Document: September 22, 2021

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits B and C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Adventures in Advertising business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Adventures in Advertising franchisee?	Item 20 or Exhibits B and C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit E.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Wisconsin. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Wisconsin than in your own state.
2. **Financial Statements.** The last paragraph under the heading “Guarantee” in Note 1 of our guarantor’s audited financial statements states:

The Company’s ability to perform under the Guarantee is dependent upon and limited to: (1) its own financial resources, (2) additional borrowings available (if any) under the credit facility (see Note 4), and (3) the ability of AIA Corporation to provide the same administrative services to the Company under its administrative services agreement that are provided to AIA Franchise. In addition, if the Company is requested by multiple franchisees to perform under the Guarantee because of AIA Franchise’s financial inability to meet its obligations under its franchise and related agreements, it is probable that the Company would not have the financial resources to perform under the Guarantee because of (a) the limitations described above; (b) the Company’s joint and several liability resulting from its co-borrowing arrangement under the credit facility (see Note 4), which is senior to the Company’s obligation under the Guarantee; and (c) substantially all of the Company’s assets serve as collateral for amounts borrowed under the credit facility by all three co-borrowers.

We are unable to provide you with our audited financial statements as normally required, due to the limitations placed by rules of the U.S. Generally accepted accounting principles (FIN 46-R). FIN 46-R requires us to produce consolidated financial statements with you, which entails a detailed review of your assets and liabilities and results of operation.

Payment of the initial franchise fee is postponed until after our initial obligations are complete and you have begun operating your business. See Item 5.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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EXHIBITS

Exhibit A	Financial Statements and Guarantee
Exhibit B	List of Franchisees
Exhibit C	List of Franchisees Who Left the System
Exhibit D	Franchise Agreement, with the following exhibits:
	Exhibit 1 to Franchise Agreement: Definitions
	Exhibit 2 to Franchise Agreement: Guarantee and Assumption of Obligations
	Exhibit 3 to Franchise Agreement: Agreement for the Sale of Receivables
	Exhibit 4 to Franchise Agreement: Technology User Agreement
Exhibit E	List of State Agencies/Agents for Service of Process
Exhibit F	Operations Manuals Table of Contents
Exhibit G	Promissory Note and Guarantee
Exhibit H	Sample Form of Release
Exhibit I	California Additional Disclosures and Rider to the Franchise Agreement

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we” or “us” means Adventures in Advertising Franchise, LLC, the franchisor. “You” means the person or persons who acquire the franchise. If you are a business entity like a corporation or limited liability company, all of your owners will sign the Guarantee and Assumption of Obligations (Exhibit 2 to the Franchise Agreement) under which all provisions of the “Franchise Agreement” (Exhibit D) also will apply to your owners. Certain provisions of the Franchise Agreement and related agreements also will apply to your salespeople.

We are a limited liability company organized in Delaware. Our principal business address is 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911. If we have an agent in your state for service of process, we disclose that agent in Exhibit E. We operate under our company name and the names “Adventures in Advertising” and “A!A.”

Our parent company is AIA Corporation (“AIA Corp”). AIA Corp’s principal business address is the same as our address. We have no predecessors or other parent companies disclosable in this Item 1.

We offer and sell franchises to own and operate businesses that sell promotional products, programs and services, as well as gifts and related promotional items, and operate under the “Adventures in Advertising” and “A!A” names. We call these businesses “AIA Businesses” and call the AIA Business that you will operate under the Franchise Agreement the “Business.” The products that AIA Businesses sell include imprinted items such as wearable goods, writing instruments, desk and executive accessories, calendars, buttons, badges, recognition awards and other products. If you acquire a franchise from us, you may operate your Business at any location (the “Premises”), and use some of our proprietary trademarks, service marks, trade names and other commercial symbols, all of which we may periodically modify (the “Marks”). You must operate the Business under our system for the offer and sale of advertising and promotional products, programs and services, which uses our methods, specifications, standards, formats and operating procedures, all of which we may further improve, develop and modify (the “System”). Your Business must offer the products and services we specify.

If you are a Distributor/Sales Experienced Franchisee (defined in Item 5) and we determine (in our sole judgment) that you satisfy our financial and operational criteria for participating in our “Dual Branding Program,” then at your option, you may participate in that program according to the Franchise Agreement’s terms and conditions. If you participate in the Dual Branding Program, you must identify your Business using both the Marks and the tradename under which you previously operated your promotional products business before signing the Franchise Agreement (the “Tradename”) in all of your dealings with customers, suppliers and others in the manner that we periodically specify. Under the Dual Branding Program, you must pay AIA Services (defined below) fees and costs for the development of artwork, conceptual materials and other aspects of using the Tradename together with the Marks on marketing materials, the System Website (defined in Item 11) and otherwise for the Business, and for additional features, services or customization associated with your Webpage (defined in Item 11), as described in Item 7.

The market that AIA Businesses serve is large and still growing. AIA Businesses sell their products to large, medium and small businesses and other organizations. You will compete with local and national businesses that offer promotional products, programs and services.

We have offered franchises for AIA Businesses since May 2006. Our predecessors offered franchises for AIA Businesses from May 1994 until March 2004. Neither we nor any of our affiliates has ever owned or operated any AIA Businesses or, except as described in this Item, offered franchises in any line of business. A related company, AIA Services, LLC (“AIA Services”), currently sells promotional products and related products and services through sales affiliates. AIA Services also guarantees our obligations to you under the Franchise Agreement. AIA Services is our affiliate but, except for services offered under the Dual Branding Program, does not provide goods or services to franchisees or offer franchises in any line of business. AIA Services’ principal business address is the same as our address. Our affiliate, OfficeZilla Franchise Company, LLC (“OfficeZilla”), offers and sells franchises to own and operate businesses that sell and distribute office essentials, including general office supplies, cleaning and breakroom supplies, office furniture, office technology equipment and supplies, and other products, and operate under the “OfficeZilla” name. OfficeZilla has offered franchises for OfficeZilla businesses since December 2017, and its predecessors offered franchises for OfficeZilla businesses from May 2014 to November 2017. As of December 31, 2020, OfficeZilla had 20 franchised OfficeZilla businesses. OfficeZilla shares our principal business address. We do not engage in other business activities, except those described in this Item.

There are no regulations specific to the industry in which AIA Businesses operate, although you must comply with all local, state and federal laws that apply generally to all businesses. You also must comply with all local zoning, business licensing and other regulations applicable to your Business. You should investigate all of these laws.

Item 2

BUSINESS EXPERIENCE

Chief Executive Officer and President: Nancy Schmidt

Ms. Schmidt has been our and AIA Corp’s Chief Executive Officer and President since May 2020. From May 2019 to May 2020, she served as our Chief Financial Officer. From September 2018 to May 2019, Ms. Schmidt was Senior Manager at Wipfli, LLP in Green Bay, Wisconsin. From February 2018 to August 2018, Ms. Schmidt was AIA Corp’s Vice President of Finance. From September 2011 to January 2018, Ms. Schmidt served as Director at Werner Electric, located in Appleton, Wisconsin.

Senior Vice President of Finance: Antony West

Mr. West has been our and AIA Corp’s Senior Vice President of Finance since May 2020. From May 2018 to May 2020, he was our Vice President, Operations. Mr. West was in-between positions from January 2018 to May 2018. From September 2010 to January 2018, he served as Director of Organizational Excellence for ThedaCare, located in Appleton, Wisconsin.

Item 3

LITIGATION

During our 2020 fiscal year, we initiated 2 actions against former franchisees, as follows:

Adventures in Advertising Franchise, LLC v. Sharon L. Cook and Talk of the Town Promotions, Inc. d/b/a Sasquatch Screen Printing & Embroidering, Case No. 2020 CV 0476, Circuit Court of Outagamie County (State of Wisconsin), filed June 18, 2020 (lawsuit against former franchisee for failure to pay for services provided under the franchise agreement).

Adventures in Advertising Franchise, LLC and Touchmark Promotions, Inc. and Delisa A. Laterzo, AAA No. 01-20-0015-3448, American Arbitration Association, filed October 20, 2020 (demand for arbitration against former franchisee for breach of contract, tortious interference with contract and business relations, and enforcement of post-termination covenant not to compete; dismissed pursuant to a settlement agreement dated May 10, 2021).

Other than the above actions, no litigation is required to be disclosed in this Item. Neither we nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

Item 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

Item 5

INITIAL FEES

You must pay us an initial franchise fee of \$30,000 (except as described below for a Distributor/Sales Experienced Franchisee). Your initial franchise fee generally is nonrefundable; however, if your Net Billings (defined in Item 6) during the first Period of operating the Business are over \$150,000, we will refund \$15,000 of the initial franchise fee. A “Period” is the 12-month period (which may be shorter during the last period of the Franchise Agreement’s term) beginning on the date, or the anniversary of the date, which is the earlier of (a) the date upon which you submit your first order to the Order Processing System or (b) the date which is 90 days after the Franchise Agreement’s signing date.

If we determine that: (a) you have served as a full-time sales representative, independent sales contractor, or sales employee of a business that is substantially similar to an AIA Business for at least 3 years during the 5-year period immediately preceding the Franchise Agreement’s signing date; (b) as a sales representative, independent sales contractor, or sales employee of a business that is substantially similar to an AIA Business, you had primary responsibility for sales of at least \$120,000 in promotional products-related merchandise and supplies during the 12

consecutive months before the Franchise Agreement's signing date; or (c) you can demonstrate relevant promotional products industry experience acceptable to us, then you are a "Distributor/Sales Experienced Franchisee." We will determine, in our sole judgment, whether you meet the qualifications of a Distributor/Sales Experienced Franchisee. If you are a Distributor/Sales Experienced Franchisee, we may waive all or part of your initial franchise fee based on your total Net Billings generated by your business during the 12-month period preceding the date you sign the Franchise Agreement.

The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and the franchisee is open for business. Unless we agree to finance the initial franchise fee, you will pay the initial franchise fee in a lump sum when we have completed our initial obligations to you under the Franchise Agreement and you have begun operating the Business. We may (in our sole judgment) finance all or a portion of the initial franchise fee by allowing you to pay in installments. You would sign the Promissory Note and, if you are a business entity, all of your owners would sign the Guarantee of Promissory Note. (Exhibit G) We describe our financing terms in Item 10, but you would not pay the first installment of the initial franchise fee before we have completed our initial obligations to you under the Franchise Agreement and you have begun operating the Business. In some cases, we will pay part of your initial franchise fee to a franchise broker or an existing franchisee as compensation for services in helping to refer the transaction.

If you participate in the Dual Branding Program, you must pay AIA Services for the services it provides and reimburse the costs AIA Services incurs (including any charges from third-party vendors) to develop artwork, conceptual materials and other aspects of using the Tradename together with the Marks on marketing materials, the System Website and otherwise for the Business, and for additional features, services or customization associated with your Webpage. Currently, AIA Services charges between \$7,700 and \$17,500 under the Dual Branding Program, depending on the services and options you choose. These amounts are non-refundable. If we agree (in our sole judgment) to finance a portion of the initial fees and costs payable under the Dual Branding Program, you must sign the Promissory Note to cover the financed portion of the initial fees and costs. If you are a business entity, all of your owners also must sign the Guarantee of Promissory Note.

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Item 6

OTHER FEES

Column 1 Type of fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Loan repayments	Varies with amount of loan; approximately \$50 to \$1,000 per week (for financing your initial franchise fee) and/or \$322 to \$1,265 per week (for financing Dual Branding Program fees and costs)	Typically due weekly on the day we specify or deducted from Net Proceeds ⁽¹⁾	Due only if we finance your initial franchise fee or fees and costs payable under the Dual Branding Program
Service Fee	4% to 10% of Net Billings ⁽²⁾ , with minimum Service Fee of \$3,000 per quarter ⁽³⁾	Deducted from Net Proceeds ⁽¹⁾	See Note 3
Capital Access Charge ⁽⁴⁾	Depends on dollar amount outstanding and our interest rate (See note 4)	Deducted from Net Proceeds ⁽¹⁾	Payable on an order only if we generate the check or otherwise initiate payment on a supplier invoice before the customer pays us
Marketing Fund contribution	Amount we specify (not to exceed 1% of Net Billings, plus all promotional allowances, discounts, payments, and other consideration you receive from suppliers (excluding prompt payment discounts))	Deducted from Net Proceeds ⁽¹⁾	You must contribute to the Marketing Fund (defined in Item 11)
Optional services acquired from us	Will vary depending on service you request	As incurred	We currently provide marketing assistance and data entry/administrative services that you may, at your option, choose to acquire from us
Customer adjustments	Will vary with the circumstances	As incurred	We may adjust all customer complaints against your Business at your expense

Column 1 Type of fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Fee for adding suppliers to Order Processing System	Our processing costs (currently \$50), but could increase if our costs increase	As incurred	No fees for new franchisees during first 60 days
Fees for delivery and payment procedures	\$25 for each non-standard procedure	Deducted from Net Proceeds ⁽¹⁾	Due if you ask for a prepayment, rush or escalated payment, or a wire payment
Interest and late charges	Highest contract interest rate the law allows or 1.5% per month, whichever is less	As incurred	Due on all overdue amounts once we request payment in writing
Costs for shipping and bank charges, collection expenses and other expenses	Cost of shipping charges, bank charges (like NSF and stop payment fees), costs for collecting past due amounts from customers and other expenses	As incurred	You must reimburse us for expenses we incur on your behalf that relate to your Business
Audit expenses fee	Cost of inspection or audit (currently approximately \$1,500 to \$10,000)	Within 15 days after receipt of the inspection or audit report	Due only if audit shows an understatement of at least 5% of Net Billings or if you fail to furnish reports or other information on time
Transfer fee	\$5,000	Before we approve the transfer	Due if you transfer the Franchise Agreement or a controlling interest in you
Administrative fee for conversion of customer payments	\$500 per payment plus \$50 for each invoice included in that payment	As incurred	Due only if you receive any customer payments and do not immediately forward the payments to us. We may also terminate the Franchise Agreement
Fee for additional training	Currently no charge	As incurred	Fee is payable only if you send additional personnel to our training program. Currently we do not charge for this training

Column 1 Type of fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Annual convention fees	Currently no charge	As incurred	You must pay your personnel's registration fees in attending the annual convention. We currently do not charge any registration fees
6-Month Customer Data Fee	See Note 5	On the date we specify	Due if we or you terminate the Franchise Agreement, and you want restrictions on our use of the Customer Data post-term
12-Month Customer Data Fee	See Note 5	On the date we specify	Due if we or you terminate the Franchise Agreement, and you want restrictions on our use of the Customer Data post-term
Business administration fee	\$100 per day	On demand	Fee is payable if you sign the Franchise Agreement individually and do not transfer the Franchise Agreement to a business entity (corporation, partnership, or limited liability company) within 30 days, or if the business entity fails to validly exist or is not in good standing under the laws of the state of its incorporation or formation at any time during the franchise term
Administrative fee for non-compliance with termination	Our then current per diem fees (Currently \$500 per day)	On demand	Payable to compensate us for increased administrative and management costs if you fail to pay us all amounts due or sign our then current form of termination agreement when you terminate the Franchise Agreement
Indemnification	Will vary with the circumstances	As incurred	You must reimburse us if we are held liable for claims arising from the operation of the Business or your breach of the Franchise Agreement

Column 1	Column 2	Column 3	Column 4
Type of fee	Amount	Due Date	Remarks
Costs and attorneys' fees	Will vary with the circumstances	As incurred	Due upon your failure to comply with the Franchise Agreement or Promissory Note

We also may negotiate Service Fees with some Distributor/Sales Experienced Franchisees who are likely to generate significant Net Billings immediately upon signing the Franchise Agreement. Otherwise, except as stated above, all fees are uniform and are imposed and collected by and payable to us. All fees are non-refundable. We may pass through to you any additional fees we incur if you pay us any amounts by credit card. There are no formal advertising cooperatives in the Adventures in Advertising franchise network.

- 1/ We may collect the Promissory Note payments (if applicable), Service Fee, the Capital Access Charge and other amounts you owe us from payments that your customers submit to us under the Order Processing System. We define and describe Net Proceeds in Item 8.
- 2/ “Net Billings” means the total of all amounts that you (or any of your owners) or any of your salespersons or other representatives, or we (on your behalf), bill, charge, earn or receive from any source relating to the Business, directly or indirectly, whether in money or other form of consideration, including the fair market value of all goods and services received in exchange for any products or services that your Business offers or sells, and regardless of any discounts or other credits you provide to a customer after we issue the invoice for that customer’s order. However, Net Billings excludes freight charges and any sales, use, excise or other similar taxes collected from customers and paid to the appropriate taxing authorities. Your Business must receive only money in exchange for the goods and services that it offers and sells, and you may not barter or otherwise accept goods or services from any customer in exchange for the goods or services that your Business provides. Payments that you (or your owners) or your salespersons or other representatives receive directly from your customers, regardless of whether we process the order to which the payment relates through our Order Processing System, are included in Net Billings. Net Billings also includes any amount you (or any of your owners), an entity you (or they) control, or an entity for which you (or they) provide services bills, charges, earns or receives from the sale of promotional products, advertising specialties, awards or similar items. We may periodically modify the timing of when you are deemed to bill, charge, earn or receive Net Billings, including for purposes of assessing the Service Fees.

If we notified you in writing that a customer should not remit payment to us on any particular order, then you must pay us all Service Fees and other amounts based on the Net Billings for that order by the 10th day of the calendar month following your receipt of payment or the 90th day after you issue the applicable customer invoice, whichever is earlier.

Despite our administering the Order Processing System, you must ensure that your customers pay us in full for all invoices (subject to our right to adjust customer complaints on your behalf). If your customer fails or refuses to pay us in full for any order placed with you on or before the invoice's due date, or if we believe that collecting that invoice is doubtful (because of the customer's financial condition or any other reason), then you must pay us the full amount that the customer owes on that invoice within 10 days after our notice. We also may offset these amounts from Net Proceeds.

- 3/ You must pay us a Service Fee equal to the percentage described below of the Net Billings for the Business:

Net Billings During Previous Period	Service Fee
Under \$100,000	10%
\$100,000 to \$199,999.99	9%
\$200,000 to \$299,999.99	8%
\$300,000 to \$499,999.99	7.5%
\$500,000 to \$749,999.99	7%
\$750,000 to \$999,999.99	6.5%
\$1,000,000 to \$1,499,999.99	6%
\$1,500,000 to \$1,999,999.99	5.75%
\$2,000,000 to \$2,499,999.99	5.5%
\$2,500,000 to \$2,999,999.99	5.25%
\$3,000,000 to \$3,499,999.99	5%
\$3,500,000 to \$3,999,999.99	4.75%
\$4,000,000 to \$4,499,999.99	4.5%
\$4,500,000 to \$4,999,999.99	4.25%
Over \$5,000,000	4%

The Service Fee varies based on your Business' Net Billings during the previous Period. Except as described below, we will not adjust your Service Fee during any Period, whether your Business derives more or less Net Billings than it did during the previous Period. Neither the thresholds listed above, nor the obligation to achieve a minimum of \$1,000 in monthly Net Billings each month during the first 6 months of the first Period immediately following the date you sign the Franchise Agreement or a minimum of \$50,000 in Net Billings during each rolling 6-month consecutive period for the remainder of the franchise term, is a representation or warranty, express or implied, that your Business is likely to, may, will or should achieve these levels of Net Billings.

If the Business operated before you sign the Franchise Agreement as an AIA Business under a franchise agreement with us, then we will determine your Service Fee for the first Period using the table above based on the Business' Net Billings during the 12-month period before you sign the Franchise Agreement, and we will not adjust that Service Fee for the first Period under this note 3. If you are a Distributor/Sales Experienced Franchisee, then we will determine your Service Fee for the first Period using the table above based on your actual sales (including as a sales representative or independent sales contractor) during the 12-month period before you sign the Franchise Agreement, but we may adjust that Service Fee after 3 months under this note 3. You must provide the financial statements, tax returns and/or other information we periodically request to

verify your actual sales level during that period. In all other cases, or if you fail to provide us those financial statements, tax returns or other information, your Service Fee for the first Period is 10% of your Business' Net Billings, but we may adjust that Service Fee after 3 months under this note 3.

Unless the Business operated as an AIA Business under a franchise agreement with us before you sign the Franchise Agreement, during the 4th month after you sign the Franchise Agreement, we will review your Business' Net Billings during the first 3 months. We may, in our sole judgment, decrease (but not increase) the Service Fee percentage payable during the remainder of the first Period (but we will not refund Service Fees that you have already then paid) based on, among other factors, our estimation of your Business' Net Billings during the entire first Period. However, whether we decrease your Service Fee for the first Period is entirely up to us.

We will list the Service Fee for the first Period, and whether that fee is subject to adjustment, on the signature page to the Franchise Agreement before we and you sign it.

Beginning with the first day of the calendar quarter (i.e., January 1, April 1, July 1 or October 1) that follows the first anniversary of the Franchise Agreement's signing date and continuing for the Franchise Agreement's remaining term, you must pay us a minimum Service Fee of \$3,000 per calendar quarter. If the aggregate Service Fee payable for any full calendar quarter calculated according to this paragraph is less than \$3,000, then you must pay us the difference upon receiving our invoice.

- 4/ The Capital Access Charge for any order equals the amount of our payment to suppliers on your behalf (including deposits and letters of credit) for which we have not yet been reimbursed by your customers, multiplied by the Capital Access Rate. We compute the Capital Access Charge on a daily basis, but it will not accrue on a supplier invoice until 30 days from the date listed on the supplier invoice, regardless of when we receive the supplier invoice. The "Capital Access Rate" is the interest rate we periodically determine (at our sole option) to charge for this financing and currently is 8% per year. We may increase the Capital Access Rate at our option to reflect changing economic conditions, our assessment of collection and credit risks, and other factors, but that rate will not exceed 18% per year or the highest rate the law allows, whichever is less.
- 5/ Upon termination of the Franchise Agreement (for any reason), you may use the Customer Data without restriction, and we also may use, or authorize any other party (including our affiliate or franchisee) to use, any Customer Data that you submitted to us under the Order Processing System in order to compete with you, including to solicit those individual contact persons and customers identified in the Customer Data for the sale of competing products and services. However, you may, at your option, elect to extend our restrictions on the use of the Customer Data after the termination of the Franchise Agreement for: (i) 6 months, if you pay us the 6-Month Customer Data Fee, or (ii) 12 months, if you pay us the 12-Month Customer Data Fee. You must sign our then current form of termination agreement which will include (among other things) a general release. The "6-Month Customer Data Fee" means the Highest 6-Month Service Fees, multiplied by 2. We calculate the Highest 6-Month Service Fees by reviewing the aggregate Service Fees payable during each of the rolling 6 consecutive month periods

during the Franchise Agreement’s term; the highest level of aggregate Service Fees we calculate for those periods is called the “Highest 6-Month Service Fees.” The “12-Month Customer Data Fee” means the Highest 6-Month Service Fees, multiplied by 4.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee (1)	\$30,000	See Note 1	On signing Franchise Agreement	Us
Furniture, computer equipment, stationery and supplies (2)	\$1,200 to \$5,300	As agreed	As incurred	Suppliers
Training expenses – hotel, airfare, food, etc.	\$1,000 to \$5,000	As incurred	As incurred	Us and third parties
Dual Branding Program (3)	\$0 to \$17,500	See Note 3	7 days after brand interview	AIA Services
Miscellaneous opening costs (4)	\$1,000 to \$5,000	As incurred	As incurred	Us and third parties
Additional funds – 3 months (5)	\$6,000 to \$15,000	As incurred	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate costs) (6)	\$39,200 to \$77,800			

The initial franchise fee may be refundable based on your Net Billings in the first Period, as described in Item 5. None of the other fees in this chart are refundable.

Explanatory Notes

1. We describe the initial franchise fee and the conditions for its refund or waiver in Item 5. Under certain circumstances we may finance up to 100% of your initial franchise fee, with the remaining amount (if any) being your down payment. We and you will negotiate the amount (if any) that we will finance and your required down payment, your interest rate (typically 0% to 12%), and your repayment term (typically up to 24 months).

If we finance a portion or all of your initial franchise fee, we estimate your weekly loan payments will range from \$50 to \$500.

2. This figure includes amounts for the furniture required to operate the Business, an initial supply of letterhead and other stationery, and a specially-configured computer system, printer and facsimile machine. If you already operate a promotional products business you might already have some of these items. There is no other equipment, initial inventory or signage required to operate the Business.
3. This figure includes fees and costs payable to AIA Services under the Dual Branding Program for the development of artwork, conceptual materials and other aspects of using the Tradename together with the Marks on marketing materials, the System Website and otherwise for the Business, and for additional features, services or customization associated with your Webpage. We may finance a portion of these fees and costs, with the remaining amount (if any) being your down payment. We and you will negotiate the amount (if any) that we will finance and your required down payment, your interest rate (typically 8%), and your repayment term (typically 3 to 12 months). If we finance a portion of these fees and costs, we estimate your weekly loan payments will range from \$322 to \$1,265.
4. This figure includes amounts for introductory advertising (if any); initial legal and accounting fees; acquiring industry-standard search tools; establishing an e-mail address for the Business; acquiring insurance; purchasing collateral marketing materials (for example, brochures, direct mail pieces and other marketing pieces); acquiring business licenses; utility deposits; and other miscellaneous costs and prepaid expenses.
5. This figure represents operating expenses during the first 3 months of operations, including automobile expenses, telephone expenses and other ongoing charges. We anticipate that you will use your existing automobile in operating the Business. This estimate does not include a salary for you or other living expenses for you or your family, and also does not include any debt service related to opening the Business. These figures are estimates, and we cannot guarantee that you will not have additional expenses. Your costs will depend on how closely you follow our methods and procedures; your business skill, experience and acumen; local economic conditions and competition; the local market for promotional products; and the sales level reached during the initial period.
6. We anticipate that you will operate the Business from an office in your home or from office space that you currently occupy (if you already operate a similar business). Therefore, this chart does not include any estimates for the purchase or lease of real property, such as costs for construction, remodeling, fixtures, other fixed assets, leasehold improvements, decorating, rent or security deposits. If you decide to buy or rent office space for the Business, it will likely be in an office building, office park or similar space occupying about 500 square feet. Your monthly rent and security deposit or monthly mortgage payments will depend upon the size, condition and location of the premises and the demand for the premises among other possible tenants or purchasers.

We relied on our (and our predecessors') experience in the promotional products industry since May 1994 to compile these estimates, including the estimate of additional funds.

You should review these figures carefully with a business advisor before acquiring a franchise. Except for the Order Processing System and as disclosed in Notes 1 and 3 above, we do not offer financing directly or indirectly for any part of the initial investment.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must operate the Business under our standards and specifications, which may regulate, among other things, the brands, types and models of products that you offer and sell to customers; supplies (including business stationery and business cards), equipment (including computer equipment) and other items and services you use to operate your Business; required or authorized products or product categories and designated or approved suppliers of these items (which might include or be limited to us or our affiliates); and participation in and requirements for sales, promotional, public relations, advertising, marketing and/or customer relationship management programs and materials and media used in these programs. To maintain the quality of the goods and services that AIA Businesses sell and the reputation of the Adventures in Advertising franchise network, you must buy or lease only products, supplies, equipment and other items and services that meet our minimum standards and specifications and, if we so require in the future, from suppliers that we designate or approve. We issue and modify our standards and specifications based on our and our predecessors' experience in franchising, and our franchisees' experience in operating, AIA Businesses. These standards and specifications may impose minimum requirements for product quality, prices, delivery, performance, warranties, customer satisfaction and consistency. The System Website and/or Extranet (defined in Item 11) and the Operations Manuals (defined in Item 11) will contain our standards and specifications. We also provide some standards and specifications to our preferred vendors. Currently, the purchases and leases that you must make under our standards and specifications represent approximately 90% of your total purchases and leases in establishing, and approximately 95% of your total purchases and leases in operating, your Business.

Suppliers

Except for the Order Processing System (described below) and the Extranet, there currently are no goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate or comparable items related to establishing or operating the franchised business that you must purchase from us or designated or approved suppliers. However, you may not buy any item or buy from any supplier that we have disapproved. We will provide our general criteria for approving suppliers at your request, but we may approve or disapprove new suppliers in our sole judgment. We might disapprove a supplier if we determine, for example, that the supplier's products or performance are likely to lead to customer or franchisee dissatisfaction or if the supplier has unfavorable credit terms. We may refuse to process any order through the Order Processing System in which you, or a company affiliated with you, is the supplier.

We currently provide advertising and marketing materials and services, data entry and administrative services, and related services to Adventures in Advertising franchisees. We currently do not require you to buy these materials or services from us or from approved suppliers. If you (at your option) decide to acquire any of these services from us, we and you will agree on the cost depending on the type and amount of services you need. Except for these materials and services and the Order Processing System, the Dual Branding Program and the Extranet, neither we nor our affiliates currently are approved suppliers or the only approved suppliers of any products or services to franchisees. There currently are no suppliers of products or services to franchisees in which one of our officers owns an interest. Except for the Order Processing System (described below), there are no purchasing or distribution cooperatives.

We may in the future require you to buy or lease goods and services for your Business only from suppliers that we designate or approve (which might include or be limited to us or our affiliates). If you want to use any product or service that we have not yet evaluated, or purchase any products or services from any supplier that we have not yet approved (for products and services that we require you to purchase only from designated or approved suppliers), you first must submit sufficient information, specifications and samples for us to determine whether the product or service complies with our standards and specifications and/or the supplier meets our criteria. Within a reasonable time (about 10 days), we will determine whether the proposed product or service complies with our standards and specifications and/or the supplier meets our criteria and notify you whether you are authorized to use the product or service or purchase from the supplier. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. We may inspect the proposed supplier's facilities and require the proposed supplier to deliver product or other samples, at our option, either directly to us or to any independent laboratory that we designate for testing. We may periodically re-inspect the facilities, products and services of any approved supplier and to revoke our approval of any product, service or supplier that does not continue to meet our criteria. Our approval may be temporary, and we may revoke our approval of a product, service or supplier at any time. We charge a fee (currently \$100) for reviewing and granting approval of suppliers, products or services. We will not provide material benefits (like renewal franchises or additional franchises) to franchisees based on their purchase of particular products or services or use of particular suppliers. Despite these procedures, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for the applicable product or service or if we believe that doing so is in the best interests of the Adventures in Advertising network. If we approve of any product, service or supplier you recommend, we may allow other AIA Businesses to purchase those products and services from these suppliers, without compensation to you.

Advertising Materials

Before you use them, you must send us for our approval samples or proofs of all Local Marketing (defined in Item 11) that we have not prepared or previously approved. If you do not receive our written disapproval within 5 days after we receive the Local Marketing, it is deemed

approved. You may not use any Local Marketing to promote your Business that we have disapproved, and we may revoke our approval of these materials at any time.

Order Processing System

Unless we direct otherwise in writing, you must send all customer orders for the Business to us for billing and processing under our order processing system (the “Order Processing System”). We and our predecessors have established the Order Processing System to help franchisees establish credit with vendors, obtain advantageous vendor pricing and obtain access to working capital for their AIA Businesses. The Order Processing System is, in part, a purchasing cooperative through which franchisees can participate in arrangements that we have established with vendors for the entire Adventures in Advertising network. Under the Order Processing System, we bill and process payments from your customers, and (unless otherwise specified) we will pay your suppliers. We have negotiated prices and other terms with many suppliers of the promotional products and other products that AIA Businesses sell. Without our prior written authorization, neither you (nor your owners) nor any salesperson or other representative of your Business may process an order, bill a customer, or collect any payment from any customer for the Business. We may periodically modify the manner in which we administer and operate the Order Processing System (including the timing of when we charge the Service Fee and Capital Access Charge to your account for a particular order and charges for payment, delivery and other procedures for a particular order that vary from our standard procedures), and you must comply with the standards and procedures that we periodically implement.

Under the Order Processing System, when you receive an order from a customer, you will select the supplier with whom you wish to place the order (subject to the Franchise Agreement’s supplier restrictions), place the order with that supplier and set the price you wish to charge the customer. You then will give to us the information we require concerning the order, including the supplier’s name and the customer’s name and billing address. If the supplier is not already participating in the Order Processing System, then we will charge you a fee (currently \$50) relating to gathering and inputting the supplier’s information and otherwise establishing the supplier in the Order Processing System. You must direct customers to pay us for all products and services you sell to them and direct your supplier to send invoices and bills to us for orders that we process through the Order Processing System (unless we specify otherwise). We will send invoices to your customers, process payments received from your customers and pay your suppliers. When you sign the Franchise Agreement, we and you will sign the Agreement for the Sale of Receivables (Exhibit 3 to the Franchise Agreement) (the “Receivables Agreement”) under which you sell to us, and grant us a security interest in, all of the accounts receivable of the Business so that we may collect payments from your customers. We may periodically contact your suppliers and customers during and after the Franchise Agreement’s term concerning our and your relationship and the orders then pending in the Order Processing System.

Despite our administering the Order Processing System, you ultimately must collect all amounts from your customers if they fail or refuse to pay us. We are not liable for any bad debts, discrepancies, complaints or lost accounts that might result from our collection efforts.

At regular intervals (at least 3 times per month), we will remit to you the Net Proceeds out of the amounts we have collected on your behalf. “Net Proceeds” means the gross amount that we have collected on your behalf from your customers since our most recent remittance to you, less: (a) any amounts we have paid or are holding for payment to your suppliers; (b) prompt payment discounts we have obtained from your suppliers (which we may keep); (c) the Service Fees, Capital Access Charges and administrative fees; (d) amounts we spend to adjust customer and supplier complaints against your Business on your behalf, as described in the Receivables Agreement; (e) amounts which are then due and owing, whether by acceleration or otherwise, under the Promissory Note (if any); and (f) any other amounts you owe us or our affiliates. You may not pay any of your suppliers directly for orders that we process through the Order Processing System unless we direct otherwise.

We may refuse to process any order through the Order Processing System if we believe, in our sole judgment, that the customer placing the order does not satisfy our minimum standards of creditworthiness or that the supplier does not meet our minimum standards and qualifications. We also may, at our sole option, refuse to process any order through the Order Processing System for which you or any of your owners, or a company or individual affiliated with or otherwise related to you or any of your owners, is the supplier or the customer (or both). If we refuse in writing to process any order, you may service the customer and pay the supplier for the order, and you must promptly report to us all information we request about the order (including the amount that you will pay to the supplier). However, if we refused to process the order because we rejected the proposed supplier (rather than because we rejected either the proposed customer or both the proposed supplier and the proposed customer), then you still must direct the customer to pay us all amounts owed on that order. We may withdraw your right to participate fully in the Order Processing System if you are in default under the Franchise Agreement from the date upon which we give you notice of your default until you fully cure the default. We also may develop and periodically modify special standards and operating procedures for, and may (at our sole option) refuse to process through the Order Processing System, orders that you place, directly or indirectly, with suppliers operating outside the United States.

Taxes on Customer Orders

Unless we indicate otherwise, you must pay to the applicable government authorities all sales, use, excise and other taxes that the law requires be collected from customers and paid to the appropriate taxing authorities relating to orders that we process for your Business through the Order Processing System. We will provide you any information that you reasonably request to enable you to complete any tax-related reports and pay these taxes. You also must pay to the appropriate taxing authorities all income and other taxes relating directly or indirectly to the Business or your activities.

We may, at our option, elect to pay on your behalf any or all of the sales, use or similar taxes relating to orders that we process for your Business through the Order Processing System. If we exercise this option, you must provide us with any information we periodically request to enable us to pay these taxes. We may charge a reasonable fee (which we may periodically modify) to compensate us for our costs of providing these services. We may deduct these fees and the amount of any taxes from Net Proceeds. If we exercise this option, you still must pay all taxes relating to orders that we process for your Business through the Order Processing System

which we do not pay on your behalf, including income taxes and taxes based on the sales and activities of any Related Business (defined in Item 15).

Revenue

We and our affiliates receive volume cash rebates from vendors and suppliers based on our franchisees' placing orders with them under the Order Processing System, as well as prompt payment discounts from vendors and suppliers. We and our affiliates may keep these amounts to help defray our financing expenses, cover the cost of managing vendor relations and monitoring vendor performance, and otherwise compensate us and our affiliates for administering the Order Processing System. These rebates and discounts range from 0% to 7% of franchisees' purchases from the applicable vendors. We also might receive sample products from vendors that we will use in ways that we believe best benefit the Adventures in Advertising network. During our 2020 fiscal year, we received \$27,028 from providing marketing materials and other services (described earlier in this Item) to franchisees, which represents 0.51% of our total revenue during our 2020 fiscal year of \$5,298,492. We derived these figures from our internal financial statements.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	2.A of Franchise Agreement	7 and 11
b. Pre-opening purchases and leases	8 of Franchise Agreement	7 and 8
c. Site development and other pre-opening requirements	2.A of Franchise Agreement	7 and 11
d. Initial and on-going training	3.A of Franchise Agreement	6, 7 and 11
e. Opening	2.A of Franchise Agreement	11
f. Fees	2.C, 3.A, 4, 5.B, 8.F, 8.G, 9.B, 9.D, 10.B, 11.B, 13.A, 13.B, 13.E, 14.D and 15.D of Franchise Agreement; Promissory Note and Guarantee; 7 of Receivables Agreement	5, 6 and 7

Obligation	Section in agreement	Disclosure document item
g. Compliance with standards and policies/operating manual	3.B and 8.C of Franchise Agreement; 3 and 4 of Technology User Agreement	8 and 11
h. Trademarks and proprietary information	5, 6, 13.C and 13.D of Franchise Agreement; 5 and 8 of Technology User Agreement	11, 13 and 14
i. Restrictions on products and services	8 of Franchise Agreement	8 and 16
j. Warranty and customer service requirements	8 of Franchise Agreement; 7 of Receivables Agreement	6, 8, 11, 12 and 16
k. Territorial development and sales quotas	2.B and 12.A(2) of Franchise Agreement	12 and 17
l. Ongoing product/service purchases	8 of Franchise Agreement	6, 7, 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	8 of Franchise Agreement	8 and 11
n. Insurance	8.E of Franchise Agreement	7
o. Advertising	9 of Franchise Agreement	6, 8 and 11
p. Indemnification	14.D of Franchise Agreement	6
q. Owner's participation/management/staffing	2.A and 2.E of Franchise Agreement	11 and 15
r. Records and reports	8.H of Franchise Agreement; 10 of Receivables Agreement	6
s. Inspections and audits	10 of Franchise Agreement	6
t. Transfer	11 of Franchise Agreement; 11 of Receivables Agreement; 9 of Technology User Agreement	6 and 17
u. Renewal	Not applicable	17
v. Post-termination obligations	13 of Franchise Agreement; 7 of Receivables Agreement; 2 of Promissory Note	6 and 17
w. Non-competition covenants	7 and 13.F of Franchise Agreement	17

Obligation	Section in agreement	Disclosure document item
x. Dispute resolution	15 of Franchise Agreement; 12 and 15 of Receivables Agreement; 9 of Technology User Agreement	17
y. Operation of Related Businesses	7 and 10.B of Franchise Agreement	15 and 17
z. Obligations during suspension period	12.D of Franchise Agreement	17

Item 10

FINANCING

Financing Arrangements Under the Order Processing System

We provide working capital financing to you under the Order Processing System. Under the Order Processing System, we invoice your customers, administer the accounts receivable generated from your customers (together with related assets, collectively, the “Business Receivables”), process payments received on your Business Receivables, and pay your suppliers and certain other fees from the Business Receivables we collect. After we pay your supplier for an order and deduct the fees and other amounts which you owe to us and our affiliates under the Franchise Agreement and the Receivables Agreement, we remit the Net Proceeds (if any) to you. We charge interest on financed amounts, which we call the Capital Access Charge, at the Capital Access Rate.

When you sign the Franchise Agreement, you also must sign the Receivables Agreement, under which:

1. You grant us a first priority security interest in all of your Business Receivables and authorize us to file any financing statements or other documents to perfect our security interest in the Business Receivables and effect the Receivables Agreement’s provisions. We have collaterally assigned our security interest in your Business Receivables and Franchise Agreement to our lender, but we will remain primarily obligated to provide services to you under the Franchise Agreement. If we require, you must sign a document consenting to the collateral assignment (Receivables Agreement - Sections 2 and 6);

2. You will sell and we will buy, at the gross invoice amount (but subject to actual collection), all of your Business Receivables immediately upon their creation. (Receivables Agreement - Section 4) As payment for your accounts receivable, we will remit to you the Net Proceeds of the amounts we collect from your customers. If we have paid out more money to you or to your suppliers on your behalf than we have collected on your Business Receivables, we may deduct the difference from the next payment due to you or, at our option, send you an invoice for the amount owed. We will make payments to you at regular intervals and at least 3 times per month (Receivables Agreement - Section 5);

3. If any customer pays you (or your owner, salesperson or other representative) on an order that we processed, you are deemed to hold the entire amount you receive in trust for us as our property. You must immediately turn over to us the check or other form of payment you have received. (Receivables Agreement - Section 4) You may prepay financed amounts without penalty;

4. You irrevocably appoint us or our designee as your attorney-in-fact to endorse in your name any checks, other remittances, invoices, freight bills, and other instruments and documents relating to the Business Receivables; to sign your name to drafts against you, assignments or verifications of the Business Receivables and notices to your customers; and (if applicable law allows) to change your post office address if you cease business, breach or terminate the Franchise Agreement, breach the Receivables Agreement, or if for any reason we feel insecure about your ability or willingness to honor the Receivables Agreement (Receivables Agreement - Section 4);

5. We may, in good faith, compromise, settle or adjust all disputes or claims concerning the Business Receivables directly with your customers and suppliers, pay any disputed invoices to your suppliers, and compromise or extend the time for payment for, or grant other accommodations relating to, the Business Receivables without affecting your liability under the Receivables Agreement. You must cooperate with us in resolving any disputes involving your customers or suppliers (Receivables Agreement - Section 6); and

6. Upon your default under the Receivables Agreement, we may, at our option, declare all your obligations to us immediately due and payable and take possession of the Business Receivables and your books and records (including computer equipment) relating to the Business. We may then terminate the Franchise Agreement and exercise our rights and remedies under the Receivables Agreement, the Franchise Agreement, the Uniform Commercial Code and other applicable law. We may sell or collect on your Business Receivables, and if we do we may retain and offset against collected monies all amounts you owe us and our affiliates, including our reasonable expenses (including attorneys' fees) in exercising our rights. We will pay you or a subordinate lienholder any remaining amounts, but you are liable for any deficiency (Receivables Agreement - Section 7).

Under the Receivables Agreement, you waive demand, notice of credit extended, collateral received or delivered or other action taken, and all other demands and notices of any description. You also waive all rights that you may have to a judicial hearing in advance of the enforcement of any of our rights under the Receivables Agreement, including our rights following an event of default to take possession of collateral. You assent to any extension or postponement of the time of payment or any other indulgence; any substitution, exchange or release of collateral; the addition or release of any party or person primarily or secondarily liable; the acceptance of partial payment; and the settlement, compromising, adjusting or discharge of any of them, all in the manner and at the times that we may deem advisable. We have no duty as to the collection or protection of the collateral or any related income, nor as to the preservation of related rights, beyond the safe custody of any collateral in our possession. We may exercise our rights in the collateral without resorting or regard to other collateral or sources of reimbursement for your obligations. (Receivables Agreement - Section 14)

The Receivables Agreement will expire on the date after the termination of the Franchise Agreement on which you have paid all fees and other amounts you owe to us and we have been reimbursed in full for all amounts we have paid to your suppliers on your behalf. (Receivables Agreement - Section 9)

Your owners must personally guarantee the amounts you owe us under the Order Processing System. (Guarantee and Assumption of Obligations) Except as described above, the Receivables Agreement contains no terms waiving your legal rights or barring your assertion of any defenses against any party. We have not sold or assigned our rights in the Receivables Agreement or the Franchise Agreement in the past and have no present intention to do so, but we have granted a security interest in and collaterally assigned those rights to our lender, as discussed above. If we assign our rights, you might lose all of your defenses. Except as described in Items 6 and 8, neither we nor any affiliate receives payments or other consideration for placing these financing arrangements.

Financing of Initial Franchise Fee and Dual Branding Program Fees

We may, in our sole judgment, offer to help you “finance” (meaning you may defer paying) some or all of your initial franchise fee and the fees and costs payable under the Dual Branding Program (if applicable). However, we have no obligation to do so. Whether we offer financing, and to whom, is entirely up to us. If we do provide this financing to you, you will sign the Promissory Note. Your owners will sign the Guarantee attached to the Promissory Note under which they personally guarantee your obligations. We and you will negotiate the amount that we will finance (typically 50% to 100% of the initial franchise fee and 85% of the Dual Branding Program fees and costs), your repayment period (typically up to 24 months for the initial franchise fee and 3 to 12 months for the Dual Branding Program fees and costs), and your interest rate (which we expect to range from 0% to 12% per year for the initial franchise fee and 8% for the Dual Branding Program fees and costs). The payments typically are due weekly on the day we specify or we may deduct Promissory Note payments from Net Proceeds, although sometimes we will defer any payments until the end of the repayment period. You may prepay the Promissory Note without penalty.

If you default in your obligations under the Franchise Agreement, or if you default in the payment due under the Promissory Note, we may, at our option, and without demand or further notice to you, make the full amount of the Promissory Note immediately due and payable. The principal balance then begins to bear interest at the rate of 18% per year or the highest rate then permitted by law, whichever is less. (Promissory Note - Paragraph 2) If we collect all or any portion of the indebtedness under the Promissory Note through collection efforts or legal proceedings, we or the holder of the Promissory Note may collect reasonable attorneys’ fees and all other costs of collection, together with interest at the highest rate permitted by law. (Promissory Note - Paragraph 3)

Under the Promissory Note, you and any guarantor of the Promissory Note each waive demand, protest and notice of demand, dishonor and non-payment. (Promissory Note - Paragraph 4) Under the Guarantee, the guarantors also waive presentment, notice of dishonor, nonpayment and all other notices. (Guarantee - Paragraph 3) Except as described above, the Promissory Note and Guarantee contain no provisions waiving your legal rights or barring any defenses. Although we have no intent to do so, we may sell or assign our rights in the

Promissory Note and Guarantee and you may lose your defenses against us as a result. Except as described above, neither we nor any affiliate receives any payments or other consideration for this financing.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, Adventures in Advertising Franchise, LLC is not required to provide you with any assistance.

Before you begin operating your Business, we will:

(1) Confirm the location from which you will operate the Business. We do not formally approve the location, but we must know the location for our records and to protect our security interest under the Receivables Agreement. We do not inspect any business premises or provide assistance in locating a site or negotiating the purchase or lease of the site. We do not advise franchisees on conforming their business premises to local ordinances and building codes, obtaining permits, or constructing, remodeling or decorating the Premises. (Franchise Agreement - Section 2.A)

(2) As discussed in Item 8, identify the brands, types or models of equipment, supplies and other items and services necessary for the Business to begin operating, the minimum specifications, standards and operating procedures that you must satisfy, and, if we in the future decide to designate or approve suppliers, the names of those suppliers (which may include us or our affiliates). We will not provide products or services directly but may provide names of suppliers for some products and services. The Operations Manuals provide specifications for some products. We do not deliver or install any items. (Franchise Agreement - Sections 3 and 8)

(3) Provide our initial training program for you (or your managing owner) and your representatives. (Franchise Agreement - Section 3.A) We describe this training later in this Item.

(4) Allow you to use our Order Management and Billing Program (or any replacement system or procedures we designate) (the "OMBP") and participate in the Order Processing System. (Franchise Agreement - Sections 4 and 8.F; Receivables Agreement; Technology User Agreement) We describe the Computer System, which you will use to access our OMBP, later in this Item.

(5) Conduct an initial brand interview if you participate in the Dual Branding Program. During the brand interview, you and AIA Services (and, if applicable, a third-party vendor AIA Services may engage) will discuss the Dual Branding Program and the services offered for the development of artwork, conceptual materials, and additional features, services or customization for your Webpage.

(6) Provide you access to 1 complete set of our documents that contain some of the materials (which may include written materials, audiotapes, videotapes, computer software, compact disks and/or other electronic media) we require franchisees to use in operating AIA Businesses and which contain System standards and other information about your obligations under the Franchise Agreement (the “Operations Manuals”). You must operate the Business according to the methods of operation set forth in the Operations Manuals and other written or oral directives from us. We may periodically add to, delete from or otherwise modify the Operations Manuals to reflect changes in System standards. You must keep your copy of the Operations Manuals current and communicate all updates to your salespersons and other personnel in a timely manner. In addition, you must keep all parts of the Operations Manuals in a secure location. If there is a dispute about the contents of the Operations Manuals, our master copy will control. You may not at any time copy or duplicate any part of the Operations Manuals without our prior written consent. The Operations Manuals contain a total of 157 pages as of the date of this disclosure document and the Table of Contents is Exhibit F.

At our option, we may post the Operations Manuals on the Extranet or another restricted website to which you will have password access. If we do so, you agree to periodically monitor the website for any updates to the Operations Manuals or System standards. Any passwords or other digital identifications necessary to access the Operations Manuals are part of the Confidential Information.

Any materials, guidance or assistance that we provide regarding the terms and conditions of employment for your salespersons, employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manuals or otherwise, are solely for your optional use. Those materials, guidance and assistance do not form part of the mandatory System standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to the Business’ salespersons and other employees. We do not dictate or control labor or employment matters for franchisees and their employees. You are solely responsible for determining the compensation and other terms and conditions of employment for all salespersons and other Business employees, for all decisions concerning the hiring, firing and discipline of salespersons and other employees, and for all other aspects of the Business’ labor relations and employment practices. (Franchise Agreement - Sections 3.B and 8.C)

During your operation of the Business, we will:

(1) Advise you regarding the operation of the Business. We might provide guidance concerning sales and marketing strategies, sourcing and providing other services to customers; specifications, standards, and operating procedures for AIA Businesses; and purchasing equipment, supplies and other items and services for your Business. We will provide guidance in the Operations Manuals, on our System Website, in written reports and recommendations and other written materials, during telephone consultations or during consultations at our office or elsewhere. (Franchise Agreement - Sections 3 and 8)

(2) Establish a restricted website providing communications among us, our affiliates, you, other AIA Businesses, suppliers, and other persons and entities to whom we (in our sole judgment) periodically determine to give access (the “Extranet”). We may make the Extranet part of the System Website, which we describe in more detail later in this Item. The Extranet will provide the features, services and functionality that we periodically specify.

You must comply with the requirements that we periodically specify concerning connecting to the Extranet and using the Extranet in operating your Business. We will own all intellectual property and other rights in the Extranet and all information it contains, including its domain name or URL, the log of “hits” by visitors, any personal or business data that visitors (including you and your salespersons) supply, and all data and other information relating to suppliers, whether that information is contained on your Computer System or our (or our designee’s) computer system. We may implement and periodically modify System standards relating to the Extranet and, at our option, may discontinue the Extranet, or any services offered through the Extranet, at any time. (Franchise Agreement - Section 8.G)

(3) Continue to provide you access to the Operations Manuals. (Franchise Agreement - Section 3.B)

(4) Allow you to participate in the Order Processing System. (Franchise Agreement - Sections 4 and 8.F; Receivables Agreement; Technology User Agreement)

Advertising and Marketing

Marketing Fund

At our option, upon at least 30 days’ notice to you, we may establish, and thereafter may administer and control, a marketing and brand fund (the “Marketing Fund”) for the advertising, marketing, promotional, client relationship management, public relations and other brand-related programs and materials for all or a group of AIA Businesses that we deem appropriate. You must contribute the amount that we periodically specify to the Marketing Fund, not to exceed (1) 1% of your Business’ Net Billings, plus (2) all promotional allowances, discounts, payments and other consideration you receive from suppliers of the Business based directly or indirectly on your purchases from them (but excluding any prompt payment discounts). We may periodically contact your suppliers in order to substantiate amounts you must contribute to the Marketing Fund based on your purchases from them and may require suppliers to contribute to the Marketing Fund directly any payments those suppliers otherwise would have made to you. (Franchise Agreement - Section 9.B) (We expect your initial Marketing Fund contributions will be 1% of the Business’ Net Billings, plus all promotional allowances, discounts, payments and other consideration you receive from suppliers, as detailed above.) Each AIA Business that we or our affiliates operate need not contribute to the Marketing Fund at either the same rate as you or a rate similar to the rate at which other Adventures in Advertising franchisees contribute. Some franchisees may contribute to the Marketing Fund at different rates (or not at all) depending on the form of franchise or license agreement they signed.

We will designate and direct all programs that the Marketing Fund finances, with sole control over the creative and business concepts, materials and endorsements used and their

geographic, market and media placement and allocation. The Marketing Fund may pay for preparing, producing and placing video, audio and written materials, electronic media and social media; developing, maintaining and administering one or more System Websites and/or the Extranet, lead management and customer retention programs; administering national, regional, multi-regional and local marketing, advertising, promotional and customer relationship management programs, including purchasing trade journal, direct mail, Internet and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public and customer relations, market research, and other advertising, promotion, marketing and brand-related activities. We may place advertising in any media, including print, radio, and television, on a regional or national basis. Our in-house staff and/or national or regional advertising agencies may produce advertising, marketing, and promotional materials. The Marketing Fund also may reimburse AIA Businesses (including us and/or our affiliates) for expenditures consistent with the Marketing Fund's purposes that we periodically specify.

We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund to pay any of our general operating expenses, except to compensate us and our affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs we and they incur in connection with activities performed for the Marketing Fund and its programs, including conducting market research, preparing advertising, promotion and marketing materials, maintaining and administering the System Website, collecting and accounting for Marketing Fund contributions, and paying taxes on contributions. We will not use any Marketing Fund contributions principally to solicit new franchise sales, although part of the System Website is devoted to franchise sales. The Marketing Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified here.

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you the statement upon written request. The Marketing Fund was not operational during 2020 so we have no historical information about its operation. We do not intend for the Marketing Fund to be audited, but we may have the Marketing Fund audited periodically at the Marketing Fund's expense by an independent accountant we select.

We intend the Marketing Fund to maximize recognition of the Marks and promotion of AIA Businesses. Although we will try to use the Marketing Fund to develop and/or implement advertising and marketing materials and programs and for other uses (consistent with these provisions) that will benefit all contributing AIA Businesses, we need not ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Marketing Fund contributions from AIA Businesses operating in that geographic area, or that any AIA Business benefits directly or in proportion to the Marketing Fund contributions that it makes. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Marketing Fund's expense to collect Marketing Fund contributions. We also

may forgive, waive, settle and compromise all claims by or against the Marketing Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you for maintaining, directing or administering the Marketing Fund.

We may at any time defer or reduce an AIA Business' contributions to the Marketing Fund and, upon at least 30 days' written notice to you, reduce or suspend Marketing Fund contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will (at our option) either spend the remaining Marketing Fund assets in accordance with these provisions or distribute the unspent assets to AIA Businesses (including us and our affiliates, if applicable) then contributing to the Marketing Fund in proportion to their contributions during the previous 12-month period.

Local Advertising

All of your advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials that you or your agents or representatives develop or implement relating to the Business (collectively, "Local Marketing") must be completely clear, factual and not misleading, comply with all applicable laws and regulations, and conform to the highest ethical standards and the advertising and marketing policies that we periodically specify. You may not use any Local Marketing to promote your Business that we have disapproved. (Franchise Agreement - Section 9.C)

There currently are no cooperatives for AIA Businesses. We have a franchise advertising committee (the "Creative Committee") that advises us on new product brochure ideas and other promotional programs. The Creative Committee acts in an advisory capacity only. Therefore, while the Creative Committee may provide recommendations on advertising policies impacting the Adventures in Advertising franchise network, its recommendations are not controlling and it has no authority over advertising initiatives that we may implement. We have the power to form, change, or dissolve the Creative Committee. We appoint members to the Creative Committee based on our intent to have a representative sample of participating franchisees. We consider such factors as geographic location, Net Billings volume, and length of time operating within the Adventures in Advertising franchise network in appointing Creative Committee members. We determine the number of franchisee members (currently 3) and meetings and conference calls held during the calendar year.

System Website

We or one or more of our designees may establish a website or series of websites or similar technologies, including mobile applications and other technological advances that perform functions similar to those performed on traditional websites, for the Adventures in Advertising network to advertise, market and promote AIA Businesses, the products and services they offer, and the Adventures in Advertising franchise opportunity; to facilitate communications and the ordering process for AIA Businesses and their customers; to function as the Extranet; and/or for any other purposes that we determine are appropriate for AIA Businesses (collectively, the "System Website").

At our option, we may provide you with a separate, subsidiary webpage or series of webpages (accessible only through the System Website) for the Business (collectively, the “Webpage”). We will develop the Webpage for the Business using our then current template for franchisee webpages, which may include standards for format, “look and feel,” substantive content, and technical performance. You must give us the information and materials that we periodically request concerning the Business and your client relationships to develop, update, and modify the Webpage or otherwise necessary to enable you to participate in the System Website in the manner that we periodically specify. The Webpage may perform the functions, and offer the functionality, that we periodically specify, including displaying preferred product and service offerings and featuring corporate estores from which your customers can browse and order company-specific items.

If you participate in our Dual Branding Program, we may (at our option) provide additional features, services or customization for your Webpage in accordance with our System standards and the Operations Manuals, including the use or appearance of the Tradename on the Webpage in combination with our Marks. You must reimburse us and our affiliates for the costs we and they incur (including any charges from third-party vendors) and pay any ongoing fees we charge in providing such additional features, services or customization. If you had a website for the promotional products business that you operated before signing the Franchise Agreement, you must comply with our procedures to direct all visitors from that website to the System Website in the manner that we specify.

We will maintain the System Website, including the Webpage. We have the final decision concerning all information and functionality that appears on the System Website, including the Webpage, and will update or modify the System Website and the Webpage according to a schedule that we determine. You must notify us whenever any information about you or your Business on the System Website or Webpage changes or is not accurate. You must pay our then current monthly or other fee to participate in the various aspects of the System Website or as we otherwise require to maintain and operate the System Website’s and/or the Webpage’s various features and functions (if, or to the extent, the Marketing Fund does not pay for these costs).

We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary webpages (including the Webpage), the log of “hits” by visitors, and any personal or business data that visitors (including you, your salespersons and your customers) supply. We may use the Marketing Fund’s assets and your Marketing Fund contributions to develop, maintain, support and update the System Website. We may implement and periodically modify standards and specifications relating to the System Website and all subsidiary webpages (including the Webpage) and, at our option, may discontinue all or any part of the System Website, or any services offered through the System Website or any subsidiary webpages (including the Webpage), at any time. We will permanently remove the Webpage from the System Website, and terminate your access to and participation in the System Website, if the Franchise Agreement terminates.

All advertising, marketing and promotional materials that you develop for the Business must contain notices of the System Website and your Webpage in the manner that we

periodically designate. Except for using social media according to our standards and specifications, you may not develop, maintain or authorize any other website, other online presence or other electronic medium (such as mobile applications and other interactive properties or technology-based programs) that mentions or describes you or the Business or displays any of the Marks. Except for the System Website and the Webpage and using social media according to our standards and specifications, you may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program without our approval.

Nothing in the Franchise Agreement limits our right to maintain websites and technologies other than the System Website or to offer and sell products or services under the Marks from the System Website, another website or technology, or otherwise over the Internet without payment or obligation of any kind to you. (Franchise Agreement - Section 9.D)

Computer System

You must use a computer configured to our specifications and certain software we designate to operate the Business. (Franchise Agreement - Section 8.F) We call the computer hardware, related equipment and software that we periodically require to operate the Business the “Computer System.” You currently will use your Computer System to access our Order Management and Billing Program, or OMBP, which currently runs our Order Processing System and the Extranet. You will use the OMBP to provide us the information we need concerning your suppliers and customers (including order and quote information, purchase orders and invoices), and perform administrative and record-keeping functions. You also may use the Computer System to generate and store other personnel, financial and other data relating to your Business. When you sign the Franchise Agreement, you will sign the “Technology User Agreement” (Exhibit 4 to the Franchise Agreement). It contains the current terms governing your use of the OMBP, but we may amend or replace these terms.

The basic Computer System is Microsoft® Windows-based, but requires no specific brand or type of hardware components. It is generally available from any number of retailers, and its cost will range from \$500 for a basic system to \$5,000 for a faster system with optional features. You currently must buy a 3-year warranty and a 1-year on-site service contract for the computer hardware from the Computer System’s manufacturer or vendor. Local market conditions vary widely, but you can expect to pay about \$100 to \$300 for this additional warranty and service contract (if it is not included in the price of the machine). No party has the contractual right or obligation to provide ongoing maintenance, repairs, upgrades or updates for the computer hardware or software.

You must comply with our directions to upgrade or update any component of the Computer System within a reasonable time after receiving notice. No contract limits the frequency or cost of this obligation. We will have unlimited independent access to all information that your Computer System generates or stores. You will have sole and complete responsibility for the manner in which your Computer System interfaces with our (and other parties’) computer systems and any consequences that may arise if the Computer System is not properly operated, maintained and upgraded.

We and our affiliates may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us (including the Extranet), on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click through license agreement), that we and our affiliates periodically specify to regulate your use of, and our (or our affiliate's) and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you up front and ongoing fees for any required or recommended proprietary software, hardware or technology that we or our affiliates license to you and for other Computer System maintenance and support services provided during the Franchise Agreement's term.

Business Location and Opening

We estimate that you will begin operating your Business approximately 30 to 60 days after you sign the Franchise Agreement (which is when you first pay consideration to us). The interval depends on state and local licensing requirements, the delivery schedule for your equipment and supplies, and, if you buy or lease office space for the operation of the Business, the extent to which you must upgrade or remodel an existing location. You may not begin operating the Business until: (1) you purchase or lease all required equipment, supplies and other materials; (2) you notify us of the Premises' location; (3) you (or your managing owner) and your personnel complete the initial training program to our satisfaction; (4) you pay the initial franchise fee or sign all documents that we require for its financing; and (5) you give us evidence of insurance coverage and payment of premiums. You must open and begin operating the Business within 60 days after the date of the Franchise Agreement, unless we consent in writing to a later opening, or we may terminate the Franchise Agreement. (Franchise Agreement - Section 2.A)

Training

We currently offer 2 training programs to franchisees: our "Fundamentals of the Promotional Products Industry Training" and our "Principles of Operations and Business Management Training." We may change these programs in the future. Carrie Howle, our Training and Onboarding Manager, coordinates our training programs. She has 16 years' training experience and 9 years' experience in the promotional products industry. The instructors for our training courses vary depending on scheduling availability and other factors, but they generally each have at least 1 year's experience in their topic of instruction. Our Order Processing System manual, the Operations Manuals and other handouts comprise the instructional materials for our training programs. You must pay all salaries and travel and living expenses for your personnel during training. (Franchise Agreement - Section 3.A)

Fundamentals of the Promotional Products Industry Training

Unless you are a Distributor/Sales Experienced Franchisee, you or a representative from your Business whom we approve for training (the "Training Representative") must attend our Fundamentals of the Promotional Products Industry Training program before you begin operating your Business. You must pay us our then current training fee (currently no charge) for any additional persons attending this training, subject to space limitations. We schedule this program about once every quarter. No new franchisees attended the Fundamentals of the

Promotional Industry Training program in 2020. If you are a Distributor/Sales Experienced Franchisee, you (or your owners) need not attend this program.

The following chart describes our Fundamentals of the Promotional Products Industry Training program as of the date of this disclosure document:

TRAINING PROGRAM
(Fundamentals of the Promotional Products Industry Training)

Column 1 Subject	Column 2 Hours of Classroom Training ^(A)	Column 3 Hours of On-The-Job Training	Column 4 Location
Foundations of AIA and the Industry	14	0	Appleton, Wisconsin
The Promotional Agency Approach	8	0	Appleton, Wisconsin or your Business Premises ^(B)
Apparel 101	7	0	Appleton, Wisconsin
Hardgoods 101	5	0	Appleton, Wisconsin
Business Management	5-7	0	Appleton, Wisconsin

(A): Depending on participants' needs and requests, we might spend extra time on some subjects and less time on others.

(B): We provide some portions of the classroom training via webinar, telephone or other distance learning. Based on our assessment of your and your personnel's background and proficiency we might allow you to participate in these sessions from your Business premises.

Principles of Operations and Business Management Training

The Principles of Operations and Business Management Training program is for all franchisees. You or the Training Representative must attend and complete the Principles of Operations and Business Management Training program to our satisfaction before you begin operating the Business. We schedule these training courses about every other month, except during January and July. You currently may send as many representatives of your Business as you desire to the same session of the initial training course at no charge.

We have different Principles of Operations and Business Management Training programs for Distributor/Sales Experienced Franchisees and other franchisees. The following chart

describes the Principles of Operations and Business Management Training program for non-Distributor/Sales Experienced Franchisees as of the date of this disclosure document:

TRAINING PROGRAM
(Principles of Operations and Business Management Training
for Non-Distributor/Sales Experienced Franchisees)

Column 1 Subject	Column 2 Hours of Classroom Training ^(A)	Column 3 Hours of On-The-Job Training	Column 4 Location
Order Entry	8	0	Appleton, Wisconsin or your Business Premises ^(B)
Business Operations	4	0	Appleton, Wisconsin or your Business Premises ^(B)

(A): Depending on participants' needs, we might spend extra time on some subjects and less time on others.

(B): We provide some portions of the classroom training via webinar, telephone or other distance learning, so you may choose either to attend live classes in Appleton, Wisconsin or to participate in these sessions from your Business premises.

The following chart describes the Principles of Operations and Business Management Training program for Distributor/Sales Experienced Franchisees as of the date of this disclosure document:

TRAINING PROGRAM
(Principles of Operations and Business Management Training
for Distributor/Sales Experienced Franchisees)

Column 1 Subject	Column 2 Hours of Classroom Training ^(A)	Column 3 Hours of On-The-Job Training	Column 4 Location
Introduction to AIA	6	0	Appleton, Wisconsin or your Business Premises ^(B)

Column 1	Column 2	Column 3	Column 4
Order Entry	8	0	Appleton, Wisconsin or your Business Premises ^(B)
Business Operations	4	0	Appleton, Wisconsin or your Business Premises ^(B)

(A): Depending on participants' needs, we might spend extra time on some subjects and less time on others.

(B): We provide some portions of the classroom training via webinar, telephone or other distance learning, so you may choose either to attend live classes in Appleton, Wisconsin or to participate in these sessions from your Business premises.

Generally, your training attendees must complete training at least 5 days before the Business's projected opening date. If anyone whom we require to attend any mandatory training fails to complete the program to our satisfaction, that person, or any replacement you appoint, must complete the next training program to our satisfaction. You must pay us our then current training fee (currently no charge) for anyone attending an additional mandatory training program.

Ongoing Training During Franchise Agreement's Term

If you are not a Distributor/Sales Experienced Franchisee, beginning about 2 weeks after you begin operating your Business, and continuing for about 60 to 90 days after that, one of our representatives will contact you by phone about once per week to discuss your progress and answer your questions. These calls typically last a half an hour to an hour. We do not charge for this additional assistance.

At our option, but not more often than once every 2 years during the Franchise Agreement's term, you or your Training Representative (and/or your personnel we specify) must attend and complete, to our satisfaction, supplemental training programs at locations that we designate. Currently, no supplemental training programs are planned. If we furnish these supplemental training programs, we will not charge you an additional fee, but, you must pay all wages and travel and living expenses associated with these programs. Your personnel whom we periodically specify also must attend any conventions that we periodically specify for some or all AIA Businesses, and you must pay for all registration fees and your personnel's travel, living and other expenses and compensation incurred in connection with attendance at such conventions. (We currently do not charge any registration fees.)

Item 12

TERRITORY

You may operate the Business, and your salespersons and employees may maintain offices, at any location. We will identify the Business' initial Premises on the signature page to the Franchise Agreement. You may relocate the Premises at any time during the Franchise Agreement's term, but you must notify us in writing of the Premises' new location. You may not establish more than one office or location for the Business which receives customers or bears the Marks.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We may establish and operate, and allow franchisees and others to establish and operate, AIA Businesses and similar businesses at any location, and these businesses may compete with your Business. We and our affiliates may engage in any other activities we deem appropriate, including:

- (1) operating and granting franchises for AIA Businesses at any locations (even near your Business) and on any terms and conditions we deem appropriate; and
- (2) selling products and services that are identical or similar to, or dissimilar from, those offered by AIA Businesses, whether identified by the Marks or other trademarks, through any distribution channels we deem appropriate (including commissioned sales representatives), wherever located or operating.

There are no restrictions on where we, our affiliates, you and other franchisees may solicit customers or accept orders. We and our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to solicit and make sales to customers in your Business' market area using the Marks and other trademarks, subject to our customer data policy (described below). You may use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales in any area if you follow our standards.

If your Business fails to achieve at least \$1,000 in monthly Net Billings for each month during the first 6 months of the first Period of the Franchise Agreement's term and \$50,000 in aggregate Net Billings during each rolling 6-month consecutive period thereafter for the remainder of the term, we reserve the right, at our sole option, to terminate the Franchise Agreement. You have no options, rights of first refusal or similar rights to acquire additional franchises.

We have adopted a policy to address concerns over the confidentiality of customer data. We will not use, or authorize any other party to use, any Customer Data that you submit to us under the Order Processing System to compete with you during the Franchise Agreement's term. After the Franchise Agreement terminates (for any reason), we may use the Customer Data without restriction unless you pay us the 6-Month Customer Data Fee or 12-Month Customer Data Fee, depending on how long you want the restrictions on our use of the Customer Data to continue following termination of the Franchise Agreement. To extend our restrictions on

Customer Data use, you must sign our then current form of termination agreement which will include (among other things) a general release. “Customer Data” means a customer’s company name and business address, the name of your individual contact person on the customer’s staff, and historical information about the customer’s orders from you. However, if we or any other party should obtain Customer Data, or other information regarding past, present or potential customers for your Business, whether during or after the term of the Franchise Agreement, from sources other than the Order Processing System, we are not restricted in any way from using, or authorizing any other party to use, that Customer Data and other information in any capacity, including to solicit those individual contact persons and customers identified in the Customer Data for the sale of competing products and services. Customer Data may be available from many sources, including, for example, industry mailing lists and unsolicited calls from customers and potential customers.

AIA Services currently sells promotional products and related products and services to customers through independent sales affiliates. These sales affiliates operate under the “Adventures in Advertising” name and in a manner that is substantially similar to an AIA Business. Neither we nor our affiliates operate, franchise, or have plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those that franchisees will offer, although we (and they) have the right to do so in the future. As described in Item 1, OfficeZilla is the franchisor of business essentials and office products businesses that operate under the “OfficeZilla” name. While OfficeZilla may sell promotional products to customers as part of its overall product offering, its primary focus for most of its customers is office products, not on the promotional products that constitute the vast majority of the products which AIA Businesses offer and sell. OfficeZilla businesses may solicit and accept orders in the areas where your Business operates, and your Business may solicit and accept orders in the areas where OfficeZilla businesses operate.

Item 13

TRADEMARKS

You may use certain Marks in operating the Business. AIA Corp registered the following principal Marks on the Principal Register of the United States Patent and Trademark Office (the “PTO”):

Mark	Registration Number	Date Registered	Affidavits Filed?	Registration Renewed?
ADVENTURES IN ADVERTISING	2,307,532	January 11, 2000	Yes	Yes
A!A	5,448,155	April 17, 2018	Not Due	Not Due

AIA Corp granted us the rights to use and sublicense the Marks under a Trademark License Agreement dated April 19, 2006. That agreement has a 10-year initial term and is renewable for an unlimited number of one-year renewal terms unless either party notifies the other of its decision not to renew. AIA Corp may terminate the agreement only if we fail to comply with the agreement and do not cure the failure within 30 days after notice. No agreement significantly limits our rights to use or license the Marks in a manner material to the franchise.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, any state trademark administrator or any court, and no pending infringement, opposition or cancellation proceedings, or material federal or state court litigation, involving the Marks or our (or AIA Corp's) use or ownership rights in any Mark. We do not know of either superior prior rights or infringing uses that could materially affect a franchisee's use of the Marks in any state.

You must follow our rules when you use the Marks. You must use, and must cause your salespersons and other representatives to use, the Marks to identify your Business in the form and manner that we periodically specify. You must identify yourself as the independent owner and operator of the Business under a franchise agreement with us in the manner we periodically require. Unless you participate in the Dual Branding Program, you, your salespersons and your other representatives must use the Marks as the primary identification of the Business in all your dealings with customers, suppliers and others in the manner that we periodically specify. If you participate in our Dual Branding Program, you, your salespersons and your other representatives must identify your Business using both the Marks and the Tradename in all of your dealings with customers, suppliers and others in the manner that we periodically specify. If you participate in the Dual Branding Program:

- (1) you must represent and warrant to us that you own all intellectual property rights in and to the Tradename, and that our and your use of the Tradename does not and will not infringe any other party's intellectual property or other rights;

- (2) you must engage the suppliers that we periodically specify (which may include or be limited to us or our affiliates) to develop the artwork, conceptual materials and other aspects of using the Tradename together with the Marks on marketing materials, the System Website, and otherwise in the operation of the Business. You must pay the initial fees associated with the development of such artwork and conceptual materials and other initial and ongoing fees for services associated with your use of the Tradename in the Business (which we may finance);

- (3) we may implement and periodically modify standards and specifications relating to the Dual Branding Program and your participation in the Dual Branding Program; and

- (4) we may, upon 30 days' written notice to you, discontinue the Dual Branding Program and/or your participation in the Dual Branding Program, after which time you must cease all use of the Tradename in any manner associated with the Business (except as set forth above) and use the Marks as the primary identification of the Business.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for any loss of goodwill associated with any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

You must notify us immediately of any apparent infringement of or challenge to your use of any Mark or any person's claim of any rights in any Mark. We and AIA Corp may take any action we or AIA Corp deems appropriate (including no action) and control exclusively any litigation or administrative or other proceeding resulting from the infringement, challenge or claim or otherwise concerning any Mark. You must give any reasonable assistance that we request to protect and maintain our and AIA Corp's interest in any litigation or proceeding related to any Mark or otherwise to protect and maintain our and AIA Corp's interests in the Marks.

We need not protect your right to use the Marks nor protect you against claims of infringement or unfair competition arising from your use of the Marks. We need not participate in your defense nor indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. We claim copyrights in the Operations Manuals, our marketing materials, our website, information relating to the OMBP, and similar items used in operating the Business. We have not registered these copyrights with the United States Registrar of Copyrights. You may use these items while operating your Business only according to the Franchise Agreement and our directions. You must modify or stop using any copyrighted materials upon notice from us. We need not reimburse you for expenses. As between us and you, we own all rights to these copyrighted materials.

There are no currently effective determinations of the PTO, the United States Copyright Office or any court, and no pending infringement, opposition or cancellation proceedings or material litigation, including any of the copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any infringing uses that could materially affect a franchisee's use of the copyrighted materials in any state. No agreement requires you to notify us of infringements or potential infringements of the copyrights, but if we learn of infringements we may take any action that we deem appropriate (or no action). We or AIA Corp may control exclusively any litigation or other proceeding arising from any infringement, challenge or claim or otherwise concerning any copyrighted materials. No agreement requires us to protect copyrights or confidential information or to defend or indemnify you for any expenses or damages in any judicial or administrative proceeding involving any of the copyrighted materials or any claims arising from your use of copyrighted materials.

The Operations Manuals, our website and other materials contain our Confidential Information. "Confidential Information" means information relating to the methods, specifications, systems, and knowledge of and experience in the development, operation and franchising of AIA Businesses, including information, methods, procedures and systems concerning the development and/or operation of the Order Processing System (including the design and functionality of the website we use to administer and operate the Order Processing System). You may not use the Confidential Information except to operate the Business nor sell

or otherwise profit from any Confidential Information except during the Franchise Agreement's term using approved methods. You must maintain the absolute confidentiality of the Confidential Information both during and after the Franchise Agreement's term and adopt all procedures we reasonably require to prevent unauthorized disclosure of Confidential Information.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must at all times faithfully, honestly, and diligently perform your contractual obligations and fully exploit your Franchise Agreement rights. We do not require, but do recommend, that your managing owner personally supervise your Business. The manager you appoint need not have an equity interest in the Business or in you. Your employees must agree in writing to preserve any Confidential Information to which they have access. We may deal with any manager or other employee of the Business on matters pertaining to the Business' day-to-day operations, including matters pertaining to the Order Processing System.

You may engage third parties, whether they are your employees or independent contractors, to solicit, market and/or make sales to customers on behalf of your Business. We call these employees or independent contractors "salespersons" throughout this disclosure document. When dealing with customers and other third parties on behalf of your Business, salespersons must identify themselves solely as agents of your Business in the manner that we periodically specify. All salespersons (whether they are your employees or independent contractors) are your agents, and you are liable and responsible for all of their actions and failures to act, including for all amounts owed on their orders placed through the Order Processing System and ensuring that they do not collect payments from customers. All salespersons must comply with all applicable Franchise Agreement provisions and all related agreements (although they will have no rights under those agreements), and any salesperson's breach of the Franchise Agreement or any related agreements is your breach.

Each of your owners will personally guarantee your obligations under the Franchise Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, including the confidentiality provisions and restrictions on owning interests in or performing services for competing or related businesses. This Guarantee and Assumption of Obligations is Exhibit 2 to the Franchise Agreement.

In order to protect our Confidential Information, ensure a free exchange of ideas among our franchisees and accurately determine the Net Billings of the Business, neither you nor your owners, nor any members of your or their immediate families, may: (a) own any interest in or perform services for a Competitive Business, or divert or attempt to divert any customers of the Business to any Competitive Business; or (b) own any interest in or perform services for any Related Business without our written approval. A "Competitive Business" is any person or business that directly or indirectly offers or sells, or grants franchises or licenses to others to offer or sell, advertising or specialty products, programs or services or other promotional items, whether at wholesale or retail. A "Related Business" is any person or business that directly or indirectly offers and sells, or grants franchises or licenses to others to offer and sell, products or

services that are related to those offered in the Business or other AIA Businesses, such as embroidery, silk screening, award-making and the manufacture or distribution of premium and incentive business supplies or forms. We will not unreasonably withhold our approval if we determine that the Related Business has sufficient capital to operate and offers products and services that are dissimilar to the products and services you offer in the Business. You may not own any direct or indirect interest in or perform services for any Related Business, but your owners may do so with our consent. Under the Franchise Agreement we may inspect the books and records of your Related Business and, if we determine that any of its revenue should be included in the Net Billings of the Business, you must: (a) pay us the fees the Franchise Agreement requires which are derived from that revenue; and (b) if we require, your owners must transfer their interests in the Related Business to someone not associated, directly or indirectly, with your Business and stop performing services for the Related Business.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products, and perform all services, that we require for AIA Businesses. You may not offer any products or perform any services that we have disapproved. We periodically may change the types of required and/or authorized goods and services, and there are no limits on our right to do so. The Franchise Agreement also prohibits you from selling your customer lists or otherwise using the Customer Data or related information for any purpose other than operating the Business.

At our sole option, we may periodically develop policies and procedures that regulate the customers (and the contact parties at those customers) who you and other AIA Businesses (including those operated by us or an affiliate) solicit and to whom you and they may sell products and services. These policies and procedures may (at our option) include criteria for designating customers as exclusive, mechanisms for allocating revenue and responsibilities between AIA Businesses that provide products and services to the same customer (or affiliates within the same customer group), and other standards designed in part to facilitate the operation of the Adventures in Advertising network. If we implement these policies and procedures, you must comply with them, as we may periodically modify them, to the maximum extent the law allows.

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Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Length of the term of the franchise	Section 2.A of Franchise Agreement and Paragraph 1 of Promissory Note	Franchise Agreement's term is perpetual. We and you negotiate Promissory Note's term, typically 3 to 24 months
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Section 12.D of Franchise Agreement	You may terminate the Franchise Agreement at any time, without cause, on 90 days' written notice
e. Termination by franchisor without cause	Sections 2 and 10 of Technology User Agreement	We may not terminate the Franchise Agreement without cause. We may modify the Technology User Agreement and the services we offer on the System Website
f. Termination by franchisor with cause	Section 12.A of Franchise Agreement and Section 7 of Technology User Agreement	We may terminate the Franchise Agreement and related agreements if you, your owners or the Business commits one of several violations
g. "Cause" defined – curable defaults	Sections 12.A, 12.B and 12.C of Franchise Agreement and Paragraph 2 of Promissory Note	You have 10 days to cure monetary and other operational defaults not listed in (h) below. Upon your default (but before termination), we may stop providing you services and/or stop paying Net Proceeds. Also see note below concerning Suspension Period

Provision	Section in franchise or other agreement	Summary
h. "Cause" defined – non-curable defaults	Section 12.A of Franchise Agreement and Section 7 of Technology User Agreement	Non-curable defaults under Franchise Agreement include failure to begin operating the Business, failure to report sales for 2 consecutive months, failure to achieve minimum Net Billings, material misrepresentation or omission, conviction of felony or other crime or offense, dishonest or unethical conduct, slander or libel, inducement of breach or interference with prospective relations, unauthorized transfer, unauthorized use or disclosure of Operations Manuals or Confidential Information, our receiving 2 or more complaints from actual or potential customers or vendors, termination of another agreement with us or affiliate, directing customer to pay you or failing to promptly remit customer's payment to us (even if you pay amounts owed to us based on that payment), repeated defaults (even if cured), and bankruptcy-related events. Upon your default (but before termination), we may: stop providing you services; temporarily remove information concerning the Business from the System Website (or temporarily remove the Webpage from the System Website) and/or stop your or the Business' participation in programs or benefits offered on or through the Extranet or System Website; suspend your right to participate in advertising and other brand-related programs that we or the Marketing Fund provides; and/or stop paying Net Proceeds. Also see note below concerning Suspension Period. All breaches of Technology User Agreement are non-curable. You are responsible for your personnel's use of the System Website and compliance with Franchise Agreement

Provision	Section in franchise or other agreement	Summary
i. Franchisee's obligations on termination/nonrenewal	Section 13 of Franchise Agreement, Sections 6 and 9 of Receivables Agreement, and Paragraphs 2 and 3 of Promissory Note	Pay outstanding amounts due to us (including amounts under the Promissory Note and 6-Month Customer Data Fee or 12-Month Customer Data Fee, if applicable), stop using Marks and Confidential Information, and return or destroy confidential materials. If we terminate the Franchise Agreement, we will continue to process then pending orders through the Order Processing System but will not process new orders and may stop paying Net Proceeds. If you terminate the Franchise Agreement, we will continue to invoice your customers, collect the Business Receivables, and pay your suppliers, until termination of the Franchise Agreement is effective
j. Assignment of contract by franchisor	Section 11.A of Franchise Agreement and Section 11 of Receivables Agreement	No restriction on our right to assign. You may not interfere with any of our negotiations regarding a transfer
k. "Transfer" by franchisee-defined	Section 11.B of Franchise Agreement and Section 3 of Receivables Agreement	Includes transfer of Franchise Agreement, assets of Business (other than sales of inventory in normal course of business) or client relationships, or ownership interest in you, as well as transfer or any encumbrance of Business Receivables
l. Franchisor approval of transfer by franchisee	Section 11.C of Franchise Agreement, Section 11 of Receivables Agreement and Section 9 of Technology User Agreement	You may not transfer without our prior written approval, which we will not unreasonably withhold. You may not transfer Receivables Agreement or Technology User Agreement without transferring Franchise Agreement

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor approval of transfer	Section 11.C of Franchise Agreement	We may impose reasonable conditions, including that you are in compliance, transferee and its owners meet requirements for experience, credit history and other businesses, transferee signs our then current franchise agreement, transfer fee paid, and you (and transferring owners) sign general release (if state law allows)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11.D of Franchise Agreement	We have the right to match offers under certain conditions
o. Franchisor's option to purchase franchisee's Business	Not applicable	Not applicable
p. Death or disability of franchisee	Section 10.C of Franchise Agreement	Must transfer Franchise Agreement and Business or ownership interest in you to approved buyer within 9 months
q. Non-competition covenants during the term of the franchise	Section 7 of Franchise Agreement	Without our consent, no owning interest in, performing services for or diverting business to Competitive Business or Related Business
r. Non-competition covenants after the franchise is terminated or expires	Section 13.F of Franchise Agreement	For 1 year, no owning interest in, performing services for or diverting business to competitive business ranked as a "Top 10" national distributor by an Advertising Specialty Institute® publication (or any successor or replacement listing that we reasonably specify) for any of the 3 years immediately preceding the effective date of termination. If you pay us the 12-Month Customer Data Fee, the above restrictions will not apply following termination of the Franchise Agreement

Provision	Section in franchise or other agreement	Summary
s. Modification of the agreement	Section 15.M of Franchise Agreement, Section 11 of Receivables Agreement and Sections 3 and 10 of Technology User Agreement	No modifications without written agreement signed by you and us, but we may change Operations Manuals and standards and may modify Technology User Agreement, manner in which we administer and operate Order Processing System, and services our website provides
t. Integration/merger clause	Section 15.J of Franchise Agreement and Section 10 of Technology User Agreement	Only terms of Franchise Agreement (including exhibits) are binding (subject to state law). Any other promises might not be enforceable. Nothing is intended to disclaim any representation made in this disclosure document
u. Dispute resolution by arbitration or mediation	Section 15.E of Franchise Agreement	We and you must arbitrate all disputes within 10 miles of our then existing principal business address (currently Appleton, Wisconsin)
v. Choice of forum	Section 15.G of Franchise Agreement and Section 15 of Receivables Agreement	Subject to arbitration obligations, litigation must be in state where we then maintain our principal business address (currently Wisconsin) (subject to state law)
w. Choice of law	Section 15.F of Franchise Agreement and Section 12 of Receivables Agreement	Except for federal law, Wisconsin law controls (subject to state law)

After default or when termination is imminent, but before termination, we may suspend your full participation in the Order Processing System. During the “Suspension Period,” you must still operate under the Franchise Agreement and send your orders and assign receivables to us, but you must pay your suppliers. You may not collect payments from customers during the Suspension Period. You still owe Service Fees and other amounts based on Net Billings from orders generated during the Suspension Period. We will provide you statements concerning these orders but need not pay any Net Proceeds during the Suspension Period. We may notify your customers and suppliers about your suspended status.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Antony West, our Senior Vice President of Finance, at 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911 and (920) 886-3700, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

All figures in the following tables are as of December 31 of each year. For states not listed in a table, there was no activity to report during our last 3 fiscal years. All businesses listed as "company-owned" in the tables involve AIA Services selling promotional products and related products and services to customers through sales affiliates.

Table No. 1

**Systemwide Outlet Summary
For years 2018 to 2020**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2018	136	126	-10
	2019	126	112	-14
	2020	112	93	-19
Company- Owned	2018	135	130	-5
	2019	130	122	-8
	2020	122	114	-8
Total Outlets	2018	271	256	-15
	2019	256	234	-22
	2020	234	207	-27

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2018 to 2020**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2018	0
	2019	0
	2020	0
Total	2018	0
	2019	0
	2020	0

Table No. 3

**Status of Franchised Outlets
For years 2018 to 2020**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened ^(A)	Termina- tions	Non- Renewals	Reacquired by Franchisor	Ceased Opera- tions- Other Reasons	Outlets at End of the Year
Alabama	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
California	2018	13	0	0	0	0	0	13
	2019	13	0	0	1	0	0	12
	2020	12	0	0	0	0	1	11
Colorado	2018	5	0	0	0	0	2 ^(C)	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Connecticut	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Florida	2018	9	0	0	1	0	0	8
	2019	8	0	1	0	0	0	7
	2020	7	0	0	0	0	1	6
Georgia	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
Hawaii	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Illinois	2018	2	0	1	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened ^(A)	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Indiana	2018	5	0	0	0	0	1 ^(C)	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	2	2
Iowa	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Kansas	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Kentucky	2018	3	0	0	0	0	1 ^(C)	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Maine	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Massachusetts	2018	8	0	0	0	0	0	8
	2019	8	0	0	1	0	1 ^(B)	6
	2020	6	0	0	0	0	1	5
Michigan	2018	5	0	0	0	0	1 ^(C)	4
	2019	4	0	0	1	0	0	3
	2020	3	0	0	0	0	0	3
Minnesota	2018	5	0	0	0	0	1 ^(C)	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	3	1
Nevada	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened ^(A)	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
New Hampshire	2018	3	0	0	0	0	0	3
	2019	3	1 ^(A)	0	0	0	0	4
	2020	4	0	0	0	0	0	4
New Jersey	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
New York	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
North Carolina	2018	4	0	0	0	0	1 ^(C)	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Ohio	2018	6	0	0	0	0	0	6
	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
Oklahoma	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
Oregon	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Pennsylvania	2018	8	0	0	0	0	0	8
	2019	8	0	0	0	0	3 ^(C)	5
	2020	5	0	0	0	0	1	4
Rhode Island	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened ^(A)	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
South Carolina	2018	5	0	0	0	0	0	5
	2019	5	0	0	1	0	1 ^(C)	3
	2020	3	0	0	0	0	0	3
South Dakota	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Tennessee	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Texas	2018	15	0	0	0	0	1 ^(C)	14
	2019	14	0	0	0	0	3 ^(C)	11
	2020	11	0	0	0	0	6	5
Utah	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	1 ^(C)	0
	2020	0	0	0	0	0	0	0
Virginia	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Washington	2018	7	0	0	0	0	0	7
	2019	7	0	1	0	0	0	6
	2020	6	0	0	0	0	1	5
Wisconsin	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	1	2
Totals	2018	136	0	1	1	0	8	126
	2019	126	1	2	4	0	9	112
	2020	112	0	0	0	0	19	93

Notes to Table No. 3:

- (A) Figures for 2018, 2019 and 2020 in this column reflect not only outlets from new franchises sold during the year, but also (1) a transaction in which a franchisee in another state transferred the franchise to a franchisee located in that state, who then “opened” the franchised business in that state, and (2) a franchisee’s decision to move his or her office from another state and relocate to that state, even though the franchisee did not transfer the franchise to a third party.
- (B) Indicates either (1) a transaction in which a franchisee in that state transferred the franchise to a franchisee located in another state, who then “opened” the franchised business in that other state, or (2) a franchisee’s decision to move his or her office from that state and relocate to another state, even though the franchisee did not transfer the franchise to a third party. These transactions result in a loss of an outlet operating in that state at the end of the year.
- (C) Indicates a franchise that we and the applicable franchisee mutually agreed to terminate by signing a mutual termination and release agreement.

Table No. 4

**Status of Company-Owned Outlets
For years 2018 to 2020**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Alaska	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Arizona	2018	5	0	0	0	0	5
	2019	5	0	0	1	0	4
	2020	4	0	0	1	0	3
Arkansas	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2018	13	3	0	4	0	12
	2019	12	2	0	3	0	11
	2020	11	1	0	1	0	11
Colorado	2018	4	2	0	1	0	5
	2019	5	1	0	0	0	6
	2020	6	2	0	0	0	8
Connecticut	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	2	0	0	0	3
Florida	2018	5	1	0	0	1	5
	2019	5	0	0	1	0	4
	2020	4	0	0	2	0	2
Georgia	2018	7	0	0	0	0	7
	2019	7	0	0	0	0	7
	2020	7	0	0	2	0	5
Idaho	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1
Iowa	2018	3	0	0	0	0	3
	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
Illinois	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Indiana	2018	2	0	0	0	0	2
	2019	2	0	0	1	0	1
	2020	1	1	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Kansas	2018	2	0	0	0	0	2
	2019	2	1	0	1	0	2
	2020	2	1	0	0	0	3
Kentucky	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Louisiana	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1
Maryland	2018	2	0	0	0	0	2
	2019	2	2	0	0	0	4
	2020	4	0	0	1	0	3
Massachusetts	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Michigan	2018	3	0	0	0	0	3
	2019	3	1	0	0	0	4
	2020	4	0	0	0	0	4
Minnesota	2018	3	0	0	1	0	2
	2019	2	0	0	0	0	2
	2020	2	0	0	1	0	1
Mississippi	2018	1	0	0	1	0	0
	2019	0	1	0	0	0	1
	2020	1	2	0	0	0	3
Missouri	2018	2	1	0	1	0	2
	2019	2	0	0	0	0	2
	2020	2	1	0	0	0	3

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Nevada	2018	2	0	0	0	0	2
	2019	2	0	0	0	0	2
	2020	2	0	0	1	0	1
New York	2018	5	1	0	2	0	4
	2019	4	0	0	0	0	4
	2020	4	0	0	0	0	4
North Carolina	2018	4	1	0	0	0	5
	2019	5	0	0	0	0	5
	2020	5	0	0	1	0	4
New Hampshire	2018	2	0	0	0	0	2
	2019	2	0	0	1	0	1
	2020	1	0	0	1	0	0
New Jersey	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
New Mexico	2018	2	0	0	0	0	2
	2019	2	0	0	1	0	1
	2020	1	2	0	0	0	3
Ohio	2018	4	0	0	1	0	3
	2019	3	1	0	1	0	3
	2020	3	0	0	2	0	1
Oklahoma	2018	2	0	0	0	0	2
	2019	2	1	0	1	0	2
	2020	2	1	0	0	0	3
Oregon	2018	10	2	0	1	0	11
	2019	11	1	0	2	0	10
	2020	10	1	0	0	0	11

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Pennsylvania	2018	3	0	0	1	0	2
	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
South Carolina	2018	0	1	0	0	0	1
	2019	1	1	0	0	0	2
	2020	2	0	0	0	0	2
South Dakota	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Tennessee	2018	4	2	0	1	0	5
	2019	5	2	0	2	0	5
	2020	5	0	0	5	0	0
Texas	2018	16	0	0	2	0	14
	2019	14	1	0	3	0	12
	2020	12	2	0	5	0	9
Utah	2018	1	0	0	0	0	1
	2019	1	0	0	1	0	0
	2020	0	0	0	0	0	0
Virginia	2018	9	0	0	2	0	7
	2019	7	1	0	0	0	8
	2020	8	0	0	0	0	8
Washington	2018	5	0	0	2	0	3
	2019	3	1	0	1	0	3
	2020	3	1	0	1	0	3

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Wisconsin	2018	6	2	0	0	0	8
	2019	8	1	0	6	0	3
	2020	3	0	0	3	0	0
Totals	2018	135	16	0	20	1	130
	2019	130	18	0	26	0	122
	2020	122	19	0	27	0	114

Table No. 5

Projected Openings as of December 31, 2020

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	0	0	3
California	0	0	2
Colorado	0	0	1
Connecticut	0	0	1
Florida	0	0	3
Illinois	0	0	2
Indiana	0	0	1
Louisiana	0	0	1
Michigan	0	0	3
Minnesota	0	0	1
Nevada	0	0	2
New Jersey	0	0	2
New York	0	0	1
Ohio	0	0	1
Oregon	0	0	1
Pennsylvania	0	0	3
Tennessee	0	0	2
Texas	0	0	1
Washington	0	0	1
Total	0	0	32

Exhibit B contains a list of the names of all of our franchisees as of December 31, 2020 and the addresses and telephone numbers of all of their AIA Businesses. Exhibit C is a list of the names, cities and states, and telephone numbers of the 19 franchisees who had a franchise terminated, canceled or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchisees signed confidentiality clauses during our last 3 fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Adventures in Advertising franchise network. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We created, sponsor and support the AIA Owner Advisory Council as a trademark-specific franchisee organization. The AIA Owner Advisory Council has no separate address, telephone number, e-mail address or web address, but its current contact is Joél Bastien, 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911, (775) 300-0527. There are no other trademark-specific franchisee organizations associated with the Adventures in Advertising franchise network that are incorporated or otherwise organized under state law and have asked us to be included in this disclosure document.

Item 21

FINANCIAL STATEMENTS

Exhibit A is AIA Services' audited financial statements as of and for the fiscal years ending January 2, 2021, December 28, 2019, and December 29, 2018. AIA Services' unaudited balance sheet as of July 3, 2021 and unaudited statement of operations for the 6-month period ending July 3, 2021 also are attached as Exhibit A. AIA Services is our affiliated "sister" company and has agreed to guarantee our liabilities and obligations to franchisees and under the franchise laws. Exhibit A contains a copy of this guarantee.

Exhibit A also contains our unaudited financial statements as of and for the fiscal years ending January 2, 2021 and December 28, 2019. Our unaudited balance sheet as of July 3, 2021 and unaudited statement of operations for the 6-month period ending July 3, 2021 also are attached as Exhibit A. Our unaudited financial statements are prepared on a non-consolidated basis and are not prepared in accordance with Generally Accepted Accounting Principles (GAAP). The statements are prepared on an accrual basis and reflect all of our transactions, except as Financial Accounting Standards Board Interpretation No. 46-R (revised December 2003), Consolidation of Variable Interest Entities (FIN 46R), would otherwise require.

Item 22

CONTRACTS

The Franchise Agreement is Exhibit D to the disclosure document and has the following exhibits:

- Exhibit 1: Definitions
- Exhibit 2: Guarantee and Assumption of Obligations
- Exhibit 3: Agreement for the Sale of Receivables
- Exhibit 4: Technology User Agreement

The Promissory Note and Guarantee are Exhibit G to the disclosure document. The sample form of Release used for transfers is Exhibit H to the disclosure document. The State Rider to the Franchise Agreement is Exhibit I to the disclosure document.

Item 23

RECEIPT

Our and your copies of the Franchise Disclosure Document Receipt are the last pages of this disclosure document.

EXHIBIT A

FINANCIAL STATEMENTS AND GUARANTEE

Note: Our unaudited financial statements are prepared on a non-consolidated basis and are not prepared in accordance with Generally Accepted Accounting Principles (GAAP). The statements are prepared on an accrual basis and reflect all of our transactions, except as Financial Accounting Standards Board Interpretation No. 46-R (revised December 2003), Consolidation of Variable Interest Entities (FIN 46R), would otherwise require.

**AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)**

FINANCIAL STATEMENTS

**PERIODS ENDED JANUARY 2, 2021 AND
DECEMBER 28, 2019**



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AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
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INDEPENDENT AUDITORS' REPORT

Members and Board of Directors
AIA Services, LLC
Appleton, Wisconsin

We have audited the accompanying financial statements of AIA Services, LLC, which comprise the balance sheets as of January 2, 2021 and December 28, 2019, and the related statements of operations, member's interest, and cash flows for the periods ended January 2, 2021 and December 28, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Members and Board of Directors
AIA Services, LLC

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIA Services, LLC as of January 2, 2021 and December 28, 2019, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oshkosh, Wisconsin
April 10, 2021

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
BALANCE SHEETS
JANUARY 2, 2021 AND DECEMBER 28, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Accounts Receivable, Less Allowance for Doubtful Accounts of \$295,452 and \$131,380 at January 2, 2021 and December 28, 2019, Respectively	\$ 4,840,654	\$ 6,842,304
Unbilled Revenue	1,911,731	2,135,108
Other	1,014	-
Total Current Assets	<u>6,753,399</u>	<u>8,977,412</u>
OTHER ASSETS		
Notes Receivable	<u>23,845</u>	<u>42,320</u>
Total Assets	<u><u>\$ 6,777,244</u></u>	<u><u>\$ 9,019,732</u></u>
LIABILITIES AND MEMBER'S INTEREST		
CURRENT LIABILITIES		
Accounts Payable Due to Vendors	\$ 2,020,445	\$ 3,119,634
Commissions Payable - Sales Affiliates	1,018,514	1,896,705
Accrued Expenses and Other Current Liabilities	800,791	481,996
Total Current Liabilities	<u>3,839,750</u>	<u>5,498,335</u>
MEMBER'S INTEREST	22,063,644	21,127,673
Less: Due from Parent	<u>(19,126,150)</u>	<u>(17,606,276)</u>
Total Member's Interest	<u>2,937,494</u>	<u>3,521,397</u>
Total Liabilities and Member's Interest	<u><u>\$ 6,777,244</u></u>	<u><u>\$ 9,019,732</u></u>

See accompanying Notes to Financial Statements.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
STATEMENTS OF OPERATIONS
PERIODS ENDED JANUARY 2, 2021 AND DECEMBER 28, 2019

	<u>2020</u>	<u>2019</u>
SALES		
Net Sales	\$ 38,835,482	\$ 57,314,011
Cost of Sales	<u>25,831,410</u>	<u>38,289,232</u>
GROSS PROFIT	13,004,072	19,024,779
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES		
Commissions Earned by Sales Representative	10,490,788	15,393,391
Allocation of Operating Costs from Adventures in Advertising Corporation	1,385,416	2,082,099
Bad Debts	193,652	22,790
Other	<u>(1,755)</u>	<u>(4,501)</u>
Total Selling, General, and Administrative Expenses	<u>12,068,101</u>	<u>17,493,779</u>
NET INCOME	<u><u>\$ 935,971</u></u>	<u><u>\$ 1,531,000</u></u>

See accompanying Notes to Financial Statements.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
STATEMENTS OF MEMBER'S INTEREST
PERIODS ENDED JANUARY 2, 2021 AND DECEMBER 28, 2019

	Member's Interest	Due from Parent	Total Member's Interest
BALANCE - DECEMBER 29, 2018	\$ 19,596,673	\$ (15,053,545)	\$ 4,543,128
Net Income	1,531,000	-	1,531,000
Advances to Parent	<u>-</u>	<u>(2,552,731)</u>	<u>(2,552,731)</u>
BALANCE - DECEMBER 28, 2019	21,127,673	(17,606,276)	3,521,397
Net Income	935,971	-	935,971
Advances to Parent	<u>-</u>	<u>(1,519,874)</u>	<u>(1,519,874)</u>
BALANCE - JANUARY 2, 2021	<u><u>\$ 22,063,644</u></u>	<u><u>\$ (19,126,150)</u></u>	<u><u>\$ 2,937,494</u></u>

See accompanying Notes to Financial Statements.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
STATEMENTS OF CASH FLOWS
PERIODS ENDED JANUARY 2, 2021 AND DECEMBER 28, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 935,971	\$ 1,531,000
Adjustments to Reconcile Net Income to Net Cash		
Provided (Used) by Operating Activities:		
Provision for Bad Debts	193,652	22,790
(Increase) Decrease in Assets and Liabilities:		
Receivables	1,807,998	1,068,977
Unbilled Revenue	223,377	225,350
Notes Receivable	18,475	82,049
Other Assets	(1,014)	8,520
Accounts Payable	(1,099,189)	(65,915)
Commissions Payable	(878,191)	(263,211)
Accrued Expenses and Other Liabilities	318,795	(56,829)
Net Cash Provided by Operating Activities	<u>1,519,874</u>	<u>2,552,731</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Loans to Parent Company	<u>(1,519,874)</u>	<u>(2,552,731)</u>
NET INCREASE IN CASH	-	-
Cash - Beginning of Period	<u>-</u>	<u>-</u>
CASH - END OF PERIOD	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JANUARY 2, 2021 AND DECEMBER 28, 2019

NOTE 1 DESCRIPTION OF BUSINESS

Organization

AIA Services, LLC (the Company) is a wholly owned subsidiary of Adventures in Advertising Corporation (AIA Corporation), which also is the parent company of Adventures in Advertising Franchise, LLC (AIA Franchise). The Company, which commenced operations on July 21, 2005, is in the business of marketing and selling promotional products through sales affiliates under the Adventures in Advertising trade name. At January 2, 2021, the Company had 79 sales affiliates and at December 28, 2019, the Company had 95 sales affiliates.

Since the formation of the Company, AIA Corporation has provided all of the financial and administrative support necessary to sustain the Company's operations. Accordingly, the Company's ongoing operations are dependent upon the continued financial and administrative support of AIA Corporation as well as the Company's ability to generate sufficient cash flow in the future to meet its obligations on a timely basis.

The Company operates on a 52/53-week fiscal year basis. The Company's fiscal year ends on the Saturday closest to December 31. The statements of operations, member's interest, and cash flows for the periods ended January 2, 2021 and December 28, 2019 covered a period of 53 weeks and 52 weeks, respectively.

Sales Affiliates

The Company's existing sales affiliate agreement may be terminated at any time after 30 days written notice by either party and provides for the sales affiliate to be paid a commission on all sales generated by the sales affiliate equal to specified percentages of the net margins, as defined, on the sales.

Guarantee

The Company has executed a guarantee of performance (the Guarantee) pursuant to which the Company agreed to absolutely and unconditionally guarantee the performance of its affiliate, AIA Franchise, under its franchise registrations in states requiring the registration of the offer and sale of franchises as well as AIA Franchise's performance under its franchise and related agreements. If the Company is requested to perform under the Guarantee, it may be required to assume the functions currently performed by AIA Franchise and AIA Corporation for their franchisees. These functions include, but are not limited to, the following:

- Providing the franchisees access to a data processing system that can be used to process their purchases of promotional products and customer invoices.
- Paying the vendor invoices for promotional products purchased by the franchisees, which often occurs 30 to 60 days prior to collection of the related customer receivables.
- Collecting the franchisees' trade receivables for the sale of promotional products and remitting to the franchisees, on a weekly basis, the gross margin from collected sales, less royalties and applicable fees.

**AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
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NOTES TO FINANCIAL STATEMENTS
JANUARY 2, 2021 AND DECEMBER 28, 2019**

NOTE 1 DESCRIPTION OF BUSINESS (CONTINUED)

Guarantee (Continued)

- Providing training to franchisees on systems and procedures developed to service the franchisees.

Because the Company has no employees and no separate administrative infrastructure (including treasury and cash management functions) apart from the systems and procedures utilized by AIA Corporation to support both AIA Franchise and the Company, an administrative services agreement has been executed between AIA Corporation and the Company under which AIA Corporation has agreed to provide the Company the necessary franchise administrative support in the event the Company is called upon to perform under the Guarantee.

The terms of the Guarantee only apply to new and certain renewing franchisees and continue in effect throughout the life of franchise agreements that are executed under a Franchise Disclosure Document that contains the Guarantee. The terms of the Guarantee also do not limit the Company's potential liability to such franchisees.

The Company's ability to perform under the Guarantee is dependent upon and limited to: (1) its own financial resources, (2) additional borrowings available (if any) under the credit facility (see Note 4), and (3) the ability of AIA Corporation to provide the same administrative services to the Company under its administrative services agreement that are provided to AIA Franchise. In addition, if the Company is requested by multiple franchisees to perform under the Guarantee because of AIA Franchise's financial inability to meet its obligations under its franchise and related agreements, it is probable that the Company would not have the financial resources to perform under the Guarantee because of (a) the limitations described above; (b) the Company's joint and several liability resulting from its co-borrowing arrangement under the credit facility (see Note 4), which is senior to the Company's obligation under the Guarantee; and (c) substantially all of the Company's assets serve as collateral for amounts borrowed under the credit facility by all three co-borrowers.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company prepares its financial statements on the accrual method of accounting. Because of its dependency upon AIA Corporation for all of its financial and administrative support, the results of the Company's operations and its assets and liabilities reported herein are not necessarily indicative of the amounts that may have resulted had it been a stand-alone company. The accompanying balance sheets contain only those assets and liabilities directly attributable to the operations of the Company. Assets, such as fixed assets that are utilized by AIA Corporation to provide administrative support to both AIA Franchise and the Company, along with the liabilities incurred in providing such support are not included in the accompanying balance sheets.

**AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JANUARY 2, 2021 AND DECEMBER 28, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

A summary of the Company's revenue recognition policies is as follows:

Sales Affiliates

The Company's existing sales affiliate agreements may be terminated at any time after 30 days written notice by either party and provides for the sales affiliate to be paid a commission on all sales generated by the sales affiliate equal to specified percentages of the net margins, as defined, on the sales. Revenues are recognized when customer has accepted the product.

A contract exists when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable.

The pricing and payment terms for contracts are based on the Company's standard terms and conditions or the result of specific negotiations with each customer. Contracts do not contain significant financing components as the Company's standard terms and conditions require payment in 30 days from invoice date, and any deviations from standard terms are a result of specific negotiations with each customer.

The timing of revenue recognition, billings, and cash collections may result in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the balance sheets. At January 2, 2021 and December 28, 2019, the Company has contract assets of \$1,911,731 and \$2,135,108, respectively, which represents unbilled supplier costs. The Company has contract liabilities of \$588,013 and \$233,833 at January 2, 2021 and December 28, 2019, respectively, which is related to customer deposits and is included in "accrued expenses and other current liabilities" in the accompanying balance sheets.

The Company has elected a practical expedient to recognize incremental costs incurred to obtain contracts, which primarily represents sales commissions where the amortization period would be less than one year, as a selling expense in the financial statements when incurred.

**AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JANUARY 2, 2021 AND DECEMBER 28, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact of the new standard on the financial statements.

Concentration of Credit Risk

The Company maintains its cash in a bank deposit account that may at times exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Receivables

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Generally, an account receivable is considered past due if any portion of the receivable balance is outstanding for longer than the terms of the invoice, which is generally 30 days. Interest is not charged on past due accounts receivable.

Management regularly evaluates the collectibility of notes receivable by considering the financial condition and credit history of the counterparty and by assessing the current economic conditions. Interest is charged based on the terms of the individual note agreements.

Shipping and Handling Costs

The Company records all shipping and handling fees billed to customers in revenue, and related costs as cost of sales in the accompanying statements of operations.

Income Taxes

There is no provision reflected in the financial statements for federal or state income taxes since the Company is a limited liability company. Accordingly, income, losses, tax credits, etc. are reported on the tax return of the single member of the Company.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JANUARY 2, 2021 AND DECEMBER 28, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

AIA Corporation files income tax returns in the U.S. federal jurisdiction and various states.

Administrative Cost Allocations

The Company does not maintain any corporate administrative functions. Therefore, AIA Corporation allocates a share of such costs incurred by it in providing administrative support to the Company based on the ratio of the total net sales of the Company to the combined net sales of the Company and AIA Franchise's franchisees. Management believes that the allocation method is reasonable and reflects the Company's proportionate share of such expenses; however, the allocated amounts may not necessarily be indicative of the conditions that would have existed or the results of operations if the Company had operated as an unaffiliated company.

Subsequent Events

On March 12, 2021, the credit facility as more fully disclosed in Note 4, was amendment and restated. The agreement provides for a \$9,000,000 line of credit that is subject to a borrowing base. Interest on the line of credit will be based on a base rate plus applicable margin, as defined in the agreement. The agreement also modifies loan covenants. The agreement expires on May 31, 2022.

The Company has evaluated subsequent events for potential recognition and/or disclosure though April 10, 2021, the date on which the financial statements were available to be issued.

NOTE 3 ADMINISTRATIVE COST ALLOCATIONS AND RELATED PARTY TRANSACTIONS

AIA Corporation performs the Company's cash management functions, including processing the Company's cash disbursements and collecting the Company's cash receipts. The net balance of these cash transactions, including the allocation of administrative costs discussed on the next page, is reflected as amounts due from/to parent company in the accompanying balance sheets. The balances with the parent company are due on demand, noninterest bearing, are not collateralized and are classified as a component of member's equity due to uncertainty as to the timing of repayment.

The administrative cost allocations charged to the Company by AIA Corporation for the periods ended January 2, 2021 and December 28, 2019 were as follows:

	2020	2019
Employee Compensation and Benefits	\$ 1,223,699	\$ 1,900,125
Miscellaneous Office and Administrative Expenses	161,717	181,974
Total	<u>\$ 1,385,416</u>	<u>\$ 2,082,099</u>

**AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JANUARY 2, 2021 AND DECEMBER 28, 2019**

NOTE 4 CREDIT FACILITY

The Company is a co-borrower with AIA Corporation and AIA Franchise to a loan and security agreement with a bank. The Company and the other borrowers each have joint and several liability for the full amount of the obligations due under the agreement. As a result of its evaluation under ASC Topic 405, the Company has not reflected any amounts outstanding under the credit facility on the Company's accompanying financial statement. The Company's conclusion was based upon consideration that it has not received any proceeds, there are no agreement with the co-borrowers to pay any amount, and it believes any additional amount is expects to pay on behalf of its co-obligors is the minimum amount in the range.

The following are further details of the credit facility:

- The agreement expires August 30, 2021. This agreement includes a \$12,000,000 revolving commitment of which \$4,000,000 was outstanding as of January 2, 2021.
- Borrowings on the revolving commitment are limited by a borrowing base which had approximately \$8,000,000 available as of January 2, 2021.
- The borrowings within the revolving commitment bear interest at the adjusted LIBOR rate or Prime rate, plus an applicable margin, as defined in the credit agreement. The Company is also subject to a nonuse fee and certain financial covenants.

The credit facility is collateralized by a general business security agreement covering substantially all assets of the Company.

Subsequent to year end, the credit facility was restated as more fully disclosed in Note 2. The restated credit agreement contains various financial covenants. Management believes the Company was in compliance with these covenants as of as of January 2, 2021.

In accordance with ASC Topic 405, *Obligation Resulting from Joint and General Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date*, the Credit Facility for which the Company was a co-borrower with its parent, AIA Corporation and AIA Franchise, was not required to be recorded on the financial statements since the obligation was not fixed at the reporting date and the Company did not intend to pay any of the debt on behalf of the other co-obligors. Therefore, the balance of this debt and related interest expense were excluded from the financial statements for 2020 and 2019.

**AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)**

FINANCIAL STATEMENTS

**PERIODS ENDED DECEMBER 28, 2019 AND
DECEMBER 29, 2018**

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
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INDEPENDENT AUDITORS' REPORT

Members and Board of Directors
AIA Services, LLC
Appleton, Wisconsin

We have audited the accompanying financial statements of AIA Services, LLC, which comprise the balance sheets as of December 28, 2019 and December 29, 2018, and the related statements of operations, member's interest, and cash flows for the periods ended December 28, 2019 and December 29, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Members and Board of Directors
AIA Services, LLC

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIA Services, LLC as of December 28, 2019 and December 29, 2018, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Oshkosh, Wisconsin
May 29, 2020

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
BALANCE SHEETS
DECEMBER 28, 2019 AND DECEMBER 29, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Accounts Receivable, Less Allowance for Doubtful Accounts of \$131,380 and \$207,239 at December 28, 2019 and December 29, 2018, Respectively	\$ 6,842,304	\$ 7,934,071
Unbilled Revenue	2,135,108	2,360,458
Other	-	8,520
Total Current Assets	<u>8,977,412</u>	<u>10,303,049</u>
OTHER ASSETS		
Notes Receivable	<u>42,320</u>	<u>124,369</u>
Total Assets	<u><u>\$ 9,019,732</u></u>	<u><u>\$ 10,427,418</u></u>
LIABILITIES AND MEMBER'S INTEREST		
CURRENT LIABILITIES		
Accounts Payable Due to Vendors	\$ 3,119,634	\$ 3,185,549
Commissions Payable - Sales Affiliates	1,896,705	2,159,916
Accrued Expenses and Other Current Liabilities	<u>481,996</u>	<u>538,825</u>
Total Current Liabilities	<u>5,498,335</u>	<u>5,884,290</u>
MEMBER'S INTEREST	21,127,673	19,596,673
Less: Due from Parent	<u>(17,606,276)</u>	<u>(15,053,545)</u>
Total Member's Interest	<u>3,521,397</u>	<u>4,543,128</u>
Total Liabilities and Member's Interest	<u><u>\$ 9,019,732</u></u>	<u><u>\$ 10,427,418</u></u>

See accompanying Notes to Financial Statements.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
STATEMENTS OF OPERATIONS
PERIODS ENDED DECEMBER 28, 2019 AND DECEMBER 29, 2018

	<u>2019</u>	<u>2018</u>
SALES		
Net Sales	\$ 57,314,011	\$ 64,147,414
Cost of Sales	<u>38,289,232</u>	<u>42,174,426</u>
GROSS PROFIT	19,024,779	21,972,988
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES		
Commissions Earned by Sales Representative	15,393,391	17,391,229
Allocation of Operating Costs from Adventures in Advertising Corporation	2,082,099	2,483,293
Bad Debts	22,790	75,307
Other	<u>(4,501)</u>	<u>(9,818)</u>
Total Selling, General, and Administrative Expenses	<u>17,493,779</u>	<u>19,940,011</u>
NET INCOME	<u><u>\$ 1,531,000</u></u>	<u><u>\$ 2,032,977</u></u>

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
STATEMENTS OF MEMBER'S INTEREST
PERIODS ENDED DECEMBER 28, 2019 AND DECEMBER 29, 2018

	<u>Member's Interest</u>	<u>Due from Parent</u>	<u>Total Member's Interest</u>
BALANCE - DECEMBER 30, 2017	\$ 17,563,696	\$ (15,454,810)	\$ 2,108,886
Net Income	2,032,977	-	2,032,977
Advances to Parent	<u>-</u>	<u>401,265</u>	<u>401,265</u>
BALANCE - DECEMBER 29, 2018	19,596,673	(15,053,545)	4,543,128
Net Income	1,531,000	-	1,531,000
Advances to Parent	<u>-</u>	<u>(2,552,731)</u>	<u>(2,552,731)</u>
BALANCE - DECEMBER 28, 2019	<u><u>\$ 21,127,673</u></u>	<u><u>\$ (17,606,276)</u></u>	<u><u>\$ 3,521,397</u></u>

See accompanying Notes to Financial Statements.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
STATEMENTS OF CASH FLOWS
PERIODS ENDED DECEMBER 28, 2019 AND DECEMBER 29, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 1,531,000	\$ 2,032,977
Adjustments to Reconcile Net Income to Net Cash		
Provided (Used) by Operating Activities:		
Provision for Bad Debts	22,790	(127,949)
(Increase) Decrease in Assets and Liabilities:		
Receivables	1,068,977	(870,586)
Unbilled Revenue	225,350	(520,267)
Notes Receivable	82,049	53,020
Other Assets	8,520	(6,120)
Accounts Payable	(65,915)	(1,140,156)
Commissions Payable	(263,211)	(47,993)
Accrued Expenses and Other Liabilities	(56,829)	225,809
Net Cash Provided (Used) by Operating Activities	<u>2,552,731</u>	<u>(401,265)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Loans to Parent Company	<u>(2,552,731)</u>	<u>401,265</u>
NET DECREASE IN CASH	-	-
Cash - Beginning of Period	<u>-</u>	<u>-</u>
CASH - END OF PERIOD	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 28, 2019 AND DECEMBER 29, 2018**

NOTE 1 DESCRIPTION OF BUSINESS

Organization

AIA Services, LLC (the Company) is a wholly owned subsidiary of Adventures in Advertising Corporation (AIA Corporation), which also is the parent company of Adventures in Advertising Franchise, LLC (AIA Franchise). The Company, which commenced operations on July 21, 2005, is in the business of marketing and selling promotional products through sales representatives under the Adventures in Advertising trade name. At December 28, 2019, the Company had 95 sales representatives and at December 29, 2018, the Company had 96 sales representatives.

Since the formation of the Company, AIA Corporation has provided all of the financial and administrative support necessary to sustain the Company's operations. Accordingly, the Company's ongoing operations are dependent upon the continued financial and administrative support of AIA Corporation as well as the Company's ability to generate sufficient cash flow in the future to meet its obligations on a timely basis.

The Company operates on a 52/53-week fiscal year basis. The Company's fiscal year ends on the Saturday closest to December 31. The statements of operations, member's interest, and cash flows for the periods ended December 28, 2019 and December 29, 2018 each covered a period of 52 weeks.

Sales Representatives

The Company's existing sales representative agreement may be terminated at any time after 30 days written notice by either party and provides for the sales representative to be paid a commission on all sales generated by the sales representative equal to specified percentages of the net margins, as defined, on the sales.

Guarantee

The Company has executed a guarantee of performance (the Guarantee) pursuant to which the Company agreed to absolutely and unconditionally guarantee the performance of its affiliate, AIA Franchise, under its franchise registrations in states requiring the registration of the offer and sale of franchises as well as AIA Franchise's performance under its franchise and related agreements. If the Company is requested to perform under the Guarantee, it may be required to assume the functions currently performed by AIA Franchise and AIA Corporation for their franchisees. These functions include, but are not limited to, the following:

- Providing the franchisees access to a data processing system that can be used to process their purchases of promotional products and customer invoices.
- Paying the vendor invoices for promotional products purchased by the franchisees, which often occurs 30 to 60 days prior to collection of the related customer receivables.
- Collecting the franchisees' trade receivables for the sale of promotional products and remitting to the franchisees, on a weekly basis, the gross margin from collected sales, less royalties and applicable fees.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 28, 2019 AND DECEMBER 29, 2018

NOTE 1 DESCRIPTION OF BUSINESS (CONTINUED)

Guarantee (Continued)

- Providing training to franchisees on systems and procedures developed to service the franchisees.

Because the Company has no employees and no separate administrative infrastructure (including treasury and cash management functions) apart from the systems and procedures utilized by AIA Corporation to support both AIA Franchise and the Company, an administrative services agreement has been executed between AIA Corporation and the Company under which AIA Corporation has agreed to provide the Company the necessary franchise administrative support in the event the Company is called upon to perform under the Guarantee.

The terms of the Guarantee only apply to new and certain renewing franchisees and continue in effect throughout the life of franchise agreements that are executed under a Franchise Disclosure Document that contains the Guarantee. The terms of the Guarantee also do not limit the Company's potential liability to such franchisees.

The Company's ability to perform under the Guarantee is dependent upon and limited to: (1) its own financial resources, (2) additional borrowings available (if any) under the credit facility (see Note 4), and (3) the ability of AIA Corporation to provide the same administrative services to the Company under its administrative services agreement that are provided to AIA Franchise. In addition, if the Company is requested by multiple franchisees to perform under the Guarantee because of AIA Franchise's financial inability to meet its obligations under its franchise and related agreements, it is probable that the Company would not have the financial resources to perform under the Guarantee because of (a) the limitations described above; (b) the Company's joint and several liability resulting from its co-borrowing arrangement under the credit facility (see Note 4), which is senior to the Company's obligation under the Guarantee; and (c) substantially all of the Company's assets serve as collateral for amounts borrowed under the credit facility by all three co-borrowers.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company prepares its financial statements on the accrual method of accounting. Because of its dependency upon AIA Corporation for all of its financial and administrative support, the results of the Company's operations and its assets and liabilities reported herein are not necessarily indicative of the amounts that may have resulted had it been a stand-alone company. The accompanying balance sheets contain only those assets and liabilities directly attributable to the operations of the Company. Assets, such as fixed assets that are utilized by AIA Corporation to provide administrative support to both AIA Franchise and the Company, along with the liabilities incurred in providing such support are not included in the accompanying balance sheets.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 28, 2019 AND DECEMBER 29, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

A summary of the Company's revenue recognition policies is as follows:

Sales Affiliates

The Company's existing sales affiliate agreements may be terminated at any time after thirty days written notice by either party and provides for the sales affiliate to be paid a commission on all sales generated by the sales affiliate equal to specified percentages of the net margins, as defined, on the sales. Revenues are recognized when customer has accepted the product.

A contract exists when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable.

The pricing and payment terms for contracts are based on the Company's standard terms and conditions or the result of specific negotiations with each customer. Contracts do not contain significant financing components as the Company's standard terms and conditions require payment in thirty days from invoice date, and any deviations from standard terms are a result of specific negotiations with each customer.

The timing of revenue recognition, billings, and cash collections may result in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the balance sheets. At December 28, 2019 and December 29, 2018, the Company has contract assets of \$2,135,108 and \$2,360,458, respectively, which represents unbilled supplier costs. There are no significant contract liabilities at December 28, 2019 and 2018.

The Company has elected a practical expedient to recognize incremental costs incurred to obtain contracts, which primarily represents sales commissions where the amortization period would be less than one year, as a selling expense in the financial statements when incurred.

**AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 28, 2019 AND DECEMBER 29, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact of the new standard on the financial statements.

Adoption of New Accounting Standards

In 2019, the Company adopted Financial Accounting Standards Board's Accounting Standards Codification Topic 606, *Revenues from Contracts with Customers*, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. There was no material impact on the Company's financial position and results of operations upon adoption of the new standard.

Concentration of Credit Risk

The Company maintains its cash in a bank deposit account that may at times exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Receivables

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Generally, an account receivable is considered past due if any portion of the receivable balance is outstanding for longer than the terms of the invoice, which is generally 30 days. Interest is not charged on past due accounts receivable.

Management regularly evaluates the collectibility of notes receivable by considering the financial condition and credit history of the counterparty and by assessing the current economic conditions. Interest is charged based on the terms of the individual note agreements.

**AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 28, 2019 AND DECEMBER 29, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Shipping and Handling Costs

The Company records all shipping and handling fees billed to customers in revenue, and related costs as cost of sales in the accompanying statements of operations.

Income Taxes

There is no provision reflected in the financial statements for federal or state income taxes since the Company is a limited liability company. Accordingly, income, losses, tax credits, etc. are reported on the tax return of the single member of the Company.

AIA Corporation files income tax returns in the U.S. federal jurisdiction and various states.

Administrative Cost Allocations

The Company does not maintain any corporate administrative functions. Therefore, AIA Corporation allocates a share of such costs incurred by it in providing administrative support to the Company based on the ratio of the total net sales of the Company to the combined net sales of the Company and AIA Franchise's franchisees. Management believes that the allocation method is reasonable and reflects the Company's proportionate share of such expenses; however, the allocated amounts may not necessarily be indicative of the conditions that would have existed or the results of operations if the Company had operated as an unaffiliated company.

Subsequent Events

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated at this time.

The Company has evaluated subsequent events for potential recognition and/or disclosure through May 29, 2020, the date on which the financial statements were available to be issued.

NOTE 3 ADMINISTRATIVE COST ALLOCATIONS AND RELATED PARTY TRANSACTIONS

AIA Corporation performs the Company's cash management functions, including processing the Company's cash disbursements and collecting the Company's cash receipts. The net balance of these cash transactions, including the allocation of administrative costs discussed on the next page, is reflected as amounts due from/to parent company in the accompanying balance sheets. The balances with the parent company are due on demand, noninterest bearing, are not collateralized and are classified as a component of member's equity due to uncertainty as to the timing of repayment.

AIA SERVICES, LLC
(A WHOLLY OWNED SUBSIDIARY OF ADVENTURES
IN ADVERTISING CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 28, 2019 AND DECEMBER 29, 2018

NOTE 3 ADMINISTRATIVE COST ALLOCATIONS AND RELATED PARTY TRANSACTIONS (CONTINUED)

The administrative cost allocations charged to the Company by AIA Corporation for the periods ended December 28, 2019 and December 29, 2018 were as follows:

	2019	2018
Employee Compensation and Benefits	\$ 1,900,125	\$ 2,121,617
Miscellaneous Office and Administrative Expenses	181,974	361,676
Total	<u>\$ 2,082,099</u>	<u>\$ 2,483,293</u>

NOTE 4 CREDIT FACILITY

The Company is a co-borrower with AIA Corporation and AIA Franchise to a loan and security agreement with a bank. The Company and the other borrowers each have joint and several liability for the full amount of the obligations due under the agreement. As a result of its evaluation under ASC Topic 405, the Company has not reflected any amounts outstanding under the credit facility on the Company's accompanying financial statement. The Company's conclusion was based upon consideration that it has not received any proceeds, there are no agreement with the co-borrowers to pay any amount, and it believes any additional amount is expects to pay on behalf of its co-obligors is the minimum amount in the range.

The following are further details of the credit facility:

- The agreement expires August 30, 2021. This agreement includes a \$16,000,000 (reduced to \$12,000,000 subsequent to year-end) revolving commitment which \$11,750,000 was outstanding as of December 28, 2019.
- Borrowings on the revolving commitment are limited by a borrowing base which had approximately \$4,250,000 available as of December 28, 2019.
- The borrowings within the revolving commitment bear interest at the adjusted LIBOR rate or Prime rate, plus an applicable margin, as defined in the credit agreement. The Company is also subject to a nonuse fee and certain financial covenants.

The credit facility is collateralized by a general business security agreement covering substantially all assets of the Company. The credit facility also contains various financial and restrictive covenants. The Company was not in compliance with these covenants as of December 28, 2019 and received a limited waiver from compliance.

In accordance with ASC Topic 405, *Obligation Resulting from Joint and General Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date*, the Credit Facility for which the Company was a co-borrower with its parent, AIA Corporation and AIA Franchise, was not required to be recorded on the financial statements since the obligation was not fixed at the reporting date and the Company did not intend to pay any of the debt on behalf of the other co-obligors. Therefore, the balance of this debt and related interest expense were excluded from the financial statements for 2019 and 2018.

UNAUDITED FINANCIAL STATEMENTS

Balance Sheet
Adventures in Advertising Franchise LLC
12/28/2019

ASSETS	2019
Total Cash	409,110
Total Accounts Receivables	17,719,583
Total Notes Receivable, current portion	1,783,332
Vendor Rebate Receivable	2,268,907
Total Royalty Receivable	832,376
Total Deferred Tax Asset - current	-
Income Tax Receivable	439,973
Total Prepaid	971,505
Due From Affiliates	(17,606,276)
Total Current Assets	6,818,510
Total Fixed Assets	3,187,663
Total Goodwill & Definite Lived Intangible Assets	12,224,556
Total Assets	22,230,729
LIABILITIES AND EQUITY	2019
Accounts Payable	10,624,009
Total Accrued Expenses	3,896,808
Deferred Income Taxes	1,635,850
Line of Credit	11,750,000
Note Payable	-
Other Long-Term Liabilities	459,213
MEMBERS EQUITY	
Total Members Equity	(6,135,151)
Total Liabilities and Equity \$	22,230,729

Balance Sheet
Adventures in Advertising Franchise LLC
1/2/2021

ASSETS	2020
Total Cash	49,391
Total Accounts Receivables	11,829,858
Total Notes Receivable, current portion	1,495,678
Vendor Rebate Receivable	630,352
Total Royalty Receivable	-
Total Deferred Tax Asset - current	1,324,193
Income Tax Receivable	964,075
Total Prepaid	2,053,640
Due From Affiliates	(19,126,150)
Total Current Assets	(778,963)
Total Fixed Assets	2,511,395
Total Goodwill & Definite Lived Intangible Assets	10,728,888
Total Assets	12,461,320
LIABILITIES AND EQUITY	2020
Accounts Payable	9,744,779
Total Accrued Expenses	3,734,558
Deferred Income Taxes	1,766,255
Line of Credit	4,000,000
Note Payable	1,376,500
Other Long-Term Liabilities	326,760
MEMBERS EQUITY	
Total Members Equity	(8,487,532)
Total Liabilities and Equity \$	12,461,320

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Profit & Loss Statement
Adventures in Advertising Franchise LLC
YTD Period Ending 12/28/2019

REVENUE	2019 FRANCHISE
Total Income	<u>\$ 15,062,452</u>
SELLING EXPENSES	7,761,617
MARKETING EXPENSES	-
TRAINING	-
ADMINISTRATIVE EXPENSES	12,278,813
Total Operating Expenses	<u>20,040,430</u>
EBITDA	<u>(4,977,978)</u>
Adjustments Facilities	
Adjusted EBITDA	<u>(4,977,978)</u>
Total Other Expenses	70,945
Pre-Tax Profit (Loss)	<u>(5,048,923)</u>
Total Tax Expense (Benefit)	(653,746)
Net Income (Loss)	<u>\$ (4,395,177)</u>

Profit & Loss Statement
Adventures in Advertising Franchise LLC
YTD Period Ending 1/2/2021

REVENUE	2020 FRANCHISE
Total Income	<u>\$ 12,069,885</u>
SELLING EXPENSES	8,854,394
MARKETING EXPENSES	-
TRAINING	-
ADMINISTRATIVE EXPENSES	6,829,663
Total Operating Expenses	<u>15,684,057</u>
EBITDA	<u>(3,614,172)</u>
Adjustments Facilities	
Adjusted EBITDA	<u>(3,614,172)</u>
Total Other Expenses	(336,914)
Pre-Tax Profit (Loss)	<u>(3,277,258)</u>
Total Tax Expense (Benefit)	(794,877)
Net Income (Loss)	<u>\$ (2,482,381)</u>

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

ADVENTURES IN ADVERTISING FRANCHISE LLC
Franchise Statement of Cash Flows - YTD
YTD December 28,2019

	2019
Operating activities:	
Net income (loss) for the period- Consolidated	\$ (4,395,177)
Adjustments to reconcile net income (loss) to net cash used in operating activities:	
Depreciation and amortization	2,373,661
Changes in assets and liabilities:	
Share based compensation	(44,683)
Management fees paid in common stock	130,000
Accounts and interest receivable	6,329,559
Inventories (unbilled)	(225,350)
Prepaid expenses	-
Income tax payable	(439,973)
Deferred tax asset	(687,362)
Accounts payable	(3,138,539)
Accrued liabilities	383,825
Other assets	3,329,520
Net cash provided by (used in) operating activities	<u>3,615,481</u>
Investing activities:	
Issuance of notes receivable	(1,881,286)
Purchases of property and equipment - building	-
Purchases of property and equipment - other	(1,346,424)
Change in loans to parent company	2,552,731
Net cash provided by (used in) investing activities	<u>(674,979)</u>
Financing activities:	
Net borrowings (payments) on revolving line of credit	(1,500,000)
Outstanding checks over bank balance	(541,728)
Payments on note payable	-
Redemption of common stock	(503,691)
Loan origination fees paid	-
Net cash provided by (used in) financing activities	<u>(2,545,419)</u>
Net increase (decrease) in cash and cash equivalents	395,083
Cash and cash equivalents, beginning of period	14,027
Audit Adjustments	-
Cash and cash equivalents, end of period	<u>\$ 409,110</u>

ADVENTURES IN ADVERTISING FRANCHISE LLC
Franchise Statement of Cash Flows - YTD
YTD January 2,2021

	2020
Operating activities:	
Net income (loss) for the period- Consolidated	\$ (2,482,381)
Adjustments to reconcile net income (loss) to net cash used in operating activities:	
Depreciation and amortization	2,483,362
Changes in assets and liabilities:	
Share based compensation	5,889,725
Management fees paid in common stock	(223,377)
Accounts and interest receivable	560,203
Inventories (unbilled)	(524,102)
Prepaid expenses	130,405
Income tax payable	-
Deferred tax asset	130,000
Accounts payable	(5,390,937)
Accrued liabilities	26,791
Other assets	2,424
Net cash provided by (used in) operating activities	<u>602,113</u>
Investing activities:	
Issuance of notes receivable	287,654
Purchases of property and equipment - building	-
Purchases of property and equipment - other	(312,836)
Change in loans to parent company	1,519,874
Net cash provided by (used in) investing activities	<u>1,494,692</u>
Financing activities:	
Net borrowings (payments) on revolving line of credit	(6,373,500)
Outstanding checks over bank balance	3,916,976
Payments on note payable	-
Redemption of common stock	-
Loan origination fees paid	-
Net cash provided by (used in) financing activities	<u>(2,456,524)</u>
Net increase (decrease) in cash and cash equivalents	(359,719)
Cash and cash equivalents, beginning of period	409,110
Audit Adjustments	-
Cash and cash equivalents, end of period	<u>\$ 49,391</u>

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ADVENTURES IN ADVERTISING FRANCHISE, LLC

Note 1 – Summary of Significant Accounting Policies

Organization

AIA Holding Company (Holding), through its wholly owned subsidiaries, AIA Corporation, and its wholly owned subsidiaries, AIA Services, LLC, Adventures in Advertising Franchise, LLC and OfficeZilla Franchise Company LLC, (collectively the Company) sells franchises and provides support services to franchisees that own and operate businesses that market and sell promotional and office products under the Adventures in Advertising and OfficeZilla trade names. At January 2, 2021 and December 28, 2019, the Company had 119 and 149 franchisees, respectively, operating in various states and Puerto Rico.

The Company also sells promotional products through independent sales affiliates and affiliates in certain areas of the country. At January 2, 2021 and December 28, 2019, the Company had 79 and 95 sales affiliates, respectively and 36 and 48 affiliates, respectively, operating in various states.

The Company operates on a 52/53 week fiscal year basis. The Company's fiscal year ends on the Saturday closest to December 31. The profit & loss and cash flows statements for the periods ended January 2, 2021, and December 28, 2019 covered a period of 53 weeks and 52 weeks, respectively.

A summary of the Company's significant accounting policies follows:

Basis of Accounting

The Company prepares its financial statements in accordance with section 10.1.1 of the Credit Agreement between AIA Holding Company and CIBC Bank USA (formerly known as The Private Bank and Trust Company) dated August 30, 2013 as amended, which requires that the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America except for:

1. Consolidation of variable interest entities as required by *Topic 810 on Consolidations of the Accounting Standards Codification* and;
2. Determination of measuring stock based compensation costs as required by *Topic 718 on Compensation –Stock Compensation of the Accounting Standards Codification*.

The Company has, therefore, not determined which franchisees may be potential variable interest entities for purposes of either consolidation or disclosure as required under accounting principles generally accepted in the United States of America. The Company has also not determined the fair value of compensation costs in accordance with a valuation technique such as an option-pricing model as required under accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in conformity with the basis of accounting discussed under basis of accounting in Note 1 requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts and Notes Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Generally, an account receivable is considered past due if any portion of the receivable balance is outstanding for longer than the terms of the invoice, which is generally 30 days. Interest is not charged on past due accounts receivable.

Management regularly evaluates the collectability of notes receivable by considering the financial condition and credit history of the counterparty and by assessing current economic conditions. Notes receivable are considered past due when payment is not made in accordance with the agreement. Interest is charged as stated in the agreements.

Leasehold Improvements and Equipment

Leasehold improvements and equipment are stated at cost. Depreciation on equipment is provided over the estimated useful lives of 3 to 10 years for the various assets using the straight line method. Amortization on leasehold improvements is provided for using the straight-line method over the shorter of the lease term or the estimated useful life of the assets.

Intangible Assets

The intangible assets of the Company consist of franchise agreements, a trade name, non-compete agreements and a customer list. These assets are amortized on a straight-line basis over their useful lives.

Goodwill

Goodwill results from a business acquisition and represents the excess of the purchase price over the fair market value of the identifiable net assets acquired. The Company has elected the accounting alternative provided in *Accounting Standards Update (ASU) No. 2014-02, Intangibles-Goodwill and Other (Topic 350): Accounting for Goodwill (ASU 2014-02)*. Under this accounting alternative, goodwill is amortized on a straight-line basis over a period of ten years. Pursuant to this election, the Company changed the method used to subsequently account for goodwill. Also pursuant to the accounting alternative, the Company tests for goodwill impairment upon the occurrence of an event or circumstance that may indicate the fair value of the company is less than its carrying amount and has elected to perform this test at the company level. If events or circumstances are present that may indicate the fair value of the company is less than its carrying level, the estimated fair value of the company is compared to its carrying amount and an impairment loss is recognized for the excess of the carrying amount over fair value (if any), not to exceed the carrying amount of goodwill. No indicators of impairment were identified during the years ended December 28, 2019 and December 29, 2018.

Deferred Loan Costs

Deferred loan costs related to the long-term debt and the line of credit are amortized using the straight-line method, which approximates the effective interest rate method, over the life of the related debt. Amortization expense is included with administrative expense in the profit & loss statement.

Impairment of Long-Lived Assets

The Company reviews its leasehold improvements and equipment and amortizable intangibles when events and circumstances indicate that the assets might be potentially impaired by comparing the carrying value of the associated asset grouping with the undiscounted anticipated future cash flows of the related asset grouping before interest charges. If the future cash flows are less than the carrying value, the Company would adjust the carrying value of the asset grouping to its fair value.

Shipping and Handling Costs

The Company records all shipping and handling fees billed to customers in revenue, and related costs as selling costs in the accompanying profit & loss statement.

Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, operating losses and tax credit carry forwards. Deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statement of assets, liabilities and stockholders' equity along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

It is the Company's policy that interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of revenue and expenses.

Concentration of Credit Risk

The Company maintains its cash in a bank deposit account that may at times exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Share Based Compensation

In accordance with the Company's basis of accounting, the Company does not follow Financial Accounting Standards Board (FASB) ASC 718, Compensation-Stock Compensation, which requires the measurement and recognition of compensation expense, based on estimated fair values, for all share-based awards made to employees and directors, including stock options and non-vested stock. Because the Company's stock is not actively traded, management has determined the value based on a multiple of earnings before interest, tax, depreciation and amortization (EBITDA) should be used in the fair value of stock options. The Company records compensation expense based upon the values for new awards and the expense is recorded over the requisite service period using a straight-line method.

Revenue Recognition

A summary of the Company's revenue recognition policies is as follows:

Franchise/Affiliates/Service Revenue

Franchise/Affiliates/Service revenue is a service fee based on franchise sales that are recognized when a sale to a customer by a franchisee/affiliate is completed.

Rebates

Rebates earned by the Company from certain vendors from which promotional products are purchased are recorded as revenue, net of the portion payable to franchisees, as purchasing activity with the vendors occurs. The rebates are estimated based on previous years historical rebate experience.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. We are currently evaluating the impact of our pending adoption of the new standard on our consolidated financial statements.

Subsequent Events

The company has evaluated subsequent events for potential recognition and/or disclosure through April 10, 2021, the date on which the consolidated financial statements were available to be issued.

Note 2 – Franchise Agreements

The Franchise agreements are for a 10-year period, and include an initial franchise fee.

The Company's franchise agreements have a renewable option at the end of the term as specified in their contract at the option of the Company and the franchisee for five to ten year periods, at which time an additional fee becomes payable. The agreement requires the franchise to pay a service fee ranging from 4 percent to 10 percent of gross product sales depending on the level of sales. In addition, the Company offers various services (for a fee) which are typically at the franchisee's option. There were no franchise agreements entered into during the period ended January 2, 2021 and December 28, 2019.

Note 3 – Central Processing System Services

The Company has required all of its new franchisees to utilize its Central Processing System (CPS). Under the CPS, customers of the franchisees are billed by the Company, and the corresponding vendors are paid by the Company. Franchisees joining the system between April 1997 and October 1999 pay a 2 percent service fee on each transaction performed by the Company, along with a royalty fee. Subsequent to October 1999, the service fee was combined with the royalty fee for a total fee that ranges from 4 percent to 10 percent.

Under a Receivable Sale Agreement (RSA) executed between the Company and the franchisee, the Company buys, subject to collection from the franchisee's customers, the gross amount of each receivable at the time of billing. Under the RSA, the Company has recourse against the franchisee for the uncollectible amounts from the franchisee's customers.

Customers of franchisees remit payment of accounts receivable directly to the Company. The Company remits the proceeds (net of related vendor payments and all service fees) to the franchisees weekly.

Net amounts due to participating franchisees, representing the franchisees' share of accounts receivable from customers, are classified as "Accounts payable – due to franchisees" on the statement of assets, liabilities and stockholders' equity.

Note 4 – Leasehold Improvements and Equipment

The major components of leasehold improvements and equipment consisted of the following at January 2, 2021 and December 28, 2019:

	<u>2020</u>	<u>2019</u>
Computer hardware and software	\$ 4,848,198	\$ 4,313,779
Furniture and fixtures	275,122	250,482
Office equipment	111,234	98,733
Leasehold improvements	420,136	360,185
Construction in Process	<u>84,351</u>	<u>404,435</u>
	5,739,041	5,427,614
Less accumulated depreciation and amortization	<u>3,227,646</u>	<u>2,239,951</u>
Total	<u>\$ 2,511,395</u>	<u>\$ 3,187,663</u>

Total depreciation expense was approximately \$987,700 and \$878,000 for the periods ended January 2, 2021 and December 28, 2019, respectively.

Note 5 – Lease Commitment and Rental Expense

The Company leases its office facility, as well as office equipment under noncancelable leases, which expire at various dates through October 2030.

Future minimum lease payments on noncancelable operating leases are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2021	\$ 310,921
2022	383,868
2023	352,011
2024	360,811
2025	369,831
Thereafter	<u>1,921,367</u>
Total	\$ 3,698,809

Total rent expense was approximately \$388,000 and \$294,000 for the periods ended January 2, 2021 and December 28, 2019, respectively.

Note 6 – Intangible Assets and Goodwill

Definite Lived Intangible Assets and Goodwill

Definite lived intangible assets and goodwill of the Company consisted of the following at January 2, 2021 and December 28, 2019:

	Useful	Gross Carrying	Accumulated	Net Carrying
<u>January 2, 2021</u>	<u>Life (Years)</u>	<u>Amount</u>	<u>Amortization</u>	<u>Amount</u>
Franchise Agreements	20.0	\$ 12,195,558	\$ 4,435,249	\$ 7,760,309
Tradename	15.0	<u>1,500,000</u>	<u>733,332</u>	<u>766,668</u>
Total Lived Intangible Assets		\$ 13,695,558	\$ 5,168,581	\$ 8,526,977
Goodwill	10.0	\$ 7,872,039	\$ 5,670,128	\$ 2,201,911
<u>December 28, 2019</u>	<u>Life (Years)</u>	<u>Amount</u>	<u>Amortization</u>	<u>Amount</u>
Franchise Agreements	20.0	\$ 12,195,558	\$ 3,825,471	\$ 8,370,087
Tradename	15.0	<u>1,500,000</u>	<u>633,333</u>	<u>866,667</u>
Total Lived Intangible Assets		\$ 13,695,558	\$ 4,458,804	\$ 9,236,754
Goodwill	10.0	\$ 7,872,039	\$ 4,884,237	\$ 2,987,802

Amortization expense for goodwill and intangibles was approximately \$1,496,000 and \$1,496,000 for the periods ended January 2, 2021 and December 28, 2019, respectively.

Definite Lived Intangible Assets and Goodwill (continued)

Estimated amortization expense for the remaining life of the definite lived intangible assets and goodwill is as follows:

Fiscal Year Ending	Amount
2021	\$ 1,497,000
2022	1,497,000
2023	1,242,000
2024	732,000
2025	732,000
Thereafter	<u>5,026,000</u>
Total	\$ 10,726,000

Note 7 – Line of Credit

The Company has a revolving line of credit note with CIBC Bank in the amount of \$12,000,000 that is due August 30, 2021. Interest is due monthly at a rate equal to the adjusted LIBOR rate or Prime rate, plus an applicable margin as defined in the agreement (3.25% to 5.25% at 2020 and 4.44% to 6.50% at 2019). The Company is also subject to a nonuse fee, as defined in the agreement. The line of credit is secured by a general business security agreement covering substantially all assets of the Company. The Company had \$4,000,000 and \$11,750,000 outstanding on the line of credit as of January 2, 2021 and December 28, 2019, respectively. The borrowings on the line of credit are limited by a borrowing base which had approximately \$8,000,000 available on the line of credit as of January 2, 2021.

Note – 8 Income Taxes

Net deferred tax assets and liabilities consist of the following components as of January 2, 2021 and December 28, 2019:

	<u>2020</u>	<u>2019</u>
Deferred Tax Assets:		
Allowance for Doubtful Accounts	\$ 525,000	\$ 484,000
Accrued Expenses	97,000	146,000
Net Operating Loss	92,300	569,000
Other	170,145	125,150
Deferred Compensation	<u>0</u>	<u>0</u>
Total Deferred Tax Assets	884,445	1,324,150
Deferred Tax Liabilities:		
Prepaid Expense	47,400	89,000
Leasehold Improvements and Equipment	555,300	589,000
Intangible Assets	<u>2,048,000</u>	<u>2,282,000</u>
Total Deferred Tax Liabilities	<u>2,650,700</u>	<u>2,960,000</u>
Total	<u>\$ (1,766,255)</u>	<u>\$ (1,635,850)</u>

Note – 8 Income Taxes (continued)

The reconciliation of the provision for income taxes at the statutory federal tax rates to the Company's actual provision for income taxes was as follows at January 2, 2021 and December 28, 2019:

	<u>2020</u>	<u>2019</u>
Expected taxes at statutory rates	\$ (491,700)	\$ (738,166)
Increase (decrease) in taxes resulting from:		
State taxes (net of federal benefit)	(76,300)	(96,920)
Permanent differences	147,300	180,760
Deferred Rate Change	(375,000)	0
Other	<u>823</u>	<u>580</u>
Total	<u>\$ (794,877)</u>	<u>\$ 661,869</u>

The provision for income taxes consisted of the following as of the periods ended:

	<u>2021</u>	<u>2019</u>
Current Expense	\$(925,282)	\$ 33,616
Deferred Benefit	<u>130,405</u>	<u>(687,362)</u>
Total	<u>\$ (794,877)</u>	<u>\$ (653,746)</u>

Note 9 – Share Based Compensation

The Company has adopted a non-qualified stock option plan which permits the grant of stock options to the Company's employees for up to 300,000 shares of common stock. The options were exercisable within ten years from the date of grant to the extent they are vested subject to certain exercise events. The options generally vest upon certain dates specified in the option agreements or when certain performance obligations are met, generally over five years or a change in control of the Company, subject to continued employment with the Company. There was no compensation expense recognized for the periods ended January 2, 2021 and December 28, 2019, respectively. The calculated value of each option award is estimated as of the end of the fiscal year using a multiple of EBITDA, which is in accordance with the Company's Credit Agreement as more fully disclosed in Note 1.

A summary of stock option activity under the Plan as of January 2, 2021, and changes during the period then ended is presented below:

	<u>Total Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding – Beginning of Period	3,062	\$ 524
Granted	0	0
Exercised	0	0
Forfeited	(2,577)	(548)
Cancelled	<u>0</u>	<u>0</u>
Outstanding – End of Period	485	\$ 405

Note 9 – Share Based Compensation (continued)

A summary of stock option activity under the Plan as of December 28, 2019, and changes during the 52-week period then ended is presented below:

	<u>Total Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding – Beginning of Period	3978	\$ 354
Granted	485	404
Exercised	(1,401)	348
Forfeited	0	0
Cancelled	<u>0</u>	<u>0</u>
Outstanding – End of Period	3,062	\$524

Note 10 – Phantom Stock Plan

The Company has established a phantom stock plan (the Plan) for certain key employees. The Plan awards benefits to participants based on the spread between the fair value of the units awarded as of the grant date and the fair value of the units as of the participants' vesting date. Vesting requirements are established on the date of grant. The units granted through January 2, 2021 will vest after three years. The awards are accounted for as a liability award within other long-term liabilities on the balance sheet with compensation cost measured at the end of each reporting period based on a multiple of EBITDA, which is in accordance with the Company's Credit Agreement as more fully disclosed in Note 1. There was no compensation expense recognized for the periods ended January 2, 2021 and December 28, 2019.

Note 11 – Retirement Plan

The Company has a defined contribution plan covering employees who have attained the age of 21 and have completed three months of service. The Company, upon approval by the Board of Directors, may make discretionary matching contributions as a percentage of the participating employees wage deferrals and discretionary profit sharing contributions. The Company made a discretionary contribution of approximately \$148,000 and \$165,000 periods ended January 2, 2021 and December 28, 2019, respectively.

Note 12 – Related Party Transactions

The Company has entered into agreements with organizations affiliated with certain stockholders to provide ongoing advisory services. The agreements require the Company to pay quarterly fees ranging from \$10,000 to \$32,500. Additionally, one of the agreements requires the Company to issue shares of common stock in an amount equal to \$130,000 per year. The Company recognized expenses totaling \$300,000 under the respective agreements for the periods ended January 2, 2021 and December 28, 2019.

Note 13 – Commitments

Employment Agreements: The Company has employment agreements with current and former key executives of the Company. The employment agreements have a Put Option on the executive stock, whereby on or after the sixth anniversary of the date of the agreement, the executives, with 30 days' notice, may sell their stock to the Company at a price that is calculated on an agreed upon formula, based on enterprise value at that time. The Put Price may, at the Company's sole election, be payable over a three year period.

Legal Matters: In the ordinary course of conducting business, the Company occasionally becomes involved in legal proceedings relating to contracts, product liability and other matters. While any proceeding or litigation has an element of uncertainty, management of the Company believes the outcome of any pending or threatened action will not have a material adverse effect on the business or financial condition of the Company.

Balance Sheet
Adventures in Advertising Franchise LLC
12/29/2018

ASSETS	2018
Total Cash	14,027
Total Accounts Receivables	19,726,391
Total Notes Receivable, current portion	1,424,797
Vendor Rebate Receivable	2,915,443
Total Royalty Receivable	2,447,942
Total Deferred Tax Asset - current	-
Income Tax Receivable	-
Total Prepaid	1,770,450
Due From Affiliates	(15,053,545)
Total Current Assets	13,245,505
Total Fixed Assets	2,769,323
Total Goodwill & Definite Lived Intangible Assets	13,720,224
Total Assets	29,735,052
LIABILITIES AND EQUITY	2018
Accounts Payable	10,786,691
Total Accrued Expenses	3,245,011
Deferred Income Taxes	2,688,759
Line of Credit	13,250,000
Note Payable	-
Other Long-Term Liabilities	532,551
MEMBERS EQUITY	
Total Members Equity	(767,960)
Total Liabilities and Equity \$	29,735,052

Balance Sheet
Adventures in Advertising Franchise LLC
12/28/2019

ASSETS	2019
Total Cash	409,110
Total Accounts Receivables	17,719,583
Total Notes Receivable, current portion	1,783,332
Vendor Rebate Receivable	2,268,907
Total Royalty Receivable	832,376
Total Deferred Tax Asset - current	-
Income Tax Receivable	439,973
Total Prepaid	971,505
Due From Affiliates	(17,606,276)
Total Current Assets	6,818,510
Total Fixed Assets	3,187,663
Total Goodwill & Definite Lived Intangible Assets	12,224,556
Total Assets	22,230,729
LIABILITIES AND EQUITY	2019
Accounts Payable	10,624,009
Total Accrued Expenses	3,896,808
Deferred Income Taxes	1,635,850
Line of Credit	11,750,000
Note Payable	-
Other Long-Term Liabilities	459,213
MEMBERS EQUITY	
Total Members Equity	(6,135,151)
Total Liabilities and Equity \$	22,230,729

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Profit & Loss Statement
Adventures in Advertising Franchise LLC
YTD Period Ending 12/29/2018

REVENUE	2018 FRANCHISE
Total Income	<u>\$ 11,435,797</u>
SELLING EXPENSES	4,992,288
MARKETING EXPENSES	-
TRAINING	-
ADMINISTRATIVE EXPENSES	6,686,848
Total Operating Expenses	<u>11,679,136</u>
EBITDA	<u>(243,339)</u>
Adjustments Facilities	
Adjusted EBITDA	<u>(243,339)</u>
Total Other Expenses	(38,823)
Pre-Tax Profit (Loss)	<u>(204,516)</u>
Total Tax Expense (Benefit)	661,869
Net Income (Loss)	<u>\$ (866,385)</u>

Profit & Loss Statement
Adventures in Advertising Franchise LLC
YTD Period Ending 12/28/2019

REVENUE	2019 FRANCHISE
Total Income	<u>\$ 15,062,452</u>
SELLING EXPENSES	7,761,617
MARKETING EXPENSES	-
TRAINING	-
ADMINISTRATIVE EXPENSES	12,278,813
Total Operating Expenses	<u>20,040,430</u>
EBITDA	<u>(4,977,978)</u>
Adjustments Facilities	
Adjusted EBITDA	<u>(4,977,978)</u>
Total Other Expenses	70,945
Pre-Tax Profit (Loss)	<u>(5,048,923)</u>
Total Tax Expense (Benefit)	(653,746)
Net Income (Loss)	<u>\$ (4,395,177)</u>

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ADVENTURES IN ADVERTISING FRANCHISE LLC
Franchise Statement of Cash Flows - YTD
YTD December 29,2018

	2018
Operating activities:	
Net income (loss) for the period- Consolidated	\$ (866,385)
Adjustments to reconcile net income (loss) to net cash used in operating activities:	
Depreciation and amortization	2,305,476
Changes in assets and liabilities:	
Share based compensation	(126,112)
Management fees paid in common stock	130,000
Accounts and interest receivable	(6,929,423)
Inventories (unbilled)	520,267
Prepaid expenses	-
Income tax payable	(131,853)
Deferred tax asset	141,643
Accounts payable	(205,522)
Accrued liabilities	207,917
Other assets	(1,796,641)
Net cash provided by (used in) operating activities	<u>(6,750,633)</u>
Investing activities:	
Issuance of notes receivable	(1,316,522)
Purchases of property and equipment - building	-
Purchases of property and equipment - other	(899,746)
Change in loans to parent company	(401,265)
Net cash provided by (used in) investing activities	<u>(2,617,533)</u>
Financing activities:	
Net borrowings (payments) on revolving line of credit	11,250,000
Outstanding checks over bank balance	541,728
Payments on note payable	(2,150,792)
Redemption of common stock	(500,000)
Loan origination fees paid	-
Net cash provided by (used in) financing activities	<u>9,140,936</u>
Net increase (decrease) in cash and cash equivalents	(227,230)
Cash and cash equivalents, beginning of period	241,257
Audit Adjustments	-
Cash and cash equivalents, end of period	<u>\$ 14,027</u>

ADVENTURES IN ADVERTISING FRANCHISE LLC
Franchise Statement of Cash Flows - YTD
YTD December 28,2019

	2019
Operating activities:	
Net income (loss) for the period- Consolidated	\$ (4,395,177)
Adjustments to reconcile net income (loss) to net cash used in operating activities:	
Depreciation and amortization	2,373,661
Changes in assets and liabilities:	
Share based compensation	(44,683)
Management fees paid in common stock	130,000
Accounts and interest receivable	6,329,559
Inventories (unbilled)	(225,350)
Prepaid expenses	-
Income tax payable	(439,973)
Deferred tax asset	(687,362)
Accounts payable	(3,138,539)
Accrued liabilities	383,825
Other assets	3,329,520
Net cash provided by (used in) operating activities	<u>3,615,481</u>
Investing activities:	
Issuance of notes receivable	(1,881,286)
Purchases of property and equipment - building	-
Purchases of property and equipment - other	(1,346,424)
Change in loans to parent company	2,552,731
Net cash provided by (used in) investing activities	<u>(674,979)</u>
Financing activities:	
Net borrowings (payments) on revolving line of credit	(1,500,000)
Outstanding checks over bank balance	(541,728)
Payments on note payable	-
Redemption of common stock	(503,691)
Loan origination fees paid	-
Net cash provided by (used in) financing activities	<u>(2,545,419)</u>
Net increase (decrease) in cash and cash equivalents	395,083
Cash and cash equivalents, beginning of period	14,027
Audit Adjustments	-
Cash and cash equivalents, end of period	<u>\$ 409,110</u>

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ADVENTURES IN ADVERTISING FRANCHISE, LLC

Note 1 – Summary of Significant Accounting Policies

Organization: AIA Holding Company (Holding), through its wholly owned subsidiaries, AIA Corporation, and its wholly owned subsidiaries, AIA Services, LLC, Adventures in Advertising Franchise, LLC and OfficeZilla Franchise Company LLC, (collectively the Company) sells franchises and provides support services to franchisees that own and operate businesses that market and sell promotional and office products under the Adventures in Advertising and OfficeZilla trade names. At December 28, 2019 and December 29, 2018, the Company had 149 and 159 franchisees, respectively, operating in various states and Puerto Rico.

The Company also sells promotional products through independent sales affiliates and affiliates in certain areas of the country. At December 28, 2019 and December 29, 2018, the Company had 95 and 96 sales affiliates, respectively and 48 and 40 affiliates, respectively, operating in various states.

The Company operates on a 52/53 week fiscal year basis. The Company's fiscal year ends on the Saturday closest to December 31. The profit & loss and cash flows statements for the periods ended December 28, 2019 and December 29, 2018 covered a period of 52 weeks.

A summary of the Company's significant accounting policies follows:

Basis of Accounting: The Company prepares its financial statements in accordance with section 10.1.1 of the Credit Agreement between AIA Holding Company and CIBC Bank USA (formerly known as The Private Bank and Trust Company) dated August 30, 2013 as amended, which requires that the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America except for:

1. Consolidation of variable interest entities as required by *Topic 810 on Consolidations of the Accounting Standards Codification* and;
2. Determination of measuring stock based compensation costs as required by *Topic 718 on Compensation –Stock Compensation of the Accounting Standards Codification*.

The Company has, therefore, not determined which franchisees may be potential variable interest entities for purposes of either consolidation or disclosure as required under accounting principles generally accepted in the United States of America. The Company has also not determined the fair value of compensation costs in accordance with a valuation technique such as an option-pricing model as required under accounting principles generally accepted in the United States of America.

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of the financial statements in conformity with the basis of accounting discussed under basis of accounting in Note 1 requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the

consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts and Notes Receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Generally, an account receivable is considered past due if any portion of the receivable balance is outstanding for longer than the terms of the invoice, which is generally 30 days. Interest is not charged on past due accounts receivable.

Management regularly evaluates the collectability of notes receivable by considering the financial condition and credit history of the counterparty and by assessing current economic conditions. Notes receivable are considered past due when payment is not made in accordance with the agreement. Interest is charged as stated in the agreements.

Leasehold Improvements and Equipment: Leasehold improvements and equipment are stated at cost. Depreciation on equipment is provided over the estimated useful lives of 3 to 10 years for the various assets using the straight line method. Amortization on leasehold improvements is provided for using the straight-line method over the shorter of the lease term or the estimated useful life of the assets.

Intangible Assets: The intangible assets of the Company consist of franchise agreements, a trade name, non-compete agreements and a customer list. These assets are amortized on a straight-line basis over their useful lives.

Goodwill: Goodwill results from a business acquisition and represents the excess of the purchase price over the fair market value of the identifiable net assets acquired. The Company has elected the accounting alternative provided in *Accounting Standards Update (ASU) No. 2014-02, Intangibles-Goodwill and Other (Topic 350): Accounting for Goodwill* (ASU 2014-02). Under this accounting alternative, goodwill is amortized on a straight-line basis over a period of ten years. Pursuant to this election, the Company changed the method used to subsequently account for goodwill. Also pursuant to the accounting alternative, the Company tests for goodwill impairment upon the occurrence of an event or circumstance that may indicate the fair value of the company is less than its carrying amount and has elected to perform this test at the company level. If events or circumstances are present that may indicate the fair value of the company is less than its carrying level, the estimated fair value of the company is compared to its carrying amount and an impairment loss is recognized for the excess of the carrying amount over fair value (if any), not to exceed the carrying amount of goodwill. No indicators of impairment were identified during the years ended December 28, 2019 and December 29, 2018.

Deferred Loan Costs: Deferred loan costs related to the long-term debt and the line of credit are amortized using the straight-line method, which approximates the effective interest rate method, over the life of the related debt. Amortization expense is included with administrative expense in the profit & loss statement.

Impairment of Long-Lived Assets: The Company reviews its leasehold improvements and equipment and amortizable intangibles when events and circumstances indicate that the assets

might be potentially impaired by comparing the carrying value of the associated asset grouping with the undiscounted anticipated future cash flows of the related asset grouping before interest charges. If the future cash flows are less than the carrying value, the Company would adjust the carrying value of the asset grouping to its fair value.

Shipping and Handling Costs: The Company records all shipping and handling fees billed to customers in revenue, and related costs as selling costs in the accompanying profit & loss statement.

Income Taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, operating losses and tax credit carry forwards. Deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statement of assets, liabilities and stockholders' equity along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

It is the Company's policy that interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of revenue and expenses.

Concentration of Credit Risk: The Company maintains its cash in a bank deposit account that may at times exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Share Based Compensation: In accordance with the Company's basis of accounting, the Company does not follow Financial Accounting Standards Board (FASB) ASC 718, Compensation-Stock Compensation, which requires the measurement and recognition of compensation expense, based on estimated fair values, for all share-based awards made to employees and directors, including stock options and non-vested stock. Because the Company's stock is not actively traded, management has determined the value based on a multiple of earnings before interest, tax, depreciation and amortization (EBITDA) should be used in the fair value of stock options. The Company records compensation expense based upon the values for new awards and the expense is recorded over the requisite service period using a straight-line method.

Revenue Recognition: A summary of the Company's revenue recognition policies is as follows:

Franchise/Affiliates/Service Revenue: Franchise/Affiliates/Service revenue is a service fee based on franchise sales that are recognized when a sale to a customer by a franchisee/affiliate is completed.

Rebates: Rebates earned by the Company from certain vendors from which promotional products are purchased are recorded as revenue, net of the portion payable to franchisees, as purchasing activity with the vendors occurs. The rebates are estimated based on previous years historical rebate experience.

Recent Accounting Pronouncement: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. We are currently evaluating the impact of our pending adoption of the new standard on our consolidated financial statements.

Adoption of New Accounting Standards: The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs-Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

The Company adopted the requirements of the new guidance as of December 30, 2018, utilizing the modified retrospective method of transition. Under the new guidance, the Company recognizes service fee revenue when the customer has been invoiced for the product.

Reclassification: Certain items on the consolidated financial statements for the year ended December 29, 2018 have been reclassified with no effect on net income to be consistent with the classification to be adapted for the year ended December 28, 2019.

Subsequent Events: Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business and communities. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated at this time.

Note 2 – Franchise Agreements

The Franchise agreements are for a 10-year period, and include an initial franchise fee.

The Company's franchise agreements have a renewable option at the end of the term as specified in their contract at the option of the Company and the franchisee for five to ten year periods, at which time an additional fee becomes payable. The agreement requires the franchise to pay a service fee ranging from 4 percent to 10 percent of gross product sales depending on the level of sales. In addition, the Company offers various services (for a fee) which are typically at the franchisee's option. There were no franchise agreements entered into during the period ended December 28, 2019 and December 29, 2018.

Note 3 – Central Processing System Services

The Company has required all of its new franchisees to utilize its Central Processing System (CPS). Under the CPS, customers of the franchisees are billed by the Company, and the corresponding vendors are paid by the Company. Franchisees joining the system between April 1997 and October 1999 pay a 2 percent service fee on each transaction performed by the Company, along with a royalty fee. Subsequent to October 1999, the service fee was combined with the royalty fee for a total fee that ranges from 4 percent to 10 percent.

Under a Receivable Sale Agreement (RSA) executed between the Company and the franchisee, the Company buys, subject to collection from the franchisee's customers, the gross amount of each receivable at the time of billing. Under the RSA, the Company has recourse against the franchisee for the uncollectible amounts from the franchisee's customers.

Customers of franchisees remit payment of accounts receivable directly to the Company. The Company remits the proceeds (net of related vendor payments and all service fees) to the franchisees weekly.

Net amounts due to participating franchisees, representing the franchisees' share of accounts receivable from customers, are classified as "Accounts payable – due to franchisees" on the statement of assets, liabilities and stockholders' equity.

Note 4 – Leasehold Improvements and Equipment

The major components of leasehold improvements and equipment consisted of the following at December 28, 2019 and December 29, 2018:

	<u>2019</u>	<u>2018</u>
Computer hardware and software	\$ 4,313,779	\$ 8,836,631
Furniture and fixtures	250,482	390,653
Office equipment	98,733	98,658
Leasehold improvements	360,185	260,911
Construction in Process	<u>404,435</u>	<u>201,588</u>
	5,427,614	9,788,441
Less accumulated depreciation and amortization	<u>2,239,951</u>	<u>7,019,118</u>
Total	<u>\$ 3,187,663</u>	<u>\$ 2,769,323</u>

Total depreciation expense was approximately \$878,000 and \$794,300 for the 52-week periods ended December 28, 2019 and December 29, 2018, respectively.

Note 5 – Lease Commitment and Rental Expense

The Company leases its office facility, as well as office equipment under noncancelable leases, which expire at various dates through October 2029.

Future minimum lease payments on noncancelable operating leases are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2020	\$ 337,000
2021	350,000
2022	343,000
2023	352,000
2024	361,000
Thereafter	<u>1,875,000</u>
Total	\$ 3,618,000

Total rent expense was approximately \$294,000 and \$257,000 for the 52-week periods ended December 28, 2019 and December 29, 2018, respectively.

Note 6 – Intangible Assets and Goodwill

Definite Lived Intangible Assets and Goodwill

Definite lived intangible assets and goodwill of the Company consisted of the following at December 28, 2019 and December 29, 2018:

<u>December 28, 2019</u>	<u>Useful Life (Years)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Franchise Agreements	20.0	\$ 12,195,558	\$ 3,825,471	\$ 8,370,087
Tradenname	15.0	<u>1,500,000</u>	<u>633,333</u>	<u>866,667</u>
Total Lived Intangible Assets		\$ 13,695,558	\$ 4,458,804	\$ 9,236,754
Goodwill	10.0	\$ 7,872,039	\$ 4,884,237	\$ 2,987,802

<u>December 29, 2018</u>	<u>Useful Life (Years)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Franchise Agreements	20.0	\$ 12,195,558	\$ 3,215,693	\$ 8,979,865
Tradenname	15.0	<u>1,500,000</u>	<u>533,333</u>	<u>966,667</u>
Noncomplete Agreements	5.0	<u>82,000</u>	<u>82,000</u>	<u>0</u>
Total Lived Intangible Assets		\$ 13,777,558	\$ 3,831,026	\$ 9,946,532
Goodwill	10.0	\$ 7,872,039	\$ 4,098,347	\$ 3,773,692

Amortization expense for goodwill and intangibles was approximately \$1,496,000 and \$1,511,000 for the 52-week periods ended December 28, 2019 and December 29, 2018, respectively.

Definite Lived Intangible Assets and Goodwill (continued)

Estimated amortization expense for the remaining life of the definite lived intangible assets and goodwill is as follows:

Fiscal Year Ending	Amount
2020	\$ 1,497,000
2021	1,497,000
2022	1,497,000
2023	1,242,000
2024	732,000
Thereafter	<u>5,758,000</u>
Total	\$ 12,223,000

Note 7 – Line of Credit

The Company has a revolving line of credit note with CIBC Bank in the amount of \$16,000,000 that is due August 30, 2021. Interest is due monthly at a rate equal to the adjusted LIBOR rate or Prime rate, plus an applicable margin as defined in the agreement (4.44% to 6.50% at 2019 and 4.31% to 6.37% at 2018). The Company is also subject to a nonuse fee, as defined in the agreement. The line of credit is secured by a general business security agreement covering substantially all assets of the Company. The Company had \$11,750,000 and \$13,250,000 outstanding on the line of credit as of December 28, 2019 and December 29, 2018, respectively. The borrowings on the line of credit are limited by a borrowing base which had approximately \$4,250,000 available on the line of credit as of December 28, 2019.

Note – 8 Income Taxes

Net deferred tax assets and liabilities consist of the following components as of December 28, 2019 and December 29, 2018:

	<u>2019</u>	<u>2018</u>
Deferred Tax Assets:		
Allowance for Doubtful Accounts	\$ 484,000	\$ 116,037
Accrued Expenses	146,000	164,404
Net Operating Loss	569,000	0
Other	125,150	0
Deferred Compensation	<u>0</u>	<u>134,096</u>
Total Deferred Tax Assets	1,324,150	414,537
Deferred Tax Liabilities:		
Prepaid Expense	89,000	82,411
Leasehold Improvements and Equipment	589,000	614,646
Intangible Assets	<u>2,282,000</u>	<u>2,406,239</u>
Total Deferred Tax Liabilities	<u>2,960,000</u>	<u>3,103,296</u>
Total	<u>\$ (1,635,850)</u>	<u>\$ (2,688,759)</u>

Note – 8 Income Taxes (continued)

The reconciliation of the provision for income taxes at the statutory federal tax rates to the Company's actual provision for income taxes was as follows at December 28, 2019 and December 29, 2018:

	<u>2019</u>	<u>2018</u>
Expected taxes at statutory rates	\$ (738,166)	\$ 383,977
Increase (decrease) in taxes resulting from:		
State taxes (net of federal benefit)	(96,920)	119,054
Permanent differences	180,760	151,188
Deferred Rate Change	0	0
Other	<u>580</u>	<u>7,650</u>
Total	<u>\$ (653,746)</u>	<u>\$ 661,869</u>

The provision for income taxes consisted of the following as of the periods ended:

	<u>2019</u>	<u>2018</u>
Current Expense	\$33,616	\$ 520,226
Deferred Benefit	<u>(687,362)</u>	<u>141,643</u>
Total	<u>\$ (653,746)</u>	<u>\$ 661,869</u>

The Company has approximately \$2,300,000 in federal net operating losses that were generated in 2019 that are available to carryback five years or offset future taxable income.

Note 9 – Share Based Compensation

The Company has adopted a non-qualified stock option plan which permits the grant of stock options to the Company's employees for up to 300,000 shares of common stock. The options were exercisable within ten years from the date of grant to the extent they are vested subject to certain exercise events. The options generally vest upon certain dates specified in the option agreements or when certain performance obligations are met, generally over five years or a change in control of the Company, subject to continued employment with the Company. Compensation income of approximately \$22,000 and \$89,000 was recognized for the 52-week period ended December 28, 2019 and December 29, 2018, respectively, and is included in administrative expenses on the profit & loss statement. These options are subject to holder put rights and are recorded as a liability award within other long-term liabilities on the balance sheet. The calculated value of each option award is estimated as of the end of the fiscal year using a multiple of EBITDA, which is in accordance with the Company's Credit Agreement as more fully disclosed in Note 1.

Note 9 – Share Based Compensation (continued)

A summary of stock option activity under the Plan as of December 28, 2019, and changes during the 52-week period then ended is presented below:

	<u>Total Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding – Beginning of Period	3,978	\$ 354
Granted	485	404
Exercised	(1,401)	348
Forfeited	0	0
Cancelled	<u>0</u>	<u>0</u>
Outstanding – End of Period	3,062	\$ 524

A summary of stock option activity under the Plan as of December 29, 2018, and changes during the 52-week period then ended is presented below:

	<u>Total Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding – Beginning of Period	3,978	\$ 354
Granted	0	0
Exercised	0	0
Forfeited	0	0
Cancelled	<u>0</u>	<u>0</u>
Outstanding – End of Period	3,978	\$354

The following table summarizes information about stock options outstanding and exercisable at December 28, 2019:

	<u>Options Outstanding</u>		<u>Options Exercisable</u>	
	Number of Options	Weighted Average Remaining Contractual Life (in Years)	Number of Options	Weighted Average Remaining Contractual Life (in Years)
<u>Range of Exercise Price</u>	<u>Outstanding</u>	<u>Life (in Years)</u>	<u>Outstanding</u>	<u>Life (in Years)</u>
\$546	2,577	6.77	1,675	1.75
\$405	<u>485</u>	9.33	<u>-</u>	-
	3,062		1,675	

Note 10 – Phantom Stock Plan

The Company has established a phantom stock plan (the Plan) for certain key employees. The Plan awards benefits to participants based on the spread between the fair value of the units awarded as of the grant date and the fair value of the units as of the participants' vesting date. Vesting requirements are established on the date of grant. The units granted through December 28, 2019 will vest after three years. The awards are accounted for as a liability award within other long-term liabilities on the balance sheet with compensation cost measured at the end of each reporting period based on a multiple of EBITDA, which is in accordance with the Company's Credit Agreement as more fully disclosed in Note 1. Compensation income related to the phantom stock award net of the exercise price was recognized in the amount of approximately \$22,000 and \$30,000 in the accompanying profit & loss statement for the 52-week periods ended December 28, 2019 and December 29, 2018, respectively.

Note 11 – Retirement Plan

The Company has a defined contribution plan covering employees who have attained the age of 21 and have completed three months of service. The Company, upon approval by the Board of Directors, may make discretionary matching contributions as a percentage of the participating employees wage deferrals and discretionary profit sharing contributions. The Company made a discretionary contribution of approximately \$165,000 and \$140,000 for the 52-week periods ended December 28, 2019 and December 28, 2018, respectively.

Note 12 – Related Party Transactions

The Company has entered into agreements with organizations affiliated with certain stockholders to provide ongoing advisory services. The agreements require the Company to pay quarterly fees ranging from \$10,000 to \$32,500. Additionally, one of the agreements requires the Company to issue shares of common stock in an amount equal to \$130,000 per year. The Company recognized expenses totaling \$300,000 under the respective agreements for the 52-week periods ended December 28, 2019 and December 29, 2018.

Note 13 – Commitments

Employment Agreements: The Company has employment agreements with current and former key executives of the Company. The employment agreements have a Put Option on the executive stock, whereby on or after the sixth anniversary of the date of the agreement, the executives, with 30 days' notice, may sell their stock to the Company at a price that is calculated on an agreed upon formula, based on enterprise value at that time. The Put Price may, at the Company's sole election, be payable over a three year period.

Legal Matters: In the ordinary course of conducting business, the Company occasionally becomes involved in legal proceedings relating to contracts, product liability and other matters. While any proceeding or litigation has an element of uncertainty, management of the Company believes the outcome of any pending or threatened action will not have a material adverse effect on the business or financial condition of the Company.

UNAUDITED FINANCIAL STATEMENTS

Adventures in Advertising Franchise LLC.

Unaudited Balance Sheet

July 3, 2021

ASSETS		7/3/2021
Total Accounts Receivables, less Allowance for Doubtful Accounts		\$ 6,902,593
Unbilled Revenue		-
Other		603,083
Total Current Assets		6,902,593
Notes Receivable		417,946
Total Assets		\$ 7,320,539
LIABILITIES AND EQUITY		7/3/2021
Accounts Payable Due to Vendors		\$ 3,972,629
Commissions Payable - Franchisee		866,946
Accrued Expenses & Other Current Liabilities		284,093
MEMBER'S INTEREST		
Total Member's Interest		2,196,871
Total Liabilities and Member's Interest		\$ 7,320,539

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Adventures in Advertising Franchise LLC.

Unaudited Statement of Operations

July 3, 2021

	2021
SALES	
Net Sales	\$ 3,187,355
GROSS PROFIT	<u>\$ 3,187,355</u>
SG&A EXPENSES	
Allocation of Operating Costs from AIA Corp	2,875,524
Bad Debts	\$ (19,649)
Other	\$ (41,622)
Total SG&A Expenses	<u>2,814,253</u>
NET INCOME	<u><u>373,102</u></u>

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GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, AIA Services, LLC, a Delaware limited liability company located at 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911, absolutely and unconditionally guarantees to assume the duties and obligations of Adventures in Advertising Franchise, LLC, located at 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2021 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Appleton, Wisconsin on the 23rd day of Sept, 2021.

Guarantor:

AIA SERVICES, LLC

By:

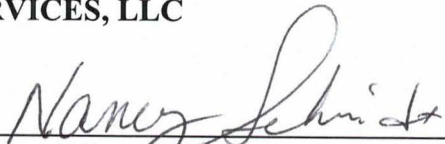

Name: Nancy Schmidt
Title: CEO & President

EXHIBIT B
LIST OF FRANCHISEES

AIA Franchise Owners as of December 31, 2020

	Franchise Name	Franchise Owner(s)	Address	City	State	Zip	Phone
1	Marketing Works	POORE, Jeffrey L. & Teresa M.	4000 Eagle Point Corporate Drive, Suite 100	Birmingham	AL	35242	205-585-0381
2	JNC Designs	COTE, Jahane M.	16 Bugle Retreat	Spanish Fort	AL	36527	251-625-4909
3	IGI International	HICKS, Lori C.	13031 Blodgett Avenue	Bakersfield	CA	93314	661-589-1472
4	Los Angeles	HASHEMI, Mehdi A.	24655 Park Miramar	Calabasa	CA	91302	818-222-6667
5	Impact Advertising	CASSIDY, GREG C.	18650 Collier, #D	Lake Elsinore	CA	92530	951-471-1105
6	4logogear.com	HOGAN, Brian	5950 Jetton Lane	Loomis	CA	95650	916-652-5100
7	Mid Valley Promotions	O'DONNELL, Margaret S.	1027 N. Emerald, A-19	Modesto	CA	95351	209-529-5414
8	Branded Merchandise Group	CONDON, Stephen C.	3737 Scenic Way	Oceanside	CA	92056	760-295-8250
9	A.C.E. Promotional Products	RITCHEY, Tracy B. & Karen A.	850 Red Cloud Road	Paso Robles	CA	93446	310-231-0187
10	The Stanley Group	STANLEY, Curtis A. & Geri M.	31441 Santa Margarita Parkway, Suite A #363	Rancho Santa Margarita	CA	92688	949-713-7797
11	Eagle Marketing	EVANS, James M. & Lisa B.	205 Kingsford Lane	Redwood City	CA	94061	650-965-2821
12	Moss Marketing	MOSS, Melinda R.	1441 Bonnie Court	Redwood City	CA	94061	650-817-9000
13	Image Architects	HALLIN, Brian D. & Teresa M.	413 Carbonera Drive	Santa Cruz	CA	95060	831-460-9614
14	Bluestone Marketing, Inc.	BAGLI, Thomas G.	720 Hawthorn Avenue	Boulder	CO	80304	303-527-0900
15	Promotional Connection, LLC	KUBANYI, Peter B. & Eileen M.	6839 E. Costilla Circle	Centennial	CO	80112	303-792-0525
16	Vision Marketing Incentives, LLC	HAMMEL, Judy G. & Gary G.	5836 Crestwood Drive	Fort Collins	CO	80528	970-207-9390
17	Sundog Promotions, LLC	KNOFLA, Judy G. & Neal C.	85 River Road	Barkhamsted	CT	06063	860-921-7750
18	Marketing Promotions, LLC	LEHRER, Leon M.	22 Fenwood Drive	Old Saybrook	CT	06475	860-510-0419
19	Advertising Specialties & More, Inc.	ROTHBERG, Barry J.	21652 Hammock Point Drive	Boca Raton	FL	33433	561-353-1515
20	LogoTools	MILLER, Joseph M. & Marsha E.	1440 Coral Ridge Drive #346	Coral Springs	FL	33071	954-255-3644
21	Coast to Coast	COOPER, Terri L.	223 S. Swinton Avenue	Delray Beach	FL	33444	949-690-1662
22	Charter Marketing	MCCARTY, Edward T.	6410 Sand Lake Sound Drive # 220	Orlando	FL	32819	407-810-7458
23	Resource Marketing	SEYMOUR, Christyl L.	2520 Illinois Street	Orlando	FL	32803	407-228-0881
24	AIA/Full Press	SHRINE, Daniel N. & Tracey K.	3445 Garber Drive	Tallahassee	FL	32303	850-224-6819
25	Logo Marketing Group	RACHALS, Roger W. & RACHALS, Chadwick A.	2231 Dawson Road, Suite H	Albany	GA	31707	229-420-0496
26	Gecko Promotions	YOUNTS, Donna	115 Haley Farm Drive	Canton	GA	30115	770-926-0026
27	Marketing Concepts, LLC	TESSER, Howard L. & Judith R.	20 Pembroke Lane	Cartersville	GA	30120	646-479-8235
28	ADMAN Promotions, Inc.	WIESENFELD, Neil G.	220 Hammond Drive, Suite 308	Sandy Springs	GA	30328	404-663-1413
29	320 Productions, Inc.	SPENCER, James M.	419 Atkinson Drive # 1403	Honolulu	HI	96814	310-375-8902
30	Central Iowa	BISBEE, Michael D.	2740 30th Street	Des Moines	IA	50310	515-274-1112
31	Ideations & Promotions, LLC	KUSIAK, Alesia M. & JOHNSON, Jeffrey V.	1235 Summer Street	Hammond	IN	46320	219-228-8847
32	Image Pros	STEINMAN, Bruce E. & Kristin A.	133 W. Market Street, Suite 203	Indianapolis	IN	46204	317-489-6530
33	Making the Mark	KEITH, Michael H.	10950 W. 154th Street	Overland Park	KS	66221	913-402-8000
34	Adventures in Advertising Unlimited	HACKLER, Phillip D.	11001 Bradford Way	Goshen	KY	40026	502-245-3788
35	Alliance Promotional Products	BATUELLO, Michael C. & Therese L.	13708 Saddlecreek Drive	Louisville	KY	40245	502-777-6661
36	Corporate Specialties	ROSENBAUM, Steven R.	100 Cummings Center Suite 334A	Beverly	MA	01915	978-922-4411
37	Encore Promotions	BRACCIA, Richard A.	43 Commercial Wharf Suite 1	Boston	MA	02110	617-742-3705
38	Premier Promotions	ARONSON, Neil	817 Washington St., Suite 203	Braintree	MA	02184	781-356-0686
39	Creative Promotions	LEWIS, Julie B.	14 Wood Road, Suite 102	Braintree	MA	02184	781-356-5270
40	Bibby Promotions	WINTERS, Andrea K.	852 E. Broadway	South Boston	MA	02127	617-464-0777
41	Black Bear Promotions, Inc.	BARTLETT, Debra L.	28 Cherryfield Avenue	Saco	ME	04072	207-283-1103
42	Unfolding Communications	MLOTKE, Glenn F.	975 Addington Lane	Ann Arbor	MI	48108	313-580-8320
43	PromoProviders, Inc.	DOZOIS, James F. & Thomas J.	68448 Waterfront Drive	Edwardsburg	MI	49112	248-756-3855
44	Great Lakes Corporate Identity, Inc.	MCCARL, Kip A.	2026 Southwood Avenue	Norton Shores	MI	49441	231-578-3218
45	Thunderbird Marketing	BOULAY, Thomas J.	9367 Otchipwe Avenue N.	Stillwater	MN	55082	612-708-1475
46	Solutions, Inc.	CROCKETT, Bruce L. & ROUNTREE, John P.	1205 West Bessemer Avenue, Suite 120	Greensboro	NC	27408	336-574-0127
47	American Recognition Products	PULLEY, Fred L. & Ann W.	1944 Talamore Court	Raleigh	NC	27604	919-231-8815
48	Adsource Media	WHITEHURST, Darlene Lee	8313-101 Six Forks Road	Raleigh	NC	27615	919-871-9990
49	Rogers Marketing	ROGERS, Lori	16 Bennett Street	Nashua	NH	03064	603-888-5862
50	Avalon Promotions	CHASE, Glenn	12 Short Street	Rollinsford	NH	03869	207-809-3942
51	Beantown Promotions	MEEHAN, Thomas G.	17 Greenscapes Lane, Unit 14	Thornton	NH	03223	781-440-0716
52	JohnRa Marketing	CAMPBELL, Mark D.	62 Turtle Rock Road	Windham	NH	01801	617-630-9400
53	The Promotional Zone	RICCA, Ernest J.	16 Orchard Rd.	Kinnelon	NJ	07405	973-838-8219
54	Skyland Promotions	VARRO, Robin A.	65 Fox Hollow Road	Sparta	NJ	07871	973-512-3335
55	Ad Pro, Adventures in Advertising	VIBE, Robert L. & M. Kaye	243 Genoa Peak Court	Genoa	NV	89411	775-762-8869
56	Creative Marketing And Design, LLC	FERRIS, Allen E.	335 Ski Way, # 343	Incline Village	NV	89451	775-843-4637
57	JMC Promotions	MCCANN, John P., & Roberta V.	118 Mappa Ave, PO Box 557	Barneveld	NY	13304	315-896-2146
58	Promotional Source	SWERTFAGER, Diane C.	873 Route 35, Suite F	Cross River	NY	10518	914-232-1700
59	Effective Promos	PEREZ, Maria	118 North Bedford Road, Suite 100	Mount Kisco	NY	10549	914-347-4872
60	Kilroy Creations Corp	SCHUSS, Dean	998C Old Country Road, Unit 329	Plainview	NY	11803	631-694-0460
61	Manos Promotions	MANOS, Nicholas M.	71 Topaz Circle	Canfield	OH	44406	330-533-3015
62	Infront Apparel	EVANS, Timothy C. & Linda L.	4850 Hempstead Station	Kettering	OH	45429	937-299-6360
63	Always Promoting	STEARNS, Kevin T.	127 W. Wayne Street	Maumee	OH	43537	419-891-1112
64	North Canton	TERLIZZI, Carmen Leonard	1125 7th Street N.E.	North Canton	OH	44720	330-494-3829
65	Diversified Apparel & Promotions, Inc.	STEWART, James D. & Carol	8146 Wenonah Court	Sylvania	OH	43560	419-913-0864
66	Designer Set	HOUCK, Michael G.	529 South Walnut	Wilmington	OH	45177	937-382-8000
67	BrandAid, LLC	DICK, Brice G.	710 Center Street	Oregon City	OR	97045	503-887-5773
68	Platinum Promotions, Inc.	JONES, Christopher T.	17704 South Fieldstone Court	Oregon City	OR	97045	503-631-7020

69	Embarq Promotions	CARR, Andrew A. & COHEN, Karen E.	16 Iron Bridge Drive	Collegeville	PA	19426	610-454-9300
70	MG Promotional Products	MCCLINTOCK, Robert M., Jr.	1184 Oriole Drive	Harrisburg	PA	17111	717-671-1786
71	Logo Notions	NORRIS, Douglas J. & Elizabeth T.	3200 Schoolhouse Lane	Harrisburg	PA	17109	717-645-5766
72	Promotional Advantage, Inc.	LIEGEOT, David J.	120 S. Church Street, 1st Floor	West Chester	PA	19382	610-430-6086
73	The Allied Group	CLEMENT, Robert C. (Allied Business Documents)	25 Amflex Drive	Cranston	RI	02921	401-946-6100
74	SC Promotions, LLC	MEALING, Bret M. & Angie W.	2 Mauney Court	Columbia	SC	29201	803-748-7664
75	AIA/Promote Your Brand	FUQUA, William	153 A Brozzini Court	Greenville	SC	29615	864-289-0120
76	The Promotional Authority	STELLING, John E.	4109 East North Street, Suite 300B	Greenville	SC	29615	864-238-1500
77	GF Advertising Services	CLARK, Steve R. & Sonya K.	411 South Ohlman	Mitchell	SD	57301	605-996-1669
78	Legacy Promotional Group	WILSON, Robert J.	1779 Kirby Parkway, Suite 1-364	Memphis	TN	38138	901-624-5678
79	Promo Hounds	LORANCE, Kevin A.	3503 Richards Street	Nashville	TN	37215	615-891-2023
80	Goodfellas Logos	SHAW, John M. & BARRETT, Kelly D.	2461 Forest Park Blvd. Suite 101	Fort Worth	TX	76110	817-348-9393
81	Promotional Alliance, Inc.	BIRMINGHAM, Jeffrey B., WARE, Mike, CAMPBELL, Rodney	5225 Hollister Road	Houston	TX	77040	713-688-2688
82	Signature Specialties	HERRLICH, Lisa M.	475 Bayside Drive	Port Aransas	TX	07833	361-643-1975
83	Corporate Impressions, Inc.	MILLER, William C. & Melissa Ann	1125 Dalea Bluff	Round Rock	TX	78665	512-906-1938
84	Centex Image Designs	LYNN, Larry David	307 Burleson	Smithville	TX	78957	512-360-2866
85	Dominion Promotions, LLC	MILWIT, Jerald D.	3912 Brownstone Blvd.	Glen Allen	VA	23060	804-270-5702
86	Dill Promotional Products	DILL, Kevin	15 Franklin Road, Suite 12	Roanoke	VA	24011	540-344-1100
87	Pawprint Promotions	TOUPIN, Cynthia L.	18524 32nd Avenue SE	Bothell	WA	98012	206-686-9996
88	Magnum Promotions	MATHISON, Frank E. & Colleen L.	1749 N Holl Blvd.	Liberty Lake	WA	99019	509-531-1234
89	Promotions2Go	HOFFMAN-LOMBARD, Eva	140 Lakeside Ave., A-#325	Seattle	WA	98122	425-641-1444
90	LogoMotions	KING, John M.	9111 Merritt Ave., SE	Snoqualmie	WA	98065	425-396-7508
91	Spokane	FITZGERALD, Jeffrey S. & Tessa M.	1301 W. White Road	Spokane	WA	99224	509-448-5282
92	Promotional Marketing Concepts, LLC	JACOBS, William H. & Cynthia B.	1120 S. Barclay Street	Milwaukee	WI	53204	414-292-3544
93	First Impressions	VERHAEGHE, John E. & Susan L.	1914 Albert Street	Racine	WI	53404	262-637-6464

EXHIBIT C

LIST OF FRANCHISEES WHO LEFT SYSTEM

Franchisees who ceased doing business under the AIA Franchise Agreement between January 1, 2020 and December 31, 2020

<u>Franchise Name</u>	<u>Former Franchisee Name</u>	<u>City</u>	<u>State</u>	<u>Phone</u>
KK Promotions	KARP, Kimberly	San Francisco	CA	415-346-3017
Kreative Koncepts	MINISH , Charles E. & Karen A.	Apopka	FL	407-889-8200
Breakthru Promotions	MUGAVERO, Monica A.	East Prioria	IL	309-303-6106
Erman & Associates, Corp.	ERMAN, M. Bradley & ROBINSON, Shannon L.	Bloomington	IN	812-339-1900
Elegan Promotional Products	GALL, Craig W.	Valparaiso	IN	219-464-8416
Touchmark Promotions, Inc.	LATERZO, Delisa A.	Littleton	MA	888-399-3392
Casta Marketing Group	VERHAGE, Catherine A.	Edina	MN	612-382-9456
Imagewear	BRACKETT, Beth Ann	Excelsior	MN	952-831-0220
Brand-it Marketing Group	PAULSON, John G.	Victoria	MN	952-457-4125
RC Sales	SMITH, Robert C. & Martha D.	Miami	OK	918-542-8850
A 1 Promotions LLC	PETTINELLI, Christine M.	Broomall	PA	610-344-9202
Companygear	SCHOLZ, Sheryl J.& Kenneth W., Jr.	Austin	TX	512-302-4734
Logo Works	FECHTMAN, David P.	Dallas	TX	214-750-8976
WIT Promotions, Inc	BINGHAM, Chris T.	Flower Mound	TX	469-293-6690
Sipes Promotional Concepts	SIPES, Kathleen A.	Fort Worth	TX	817-423-4001
Wright Way Ad Specialties	REMBOWSKI, Kay A. & Anthony R.	Houston	TX	281-218-9898
A & K Promotions	RUNGE, III, Arthur R.T.	Pearland	TX	832-637-7239
C'est Bon Creations, LLC	VARNER, Nancy L.	Seattle	WA	206-352-8585
The Promo Agency	RAPPE, David J.	Edgerton	WI	608-884-2594

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT D
FRANCHISE AGREEMENT

ADVENTURES IN ADVERTISING FRANCHISE, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is made by and between **ADVENTURES IN ADVERTISING FRANCHISE, LLC**, a Delaware limited liability company with its principal business address at 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911 (“we,” “us” or “our”), and _____ (“you” or “your”). This Agreement was made and entered into as of the date appearing at the signature block for us (the “Agreement Date”), regardless of the date upon which we and you sign this Agreement.

1. **Preambles and Definitions.** We and our predecessors and Affiliates have developed the System. Adventures in Advertising Corporation, our parent, owns all rights to, interest in and goodwill of, and we use, promote and sublicense, the Marks. Initial capitalized terms in this Agreement shall have the meanings set forth in Exhibit 1 or elsewhere in this Agreement.

2. **Grant of Franchise and Commencing Operations.**

A. **Grant, Term and Premises.** Subject to this Agreement’s provisions, we hereby grant you the right, and you accept the obligation, to own and operate, and to use the Marks and the System in the operation of, an AIA Business only at the Premises for a term beginning on the Agreement Date and extending until we terminate this Agreement in accordance with Section 12.A or you terminate this Agreement in accordance with Section 12.D (the “Term”). You must begin operating your Business in accordance with this Agreement’s terms and conditions, and begin submitting orders to our Order Processing System, within sixty (60) days after the Agreement Date. You may operate the Business, and your Salespersons and employees may maintain offices, at any location. We refer to the location(s) at which you operate the Business as the “Premises.” The Premises as of the Agreement Date are identified on the signature page. You may relocate the Premises at any time during the Term, provided that you inform us in writing of the Premises’ new location.

B. **Best Efforts and Minimum Net Billings.** Only you are authorized to operate the Business, subject to Section 2.E. You must at all times faithfully, honestly and diligently perform your obligations and fully exploit the rights granted under this Agreement. Without limiting the generality of the foregoing, your Business must generate a minimum of: (1) One Thousand Dollars (\$1,000) in monthly Net Billings for each month during the first six (6) months of the first Period of the Term, and (2) Fifty Thousand Dollars (\$50,000) in aggregate Net Billings during each rolling six (6)-month consecutive period thereafter for the remainder of the Term.

C. **Business Entity Franchisee.** You agree and represent that:

(1) If you are an individual (or a group of individuals), you must transfer this Agreement to an Entity within thirty (30) days after the Agreement Date in accordance with Section 11.C, and following that transfer, the term “you” in this Agreement will refer to that Entity. If you fail to transfer this Agreement to an Entity by such time, or if the Entity fails to validly exist or is not in good standing under the laws of the state of its incorporation or formation at any time during the Term, in addition to our other remedies under this Agreement, you must pay us our then current business administration fee;

(2) Your organizational documents will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement’s restrictions;

(3) Schedule A to this Agreement completely and accurately describes all of your owners and their interests in you;

(4) Each of your owners at any time during this Agreement's term will sign an agreement in the form we periodically prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us, the current version of which is Exhibit 1 to this Agreement. Subject to our rights and your obligations under Section 11, you and your owners agree to sign and deliver to us a revised Schedule A to reflect any changes in the information that Schedule A now contains within ten (10) days after the change; and

(5) The Business will be the only business that you operate (although your owners and Affiliates may have other, non-competitive business interests, subject to Section 7 below).

D. No Territorial Rights. You acknowledge that you are not receiving any exclusive or protected territory around the Premises or any other territorial rights. During and after the Term, we and our Affiliates may engage in any activities that we and they deem appropriate, directly or through agents, representatives and/or third parties, including: (1) operating and granting franchises for AIA Businesses at any locations (even near your Business) and on any terms and conditions we deem appropriate; and (2) selling products and services that are identical or similar to, or dissimilar from, those offered by AIA Businesses, whether identified by the Marks or other trademarks, through any distribution channels we deem appropriate (including commissioned sales representatives), wherever located or operating.

E. Salespersons. You may engage Salespersons to solicit, market and/or make sales to customers on behalf of your Business. When dealing with customers and other third parties on behalf of your Business, Salespersons must identify themselves solely as agents of your Business in the manner that we periodically specify. All Salespersons (whether they are your employees or independent contractors) are your agents, and you are liable and responsible for all of their actions and failures to act, including for all amounts owed in connection with their orders that are placed through the Order Processing System and ensuring that they do not collect payments from customers. All Salespersons must comply with all applicable provisions of this Agreement and all related agreements (although they will have no rights under this Agreement or such related agreements), and any breach of this Agreement or such related agreements by any Salesperson will be deemed a breach of this Agreement and/or such related agreement by you.

3. Guidance and Assistance.

A. Training. If you are not a Distributor/Sales Experienced Franchisee, then we will furnish to you or a representative from your Business whom we approve for training (the "Training Representative") both an initial training program on the promotional products industry ("Industry Training") and a follow-up training program relating to the operation of an AIA Business and the Order Processing System ("OPS Training"). If you are a Distributor/Sales Experienced Franchisee, then we will furnish the OPS Training to you or the Training Representative. You or your Training Representative must complete the required training to our satisfaction before you begin operating your Business. If we determine, in our sole judgment, that you or the Training Representative has not satisfactorily completed the training program, we may require that representative, or any replacement you appoint, to complete the next initial training program at your expense. You must pay all wages and travel and living expenses that you and your personnel incur in attending training.

In addition to the initial training program, we may require you (or your Training Representative) and/or your personnel whom we specify to attend and complete, to our satisfaction, supplemental training

programs that we choose to provide periodically at the times and locations we designate. If we furnish these supplemental training programs, we will not charge you an additional fee, but you must pay all wages and travel and living expenses associated with these programs. Your personnel whom we periodically specify also must attend any conventions that we periodically specify for some or all AIA Businesses, and you will be responsible for all registration fees and your personnel's travel, living and other expenses and compensation incurred in connection with attendance at such conventions.

B. Business and Operations Manuals. During the Term, we will provide you access to one (1) complete set of our Business and Operations Manuals. You must operate the Business in accordance with the methods of operation set forth in the Business and Operations Manuals and other written or oral directives from us. We may periodically add to, delete from or otherwise modify the Business and Operations Manuals to reflect changes in System Standards. You acknowledge that these modifications might require you to expend material sums of money; however, we will not require you to make a substantial investment to comply with any modifications to the Business and Operations Manuals unless we determine, in our good faith judgment, that such investment is necessary to bring the Business up to the standards of other AIA Businesses or is otherwise in the best interest of AIA Businesses in general. You agree to keep your copy of the Business and Operations Manuals current and communicate all updates to your Salespersons and other personnel in a timely manner. You agree to keep all parts of the Business and Operations Manuals in a secure location. In the event of a dispute about the contents of the Business and Operations Manuals, our master copy will control. The Business and Operations Manuals shall remain confidential and our property. You may not at any time copy or duplicate in any way any part of the Business and Operations Manuals without our prior written consent. You agree to return the Business and Operations Manuals, together with any copies, to us upon termination of this Agreement.

At our option, we may post the Business and Operations Manuals on the Extranet or another restricted website to which you will have password access. If we do so, you agree to periodically monitor the website for any updates to the Business and Operations Manuals or System Standards. Any passwords or other digital identifications necessary to access the Business and Operations Manuals on such a website will be deemed to be part of the Confidential Information.

4. Fees, Payments and Order Processing System.

A. Initial Franchise Fee. You must pay us a non-refundable initial franchise fee of Thirty Thousand Dollars (\$30,000) when we and you sign this Agreement. If your Net Billings during the first Period are over One Hundred Fifty Thousand Dollars (\$150,000), we will refund Fifteen Thousand Dollars (\$15,000) of your initial franchise fee within thirty (30) days after the end of the first Period. If you are a Distributor/Sales Experienced Franchisee, we may waive all or part of your initial franchise fee based on your actual sales during the twelve (12)-month period preceding the Agreement Date. Except as described above, your initial franchise fee is non-refundable.

If we, in our sole judgment, agree to finance any part of the initial franchise fee, then instead of paying all of your initial franchise fee when we and you sign this Agreement, you would only pay the down payment (if any) when we and you sign this Agreement and you must sign a promissory note in the form we specify to cover the financed portion of the initial franchise fee. All of your owners must guarantee your obligations under the promissory note in the form that we specify.

B. Service Fee.

(1) During the Term, you agree to pay us a Service Fee equal to the percentage described below of the Net Billings for the Business:

Net Billings During Previous Period	Service Fee
Under \$100,000	10%
\$100,000 to \$199,999.99	9%
\$200,000 to \$299,999.99	8%
\$300,000 to \$499,999.99	7.5%
\$500,000 to \$749,999.99	7%
\$750,000 to \$999,999.99	6.5%
\$1,000,000 to \$1,499,999.99	6%
\$1,500,000 to \$1,999,999.99	5.75%
\$2,000,000 to \$2,499,999.99	5.5%
\$2,500,000 to \$2,999,999.99	5.25%
\$3,000,000 to \$3,499,999.99	5%
\$3,500,000 to \$3,999,999.99	4.75%
\$4,000,000 to \$4,499,999.99	4.5%
\$4,500,000 to \$4,999,999.99	4.25%
Over \$5,000,000	4%

The Service Fee varies based on your Business' Net Billings during the previous Period. Except as set forth in Subsection (2) below, we will not adjust your Service Fee during any Period, whether your Business derives more or less Net Billings than it did during the previous Period. Nothing in this Section 4.B limits your obligation to achieve the minimum Net Billings in Section 2.B. Neither the thresholds listed above, nor the obligation to achieve that minimum Net Billings, is a representation or warranty, express or implied, that your Business is likely to, may, will or should achieve these levels of Net Billings, and you acknowledge that you are entering into this Agreement based on your own independent assessment of the Business and your likelihood of realizing the Net Billings you expect.

(2) If the Business operated before the Agreement Date as an AIA Business under a franchise agreement with us, then we will determine your Service Fee for the first Period under this Agreement using the table in Subsection (1) above based on the Business' Net Billings during the twelve (12)-month period preceding the Agreement Date, and we will not adjust that Service Fee during the first Period under this Subsection (2). If you are a Distributor/Sales Experienced Franchisee, then we will determine your Service Fee for the first Period under this Agreement using the table in Subsection (1) above based on our understanding of your actual sales during the twelve (12)-month period preceding the Agreement Date, but we may adjust that Service Fee after three (3) months under this Subsection (2). You must provide us the financial statements, tax returns and/or other information we periodically request to verify your actual sales level during that period. In all other cases, or if you fail to provide us those financial statements, tax returns or other information, your Service Fee for the first Period is ten percent (10%) of your Business' Net Billings, but we may adjust that Service Fee after three (3) months under this Subsection (2).

Unless the Business operated before the Agreement Date as an AIA Business under a franchise agreement with us, during the fourth (4th) month after the Agreement Date, we will review your Business' Net Billings during the first three (3) months after the Agreement Date. We may, in our sole judgment, decrease (but not increase) the Service Fee percentage payable during the remainder of the first Period (but we will not refund any Service Fees that you have already then paid) based on, among other factors, our estimation of your Business' Net Billings during the entire first Period. However, whether we decrease your Service Fee for the first Period is entirely up to us.

We will list the Service Fee for the first Period, and whether that fee is subject to adjustment in this Subsection (2), on the signature page to this Agreement before we and you sign it.

(3) In addition to the Service Fee described in Subsection (1) above, beginning with the first day of the calendar quarter (i.e., January 1, April 1, July 1 or October 1) that follows the first anniversary of the Agreement Date and continuing for the remainder of the Term, you agree to pay us a minimum Service Fee of Three Thousand Dollars (\$3,000) per calendar quarter, such that, if the aggregate Service Fee payable for any full calendar quarter calculated according to Subsection (1) is less than Three Thousand Dollars (\$3,000), then you must pay us the difference upon receiving our invoice.

(4) You must ensure that your Business receives only money in exchange for the goods and services that it offers and sells, and you may not barter or otherwise accept goods or services from any customer in exchange for the goods or services that your Business provides. We may periodically modify the timing of when Net Billings are deemed to have been billed, charged, earned or received, including for purposes of assessing the Service Fee.

C. Order Processing System. Unless we direct otherwise in writing, all customer orders for the Business must be sent to us for billing and processing under our Order Processing System. Without our prior written authorization, neither you (nor your owners) nor any Salesperson or other representative of your Business may process an order, bill a customer, or collect any payment from any customer for the Business. We may periodically modify the manner in which we administer and operate the Order Processing System (including the timing of when the Service Fee and Capital Access Charge (defined below) are charged to your account for a particular order and charges for payment, delivery and other procedures for a particular order that vary from our standard procedures), and you must comply with the standards and procedures that we periodically implement.

Under the Order Processing System, when you receive an order from a customer, you will select the supplier with whom you wish to place the order (subject to the other provisions of this Agreement), place the order with that supplier and set the price you wish to charge the customer. You then will give to us the information we require concerning the order. If the supplier is not already participating in the Order Processing System, and we approve that supplier, then we may charge you a fee (not to exceed our good faith estimate of our processing costs, including employee time) relating to gathering and inputting the supplier's information and otherwise establishing the supplier in the Order Processing System. You agree to direct customers to pay us for all products and services you sell to them under this Agreement, and to direct the supplier you choose to send invoices and bills to us for orders that we process through the Order Processing System (unless otherwise set forth in this Agreement). We will send invoices to your customers, process payments received from your customers and pay your suppliers. Simultaneously with signing this Agreement, we and you will sign the Receivables Agreement. We may periodically contact your suppliers and customers during and after the Term concerning our and your respective rights and obligations under this Agreement and any related agreements and the orders then pending in the Order Processing System.

Notwithstanding our administration of the Order Processing System, you are responsible for ensuring that your customers pay us in full for all invoices received from us on the orders they place with you (subject to our right to adjust customer complaints on your behalf, as described in the Receivables Agreement). If your customer fails or refuses (regardless of the reason) to pay us in full for any order placed with you on or before the due date on that customer's invoice, or if we believe that the collection of payment on that invoice is doubtful (whether due to the customer's financial condition or any other reason), then you must, within ten (10) days after our delivery of written notice to you, pay us the amount that the customer owes for that order. You acknowledge and agree that we may offset such amount from Net

Proceeds. At regular intervals (at least three (3) times per month), we will remit to you the Net Proceeds out of the amounts we have collected on your behalf. You may not pay any of your suppliers directly for orders that we process through the Order Processing System unless we direct otherwise.

We may refuse to process any order through the Order Processing System if we believe, in our sole judgment, that the customer placing the order does not satisfy our minimum standards of creditworthiness or that the supplier does not meet our minimum standards and qualifications. We also may, at our sole option, refuse to process any order through the Order Processing System for which you or any of your owners, or a company or individual affiliated with or otherwise related to you or any of your owners, is the supplier or the customer (or both). If we refuse in writing to process any order, you may service the customer and pay the supplier for the order, and you must promptly report to us all information we request about the order (including the amount that you will pay to the supplier). However, if we refused to process the order because we rejected the proposed supplier (rather than because we rejected either the proposed customer or both the proposed supplier and the proposed customer), then you still must direct the customer to pay us all amounts owed on that order. We also may develop and periodically modify special standards and operating procedures for, and have the right (at our sole option) to refuse to process through the Order Processing System, orders that you place, directly or indirectly, with suppliers operating outside the United States.

D. Capital Access Charge. You agree to pay to us a “Capital Access Charge” on each order for your Business that we process through the Order Processing System based on the amount of our payments to suppliers on your behalf for the order (including deposits and letters of credit) which have not yet been reimbursed to us by your customer (“Outstanding Capital”). The Capital Access Charge (if any) for an order is calculated on a daily basis and equals the interest rate which we periodically determine (at our sole option, subject only to the limitations described below in this Section) to charge for this financing (the “Capital Access Rate”) multiplied by the amount of Outstanding Capital on the order. However, the Capital Access Charge shall not begin to accrue on any supplier invoice until thirty (30) days from the date listed on the supplier invoice, regardless of when we receive the supplier invoice. The Capital Access Rate shall not exceed the lesser of eighteen percent (18%) per annum or the highest interest rate the law allows. We will inform you of the amount of the Capital Access Rate periodically throughout the Term, and our determination of the Capital Access Rate will be binding.

E. Customer Payments That You Receive. If you (or any of your owners) or any Salesperson or other representative of your Business receives any payment directly from any customer for any products or services your Business provided or will provide, then unless we notified you in writing that the customer should not remit the payment to us, you must remit such payment to us within three (3) business days after receiving it. If you fail to do so, then in addition to our other rights and remedies under this Agreement (including our right to terminate this Agreement), you must pay us an administrative fee equal to: (1) Five Hundred Dollars (\$500) for each such customer payment, plus (2) Fifty Dollars (\$50) for each separate invoice that the customer paid with such payment. You also must remit that customer’s payment, which is our property and is held by you in trust for us, to us immediately. Your failure to remit such payment to us shall constitute conversion of our property. If we notified you in writing that the customer should not remit payment to us on any particular order, then you must pay us all Service Fees and other amounts payable to us pursuant to this Agreement with respect to the Net Billings on that order on or before the earlier of: (i) the tenth (10th) day of the calendar month following your receipt of payment from the customer relating to such Net Billings, or (ii) the ninetieth (90th) day following the issuance of an invoice to the customer for those Net Billings.

F. Payment of Taxes on Customer Orders. Unless we otherwise specify in writing, you are solely responsible for paying to the applicable government authorities all sales, use, excise and other taxes

required by law to be collected from customers and paid to the appropriate taxing authorities relating to orders that we process for your Business through the Order Processing System. We will provide you any information that you reasonably request to enable you to complete any tax-related reports and pay any such taxes. You also must pay to the appropriate taxing authorities all income and other taxes relating directly or indirectly to the Business or your activities under this Agreement.

We may, at our option exercisable upon delivery of written notice to you, elect to pay on your behalf any or all of the sales, use or similar taxes imposed with respect to the orders that we process for your Business through the Order Processing System. If we exercise such option, you must provide us with any information we periodically request to enable us to pay such taxes. We may charge a reasonable fee (which we may periodically modify) to compensate us for our costs of providing these services. We may deduct such fees and the amount of any such taxes from Net Proceeds. If we exercise this option, you must nevertheless pay all taxes relating to orders that we process for your Business through the Order Processing System which we do not pay on your behalf, including income taxes and taxes based on the sales and activities of any Related Business.

G. Interest on Late Payments. All amounts which you owe us (including amounts that your customer has failed or refused to pay to us) that we have requested you to pay, whether by delivery of written or electronic notice to you or by posting the amount due at a secure location on the Extranet, shall, at our option, bear interest after the due date at the rate of one and one-half percent (1.5%) per month or the highest contract rate of interest permitted by law, whichever is less. This Section is not our agreement to accept any payments after they are due or our commitment to extend credit to or otherwise finance your operation of the Business.

H. Application of Payments/Set-Off. When we receive a payment from you or from one of your customers, we may apply it to any of your past due indebtedness to us, our Affiliates or your suppliers, whether for purchases, fees or any other charges, regardless of any designation that you may request. We may set-off any amounts you or your owners owe us or our Affiliates against any amounts we or our Affiliates might owe you or your owners, whether in connection with this Agreement or otherwise.

I. Reimbursement of Expenses. If you pay any amount you owe us by Visa®, MasterCard®, American Express® or any other credit card, we may charge you any additional expenses we incur (for example, merchant fees from any credit card company). We also may charge you for any expenses that we incur with third parties on your behalf, including shipping charges, bank charges (such as “NSF check” and stop payment charges), credit card fees, and expenses relating to collecting past-due amounts from customers (such as costs for sending demand letters).

5. Marks.

A. Ownership and Goodwill of Marks. Your right to use the Marks is derived solely from this Agreement and is limited to your operating the Business according to this Agreement and all System Standards. Your use of the Marks and any goodwill established by your use will inure exclusively to our and our licensor’s benefit. This Agreement does not confer any goodwill or other interest in the Marks upon you, other than the right to use the Marks in the manner we periodically specify to operate the Business. All provisions of this Agreement relating to the Marks apply to any additional or substitute trademarks, service marks or commercial symbols we authorize you to use during the Term.

B. Use of Marks. You must use, and must cause your Salespersons and other representatives to use, the Marks to identify your Business in the form and manner that we periodically specify. You shall identify yourself as the independent owner and operator of the Business under a franchise agreement with

us in the manner we periodically require. You shall not use any Mark as part of any corporate or other Entity name or in any other manner that we do not expressly authorize in writing. You agree to give such notices of trade and service mark registrations as we periodically specify and to obtain such fictitious or assumed name registrations as applicable law may require.

C. Tradename of Business. Unless you participate in the Dual Branding Program (defined below), you, your Salespersons and your other representatives must use the Marks as the primary identification of the Business in all your dealings with customers, suppliers and others in the manner that we periodically specify. However, if you are a Distributor/Sales Experienced Franchisee and we determine (in our sole judgment) that you satisfy our financial and operational criteria for participating in our “Dual Branding Program,” then at your option, you may participate in that program according to this Agreement’s terms and conditions. In the Dual Branding Program, you, your Salespersons and your other representatives must identify your Business using both the Marks and the tradename under which you previously operated your promotional products business before signing this Agreement (the “Tradename”) in all of your dealings with customers, suppliers and others in the manner that we periodically specify. If you are participating in the Dual Branding Program, then we and you have acknowledged this fact by initialing the appropriate spaces on the Signature Page to this Agreement; otherwise, you are not participating in the Dual Branding Program. If you are participating in the Dual Branding Program:

(1) you represent and warrant to us that you own all intellectual property rights in and to the Tradename, and that our and your use of the Tradename does not and will not infringe any other party’s intellectual property or other rights;

(2) you must engage the suppliers that we periodically specify (which may include or be limited to us or our Affiliates) to develop the artwork, conceptual materials and other aspects of using the Tradename together with the Marks on marketing materials, the System Website (defined in Section 9.D), and otherwise in the operation of the Business. You must pay the initial fees associated with the development of such artwork and conceptual materials and other initial and ongoing fees for services associated with your use of the Tradename in the Business. If we, in our sole judgment, agree to finance any part of the initial fees in connection with the Dual Branding Program, you must sign a promissory note in the form we specify to cover the financed portion of the initial fees. All of your owners must guarantee your obligations under the promissory note in the form that we specify;

(3) we may implement and periodically modify System Standards relating to the Dual Branding Program and your participation in the Dual Branding Program; and

(4) we may, upon thirty (30) days’ written notice to you, discontinue the Dual Branding Program and/or your participation in the Dual Branding Program, after which time you must cease all use of the Tradename in any manner associated with the Business (except as set forth in Section 5.A) and use the Marks as the primary identification of the Business in accordance with this Agreement.

D. Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement of or challenge to your use of any Mark or any claim by any person of any rights in any Mark. We (and our licensor) may take any action that we deem appropriate (including no action) and have the right to control exclusively any litigation or administrative or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You agree to give any reasonable assistance that we request to protect and maintain our and our licensor’s interest in any litigation or

proceeding related to any Mark or otherwise to protect and maintain our or our licensor's interests in the Marks.

E. Discontinuance of Use of Marks. If, at our sole option, it becomes advisable for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after we give notice to you. We need not reimburse you for any loss of goodwill associated with any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

6. **Confidential Information and Customer Data Policy.**

A. Confidential Information. We and our predecessors and Affiliates possess and will continue to develop and acquire certain Confidential Information. We will disclose certain Confidential Information to you in the initial training program, in the Business and Operations Manuals and in other training and guidance we furnish to you. You acknowledge that the Confidential Information is our property, involves our trade secrets and is disclosed to you solely on the condition that you and your owners agree, and you and they hereby do agree, that you and your owners will (1) not use the Confidential Information other than in operating the Business; (2) maintain the absolute confidentiality of the Confidential Information during the Term and thereafter; (3) adopt and implement all reasonable procedures we periodically specify to prevent disclosure of the Confidential Information; and (4) not sell, trade or otherwise profit in any way from any Confidential Information, except during the Term using methods we have approved.

The restrictions on your disclosure and use of the Confidential Information will not apply to the following: (a) disclosure or use of information, methods or techniques that are generally known and used by other businesses selling promotional products (as long as the general knowledge is not due to your disclosure and the disclosure or use otherwise is not prohibited by this Agreement), if you have first given us written notice of your intended disclosure and/or use; and (b) disclosure of the Confidential Information in legal proceedings when you are legally required to disclose it, if you have first given us the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

B. Customer Data Policy. During the Term, we will not use, or authorize any other party (including our Affiliate or franchisee) to use, any Customer Data that you submit to us under the Order Processing System in order to compete with you. If we or any other party (including our Affiliate or franchisee) should obtain Customer Data, or other information regarding past, present or potential customers for your Business, whether during or after the Term, from sources other than the Order Processing System, we are not restricted in any way from using, or authorizing any other party (including our Affiliate or franchisee) to use, that Customer Data and other information in any capacity, including to solicit those individual contact persons and customers identified in the Customer Data for the sale of competing products and services.

7. **Competitive Businesses and Related Businesses.** You agree that we could not protect the Confidential Information against unauthorized use or disclosure, encourage a free exchange of ideas and information among our franchisees, or determine accurately the Net Billings of AIA Businesses if franchisees, their owners and members of their immediate families could hold interests in or perform services for Competitive Businesses or Related Businesses without our prior written consent. You therefore agree that, during the Term, neither you, nor any of your owners, directors or officers, nor any members of your or their respective immediate families, will: (1) have any direct or indirect interest as a disclosed or beneficial owner in, or perform services as a director, officer, manager, employee, consultant,

representative, independent contractor or agent for, any Competitive Business (wherever located or operating) or, without our consent, any Related Business (wherever located or operating); or (2) divert or attempt to divert any business or any customers of the Business to any Competitive Business, wherever located or operating. You may not have any direct or indirect interest in or perform services for any Related Business during the Term, but your owners may do so with our prior written consent. We will not unreasonably withhold our consent under this paragraph with respect to a Related Business if we determine, in our sole judgment, that the Related Business has sufficient capital for its operations and offers products and services that are dissimilar to the products and services offered by AIA Businesses.

8. **Image and Operating Standards.**

A. **Authorized Products and Services.** You may offer only such advertising and promotional products and services and other products and services that meet our standards and specifications (as we periodically modify them) and that we periodically authorize. Your Business must offer all products and perform all services that we periodically require. You further agree that you will not sell the Customer Data or related information or otherwise use the Customer Data or related information for any purpose other than in connection with the operation of the Business.

B. **Products and Suppliers.** You agree that all products and supplies used in or sold by your Business shall comply with our specifications and quality standards, as we periodically modify them. At any time during the Term we may require you to buy some or all of the products and services your Business uses and/or sells to customers only from suppliers that we designate or approve (which might include or be limited to us or our Affiliates). In that event we shall provide you with a list of such designated or approved suppliers that we may revise from time to time. We and/or our Affiliates may derive revenue based on your purchases and leases, including from promotional allowances, volume discounts and other payments made to us and our Affiliates by suppliers with whom you deal. We and our Affiliates may use all amounts received from suppliers, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our Affiliates deem appropriate.

You may not at any time purchase any product or buy from any supplier that we have disapproved. If you want to use any product or service that we have not yet evaluated, or purchase any products or services from any supplier that we have not yet approved (for products and services that we require you to purchase only from designated or approved suppliers), you first must submit sufficient information, specifications and samples for us to determine whether the product or service complies with our standards and specifications and/or the supplier meets our criteria. We shall, within a reasonable time, determine whether such product or service complies with our standards and specifications and/or the supplier meets our criteria and notify you whether you are authorized to use such product or service or purchase from such supplier. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. We have the right to inspect the proposed supplier's facilities and to require the proposed supplier to deliver product or other samples, at our option, either directly to us or to any independent laboratory that we designate for testing. We reserve the right periodically to re-inspect the facilities, products and services of any approved supplier and to revoke our approval of any product, service or supplier that does not continue to meet our criteria. Our approval may be temporary, and we may revoke our approval of a product, service or supplier at any time. We may charge a fee for reviewing and granting approval of suppliers, products or services. If we approve any product, service or supplier you recommend, you agree that we are authorized to allow other AIA Businesses to purchase those products and services from these suppliers, without limitation, and without compensation to you. Notwithstanding the foregoing, you agree that we may limit the number of approved suppliers with whom you may deal, designate sources

that you must use, and/or refuse any of your requests for any reason, including if we have already designated an exclusive source for the applicable product or service or if we believe that doing so is in the best interests of the Adventures in Advertising network.

C. Standards and Procedures. You acknowledge and agree that operating and maintaining the Business according to System Standards, as we may periodically modify and supplement them, are essential to preserve the goodwill of the Marks and all AIA Businesses. Therefore, you agree at all times to operate the Business according to each and every System Standard, as we periodically modify and supplement them. System Standards may (except as specifically set forth below) regulate any aspect of the Business' operation, including any one or more of the following:

- (1) brands, types and models of products that you offer and sell to customers;
- (2) supplies (including business stationery and business cards), equipment (including computer equipment) and other items and services you use to operate your Business;
- (3) required or authorized products or product categories and designated or approved suppliers of these items (which might include or be limited to us or our Affiliates);
- (4) participation in and requirements for sales, promotional, public relations, advertising, marketing and/or customer relationship management programs and materials and media used in these programs;
- (5) participation in market research and test programs that we periodically require or approve concerning various aspects of the System, including new or updated procedures, systems, supplies, marketing materials and strategies, merchandising strategies, and products and services;
- (6) standards and procedures for the Extranet;
- (7) standards and procedures for your and your Salespersons' and other representatives' authorization to use, and use of, blogs, common social networks like Facebook, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites like Pinterest and Instagram, and other similar social networking or media sites or tools (collectively, "Social Media") that in any way reference the Marks or involve your Business;
- (8) standards and procedures for subscribing and obtaining access to services that provide industry-standard search tools for use in operating AIA Businesses;
- (9) use and display of the Marks; and
- (10) any other aspects of operating the Business that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and AIA Businesses.

You acknowledge that our periodic modification of our System Standards (including to accommodate changes to the Order Processing System and the Marks), may obligate you to invest additional capital in the Business and incur higher operating costs, and you agree to comply with those obligations within the time period we specify. Although we retain the right to establish and periodically modify the System and System Standards that you have agreed to follow, you retain the responsibility for the operation of the Business and implementing and maintaining System Standards.

We and you agree that any materials, guidance or assistance that we provide with respect to the terms and conditions of employment for your Salespersons or other employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Business and Operations Manuals or otherwise, are solely for your optional use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to the Business' Salespersons and other employees. You acknowledge that we do not dictate or control labor or employment matters for franchisees and their employees. You are solely responsible for determining the compensation and other terms and conditions of employment for all Salespersons and other Business employees, for all decisions concerning the hiring, firing and discipline of Salespersons and other employees, and for all other aspects of the Business' labor relations and employment practices.

D. Compliance with Laws and Good Business Practices. You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Business and to operate the Business in full compliance with all applicable laws, ordinances and regulations. In all your dealings with us, customers, potential customers, suppliers, potential suppliers, public officials and others, you must adhere to the highest standards of honesty, integrity, professionalism, courtesy, fair dealing and ethical conduct.

E. Insurance. During the Term you must maintain in force at your sole expense comprehensive public, general and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the operation of the Business, containing the minimum liability coverage we prescribe from time to time. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and our Affiliates whom we specify as additional insureds and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. Upon our request you must furnish us copies of any Certificate of Insurance or other evidence of your maintaining this insurance coverage and paying premiums.

F. Computer System and OMBP. You agree to purchase or lease the Computer System that we periodically require for AIA Businesses. At our option, you will use the Computer System in the manner we periodically specify to access the Extranet and to input and access information about your Business, sales and operations. You must maintain the continuous operation of the Computer System. The Computer System's components must conform to our standards and specifications (as we periodically modify them) and, if we require, you must acquire some or all of the components only from suppliers that we designate or approve. Notwithstanding your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained and upgraded.

We and our Affiliates may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us (including the Extranet), on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click through license agreement), that we and our Affiliates periodically specify to regulate your use of, and our (or our Affiliate's) and your respective rights and responsibilities with respect to, the software or technology. We and our Affiliates may charge you up front and ongoing fees for any required or recommended proprietary software, hardware

or technology that we or our Affiliates license to you and for other Computer System maintenance and support services provided during the Term. We currently provide and administer the Order Processing System using the Order Management and Billing Program, or OMBP, an online technology. You agree to manifest your consent (whether electronically, by signing a written agreement or otherwise as we designate) to comply with, and hereby agree to comply with, the Technology User Agreement and any amendments, replacements or successors to that agreement which we may designate from time to time to govern the operation and administration of the Order Processing System.

G. Extranet. We will establish a restricted website providing communications among us, our Affiliates, you, other AIA Businesses, suppliers, and other persons and entities to whom we (in our sole judgment) periodically determine to give access (the “Extranet”). The Extranet may be part of the System Website and will provide the features, services and functionality that we periodically specify. We may implement and periodically modify System Standards relating to the Extranet and, at our option, may discontinue the Extranet, or any services offered through the Extranet, at any time.

You agree to comply with the requirements that we periodically specify (whether set forth in the Business and Operations Manuals or otherwise) concerning connecting to the Extranet and using the Extranet in the operation of the Business. We will own all intellectual property and other rights in the Extranet and all information it contains, including its domain name or URL, the log of “hits” by visitors, any personal or business data that visitors (including you and your Salespersons) supply, and all data and other information relating to suppliers, whether that information is contained on your Computer System or our (or our designee’s) computer system.

H. Customer Restrictions. At our sole option, we may from time to time develop policies and procedures that regulate the customers (and the contact parties at those customers) who you and other AIA Businesses (including those operated by us or an Affiliate) solicit and to whom you and they may sell products and services. These policies and procedures may (at our option) include criteria for designating customers as exclusive, mechanisms for allocating revenue and responsibilities between AIA Businesses that provide products and services to the same customer (or affiliates within the same customer group), and other standards designed in part to facilitate the operation of the Adventures in Advertising network. If we implement these policies and procedures, you agree to comply with them, as we may periodically modify them, to the maximum extent the law allows.

I. Reporting Requirements. You must establish and maintain at your own expense a bookkeeping and recordkeeping system for your Business according to our requirements and formats, as we periodically modify them. You must use the Computer System to maintain certain financial data and other information, in such formats as we periodically prescribe, and transmit that data and information to us on a schedule we periodically specify. You also must, at your expense, maintain the Computer System in order to allow us unlimited, independent access to, and the ability to download, all information in your Computer System at any time. If we require you must give us, in the forms and on the schedules we periodically specify, reports of your activities and sales and any other data, information and supporting records that we require, including a report of the Net Billings (if any) that you receive from customers and tax forms and financial statements relating to the Business and any Franchisee Related Business.

9. Advertising and Marketing.

A. Advertising by Us. We may, at our sole option, use the Customer Data for any purpose (subject to Section 6.B), including to communicate with customers and in the development and implementation of advertising, marketing, promotional, customer relationship management, public

relations and other brand-related programs that promote the products and services offered by AIA Businesses and the Adventures in Advertising brand.

B. Marketing Fund. At our option, upon at least thirty (30) days' written notice to you, we may establish, and thereafter may administer and control, a marketing and brand fund (the "Marketing Fund") for the advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials for all or a group of AIA Businesses that we deem appropriate. You agree to contribute the amount that we periodically specify to the Marketing Fund, not to exceed an amount equal to (1) one percent (1%) of the Business' Net Billings, plus (2) all promotional allowances, discounts, payments and other consideration you receive from suppliers of the Business based directly or indirectly on your purchases from them (but excluding any prompt payment discounts). Without limiting our rights under Section 8.B, we may contact your suppliers from time to time in order to substantiate the amounts you are required to contribute to the Marketing Fund based on your purchases from them and may require suppliers to contribute to the Marketing Fund directly any payments such suppliers otherwise would have made to you. Your Marketing Fund contribution is payable in the same manner as the Service Fees or in such other manner as we periodically specify.

We will designate and direct all programs that the Marketing Fund finances, with sole control over the creative and business concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Marketing Fund may pay for preparing, producing and placing video, audio and written materials, electronic media and Social Media; developing, maintaining and administering one or more System Websites and/or the Extranet, lead management and customer retention programs; administering national, regional, multi-regional and local marketing, advertising, promotional and customer relationship management programs, including purchasing trade journal, direct mail, Internet and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public and customer relations, market research, and other advertising, promotion, marketing and brand-related activities. The Marketing Fund also may reimburse AIA Businesses for expenditures consistent with the Marketing Fund's purposes that we periodically specify.

We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund to pay any of our general operating expenses, except to compensate us and our Affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs we and they incur in connection with activities performed for the Marketing Fund and its programs, including conducting market research, preparing advertising, promotion and marketing materials, maintaining and administering the System Website, collecting and accounting for Marketing Fund contributions, and paying taxes on contributions. The Marketing Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets. We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you the statement upon written request. We may (but need not) have the Marketing Fund audited periodically at the Marketing Fund's expense by an independent accountant we select. We may incorporate the Marketing Fund or operate it through a separate Entity whenever we deem appropriate. The successor Entity will have all of the rights and duties specified in this Section 9.B.

We intend the Marketing Fund to maximize recognition of the Marks and promotion of AIA Businesses. Although we will try to use the Marketing Fund to develop and/or implement advertising and marketing materials and programs and for other uses (consistent with this Section 9.B) that will benefit all contributing AIA Businesses, we need not ensure that Marketing Fund expenditures in or affecting any

geographic area are proportionate or equivalent to the Marketing Fund contributions from AIA Businesses operating in that geographic area, or that any AIA Business benefits directly or in proportion to the Marketing Fund contributions that it makes. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Marketing Fund's expense to collect Marketing Fund contributions. We also may forgive, waive, settle and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section 9.B, we assume no direct or indirect liability or obligation to you for maintaining, directing or administering the Marketing Fund.

We may at any time defer or reduce an AIA Business' contributions to the Marketing Fund and, upon at least thirty (30) days' written notice to you, reduce or suspend Marketing Fund contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will (at our option) either spend the remaining Marketing Fund assets in accordance with this Section 9.B or distribute the unspent assets to AIA Businesses then contributing to the Marketing Fund in proportion to their contributions during the preceding twelve (12)-month period.

C. Local Advertising. You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials that you or your agents or representatives develop or implement relating to the Business (collectively, "Local Marketing") is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Before you use them, you must send us samples or proofs of all Local Marketing that we have not prepared or previously approved. If you do not receive written disapproval from us within fifteen (15) days after we receive the Local Marketing, it will be deemed approved. You may not use any Local Marketing relating to your Business that we have disapproved, and we may revoke our approval of any of these materials at any time.

D. System Websites.

(1) We or one or more of our designees may establish a website or series of websites or similar technologies, including mobile applications and other technological advances that perform functions similar to those performed on traditional websites, for the Adventures in Advertising network to advertise, market and promote AIA Businesses, the products and services they offer, and the Adventures in Advertising franchise opportunity; to facilitate communications and the ordering process for AIA Businesses and their customers; to function as the Extranet; and/or for any other purposes that we determine are appropriate for AIA Businesses (those websites, applications other technological advances are collectively called the "System Website").

(2) At our option, we may provide you with a separate, subsidiary webpage or series of webpages (accessible only through the System Website) for the Business (collectively, the "Webpage"). Except as provided in Section 9.D(3), we will develop the Webpage for the Business using our then current template for franchisee webpages, which may include standards for format, "look and feel," substantive content, and technical performance. You must give us the information and materials that we periodically request concerning the Business and the Client Relationships to develop, update, and modify the Webpage or otherwise necessary to enable you to participate in the System Website in the manner that we periodically specify. By submitting to us such information or materials, you are representing to us that they are accurate and not misleading and do not infringe any third party's rights. The Webpage may perform the functions, and offer the functionality, that we periodically specify, including displaying preferred product and service

offerings and featuring corporate estores from which your customers can browse and order company-specific items.

(3) If you participate in our Dual Branding Program, we or our Affiliates may (at our or their option) provide additional features, services or customization for your Webpage in accordance with our System Standards and the Business and Operations Manuals, including the use or appearance of the Tradename on the Webpage in combination with our Marks. You must reimburse us and our Affiliates for the costs we and they incur (including any charges from third-party vendors) and pay any ongoing fees we charge in providing such additional features, services or customization. If you had a website for the promotional products business that you operated before signing this Agreement, you must comply with our procedures to direct all visitors from that website to the System Website in the manner that we specify.

(4) We will maintain the System Website, including the Webpage. We have the final decision concerning all information and functionality that appears on the System Website, including the Webpage, and will update or modify the System Website and the Webpage according to a schedule that we determine. You must notify us whenever any information about you or your Business on the System Website or Webpage changes or is not accurate. You must pay our then current monthly or other fee to participate in the various aspects of the System Website or as we otherwise require to maintain and operate the System Website's and/or the Webpage's various features and functions (if, or to the extent, the Marketing Fund does not pay for these costs).

(5) We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary webpages (including the Webpage), the log of "hits" by visitors, and any personal or business data that visitors (including you, your Salespersons and your customers) supply. We may use the Marketing Fund's assets and your Marketing Fund contributions to develop, maintain, support and update the System Website. We may implement and periodically modify System Standards relating to the System Website and all subsidiary webpages (including the Webpage) and, at our option, may discontinue all or any part of the System Website, or any services offered through the System Website or any subsidiary webpages (including the Webpage), at any time. We will permanently remove the Webpage from the System Website, and terminate your access to and participation in the System Website, upon this Agreement's termination.

(6) All advertising, marketing and promotional materials that you develop for the Business must contain notices of the System Website and your Webpage in the manner that we periodically designate. Except for using Social Media according to our System Standards, you may not develop, maintain or authorize any other website, other online presence or other electronic medium (such as mobile applications and other interactive properties or technology-based programs) that mentions or describes you or the Business or displays any of the Marks. Except for the System Website and the Webpage and using Social Media according to our System Standards, you may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program without our approval.

(7) Nothing in this Section 9.D shall limit our right to maintain websites and technologies other than the System Website or to offer and sell products or services under the Marks from the System Website, another website or technology, or otherwise over the Internet without payment or obligation of any kind to you.

10. **Inspections And Audits.**

A. **Our Right To Inspect.** We have the right at any reasonable time to inspect the Premises and all facilities used in operating the Business and any Franchisee Related Business and to contact and interview the customers and suppliers of the Business and any such Related Business. You agree to cooperate fully with our representatives when making these inspections, observations or interviews.

B. **Our Right to Audit.** We may, at any time during business hours, inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, tax records and returns, and other records of the Business, any Franchisee Related Business, and you (other than those records over which we have no authority to control and/or remedy such as your employment records, as you control exclusively your labor relations and employment practices). You agree to cooperate fully. If any such inspection or audit discloses an understatement of the Net Billings, you shall pay to us, within fifteen (15) days after receipt of the inspection or audit report, any Service Fees and other payments due on the amount of such understatement, plus interest (at the rate and on the terms provided in Section 4.G) from the date originally due until the date of payment. Further, if such inspection or audit is made necessary by your failure to furnish (or allow us access to) reports, supporting records or other information on a timely basis, or if an understatement of Net Billings for the period of any inspection or audit (which shall not be for less than two (2) months) is determined to be greater than five percent (5%), you shall reimburse us for the cost of such inspection or audit, including the charges of any independent accountants and the travel and living expenses and compensation of our employees. If any inspection or audit determines that any revenue or billings of a Franchisee Related Business should have been (but was not) included as Net Billings, then we may require your owners or Affiliates to transfer any interest they have in that Related Business to someone not directly or indirectly associated with your Business or to discontinue performing services for that Related Business. The foregoing remedies shall be in addition to all our other remedies and rights under this Agreement or applicable law.

11. **Transfer.**

A. **Transfer By Us.** We may change our ownership or form and/or assign this Agreement and any other agreement without restriction. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it. After our assignment of this Agreement to a third party who expressly assumes our obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement. Such an assignment shall constitute a release and novation with respect to this Agreement, and the assignee shall be liable to you as if it had been an original party to this Agreement. If we engage in negotiations regarding a transfer of this Agreement or a change in our ownership or form, you must not (either alone or with others) interfere with those negotiations in any way.

B. **You May Not Transfer Without Our Approval.** You acknowledge that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the rights under this Agreement in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither: (i) this Agreement (or any interest in this Agreement); (ii) the Business (or any right to receive all or a portion of the Business' profits or losses or any capital appreciation relating to the Business); (iii) any assets necessary for the operation of your Business, including your Client Relationships; nor (iv) any controlling or non-controlling ownership interest in you or in your direct or indirect owners (if they are Entities) may be transferred without our prior written approval, which we will not unreasonably withhold if the transfer meets all of the conditions that we (in our sole judgment) reasonably place on that transfer. Without limiting the generality of the foregoing, you acknowledge that it would be reasonable for us to condition our approval of any

transfer on, for example, your being in compliance with this Agreement and the transferee's (and its owners') fulfilling our requirements relating to experience, credit history and involvement in other businesses. If we consent to the transfer, (1) the transferee (and each of its owners) must sign our then current form of franchise agreement and related documents, the provisions of which (including the Service Fee) may differ materially from any and all of those contained in this Agreement; (2) you or the transferee must pay us a transfer fee of Five Thousand Dollars (\$5,000) to partially cover our costs and expenses incurred in evaluating the transferee and the transfer; and (3) you (and your transferring owners) must sign a general release, in a form satisfactory to us, of any and all claims against us and our Affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors and assigns.

A transfer of the Business' ownership, possession or control, including any transfer of all or part of your Client Relationships, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect. We may review all information regarding the Business that you give the transferee and give the transferee copies of any reports that you have given us or we have made regarding the Business. Our consent to any transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Business' or transferee's prospects of success, or a waiver of any claims we have against you (or your owners).

C. Transfer to a Wholly-Owned Entity. If you do not operate your Business through an Entity as of the Agreement Date, you must, within thirty (30) days after the Agreement Date, transfer this Agreement, together with any assets necessary for the operation of your Business, including your Client Relationships (if any), to an Entity which conducts no business other than the Business and of which you own and control one hundred percent (100%) of the equity and voting power of all ownership interests, provided that the Business is conducted, and all of the Business' assets are owned, only by that single Entity. Transfers of ownership interests in that Entity are subject to all of the restrictions in this Section 11. You (including, if you are a group of individuals, any individual who will not have an ownership interest in the transferee Entity), your owners, and the transferee Entity must sign the form of agreement and related documents (including guarantees) that we then specify to reflect the assignment of this Agreement to the transferee Entity and, in our sole discretion, a general release, in a form satisfactory to us, of any and all claims against us and our Affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors and assigns.

D. Death or Disability. Upon your or your owner's death or disability, your or the owner's executor, administrator or other personal representative must transfer your interest in this Agreement and the Business, or your owner's ownership interest in you, to a third party whom we approve. That transfer (including transfer by bequest or inheritance) must occur within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 11. A failure to transfer such interest within this time period is a breach of this Agreement.

E. Right of First Refusal. If you or any of your owners at any time determines to engage in a transfer of (a) this Agreement or any interest in this Agreement, (b) the Business or all or substantially all of the Business' assets, including any of the Client Relationships, or (c) any controlling ownership interest in you, whether directly or indirectly through a transfer of ownership interests in any owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place, you agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement and the Business (and its assets) or a direct or indirect controlling ownership interest in you. To be a valid, bona fide offer, the offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price, the proposed purchase price must be in a fixed dollar amount and without any contingent payments of purchase price (such as earn-out

payments), and the proposed transaction must relate exclusively to an interest in this Agreement and the Business (and its assets) or a direct or indirect controlling ownership interest in you and not to any other interests or assets (excluding any Franchisee Related Business).

We may, by delivering written notice to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (1) we may substitute cash for any form of consideration proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) the closing will be not less than sixty (60) days after notifying you of our election to purchase or, if later, the closing date proposed in the offer; (4) you and your owners sign a general release, in a form satisfactory to us, of any and all claims against us and our Affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors, and assigns; and (5) we must receive, and you and your owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Business prior to the closing of our purchase. If we exercise our right of first refusal, you and your selling owner(s) agree that, for one (1) year beginning on the closing date, you and they (and members of your or their immediate families) will be bound by the covenants contained in Section 13.F. If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section 11. If you do not complete the sale to the proposed buyer (with our approval) within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the offer (which you must tell us promptly), we will have an additional right of first refusal during the thirty (30)-day period following either the expiration of the sixty (60)-day period or our receipt of notice of the material change in the offer's terms, either on the terms originally offered or the modified terms, at our option.

We may assign our right of first refusal under this Section 11.E to any Entity (who may be our Affiliate), and that Entity will have all of the rights and obligations under this Section 11.E.

12. Termination, Default and Suspension.

A. Termination by Us. We may terminate this Agreement, effective immediately upon delivery of written notice of termination to you, if:

- (1) you fail to begin operating your Business in accordance with this Agreement's terms and conditions, and begin submitting orders to our Order Processing System, within sixty (60) days after the Agreement Date;
- (2) you fail to report any sales to us during any period of two (2) or more consecutive months after you have begun operating the Business, or your Business fails to achieve the minimum Net Billings set forth in Section 2.B;
- (3) you or any of your owners makes any material misrepresentation or omission in applying for or acquiring the rights under this Agreement or operating the Business;
- (4) you or any of your owners, agents, employees or Salespersons (a) are convicted by a trial court of, or plead no contest to, either a felony or any crime or offense related to the operation

of the Business, or otherwise violate any applicable law; (b) engage in any dishonest or unethical conduct that is likely to adversely affect the reputation of your Business, the Marks, the System, us, any of our Affiliates or any of our other franchisees; or (c) engage in slander or libel against us, our Affiliate or any of our franchisees, induce another franchisee or other party to breach its agreement with us, or interfere with our or our Affiliate's prospective business relations with a potential franchisee, supplier or other party;

(5) you or any of your owners makes an unauthorized transfer in breach of this Agreement;

(6) you or any of your owners, directors or officers (or any members of your or their immediate families) breaches Section 7 or knowingly makes any unauthorized use or disclosure of any part of the Business and Operations Manuals or any other Confidential Information;

(7) we receive, during the Term, two (2) or more written complaints about you or your Business from actual or potential customers or vendors of your Business;

(8) any agreement between us or our Affiliate and you (including any agreement that is attached as an Exhibit to this Agreement) is terminated for any reason;

(9) you or any of your owners, agents, employees or Salespersons direct a customer to make a payment directly to you or them, or you or any of your owners, employees or Salespersons receive any payment from a customer and do not remit the payment to us within three (3) business days after receiving it (unless we notified you in writing that the customer should not remit the payment to us), regardless of whether you subsequently deliver that payment to us or we deduct from your Net Proceeds amounts owed with respect thereto;

(10) you or any of your owners fails on two (2) or more separate occasions within any thirty-six (36) consecutive month period to comply with any one or more obligations under this Agreement or any other agreement between you and us or our Affiliate, whether or not any of these failures are corrected after we deliver written notice to you and whether these failures involve the same or different obligations under this Agreement;

(11) you fail to pay us (or our Affiliates) any amounts due, or otherwise fail to comply with any provision of this Agreement or any other agreement between you and us or our Affiliate, including the failure to comply with any mandatory System Standard, and do not correct the failure within ten (10) days after we deliver written notice of that failure to you; or

(12) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Business or any of its assets is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within fifteen (15) days; or any order appointing a receiver, trustee or liquidator of you or the Business is not vacated within fifteen (15) days following the order's entry.

B. Our Other Rights Upon Default. In addition to and without limiting our other rights and remedies, if you fail to comply with any provision of this Agreement or any other agreement with us or our Affiliate (including your failure to comply with any mandatory System Standard), then after we give you written or oral notice of your default under this Agreement and until we determine that the default is fully

cured or this Agreement is terminated, we may (at our option): (1) suspend any and all services we or our Affiliates provide to you under this Agreement and/or any related agreement; (2) temporarily remove information concerning the Business from the System Website (and, if applicable, temporarily remove the Webpage from the System Website) and/or stop your or the Business' participation in any other programs or benefits offered on or through the Extranet or System Website; (3) suspend your right to participate in one or more advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs that we or the Marketing Fund provides; and/or (4) stop payments of Net Proceeds to you and hold those Net Proceeds in anticipation of offsetting them against any amounts that you might owe us or our Affiliates (whether or not those amounts are then due and payable). Our exercising our rights under this Section 12.B will not be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement.

C. Suspension Period. Upon the occurrence of a Suspension Event, we have the right, without limiting our other rights and remedies under this Agreement, any other agreement or applicable law, to suspend your right to participate fully in the Order Processing System in accordance with this Section 12.C during the Suspension Period. During the Suspension Period, you must continue to operate your Business pursuant to the terms of this Agreement, including by continuing to submit customer orders placed during the Suspension Period ("Suspension Period Orders") to the Order Processing System. You acknowledge that, pursuant to the Receivables Agreement, you assign all your rights to the Business Receivables, including Business Receivables relating to the Suspension Period Orders (collectively, the "Suspension Period Receivables"), to us at the time that such Business Receivables are created. Therefore, you must not collect or attempt to collect any remittance of any Business Receivables (including any Suspension Period Receivables) at any time, whether before, during or after the Suspension Period.

However, notwithstanding anything to the contrary in this Agreement, you are solely responsible for paying all suppliers on all Suspension Period Orders. You must deliver to us on the schedule we specify all information that we request relating to Suspension Period Orders, including information concerning the suppliers that you use for the Suspension Period Orders. Despite our not paying the suppliers on your behalf for Suspension Period Orders, you must pay us the Service Fees and all other amounts due based on the Net Billings from the Suspension Period Orders. During the Suspension Period we will continue to provide you periodic statements concerning the Suspension Period Orders and customer orders that you placed before the Suspension Event, but we will not make any payments of Net Proceeds during the Suspension Period. We may, at our option, notify your customers and suppliers about your suspension status under this Agreement and your customers' requirement to pay amounts to us.

D. Termination by You. You may terminate this Agreement at any time, without cause, by delivering ninety (90) days' prior written notice to us.

13. Rights and Obligations of the Parties Upon Termination of this Agreement.

A. Payment of Amounts Owed to Us and Pending Orders – Termination by Us. This Section 13.A applies if we unilaterally terminate this Agreement pursuant to Section 12.A. If this Agreement terminates pursuant to Section 12.D or under any other circumstances, then Section 13.B will apply instead of this Section 13.A. Within ten (10) days after we terminate this Agreement, you must pay us and our Affiliates all amounts that you then owe us or them, including any initial franchise fee that you still owe us, if applicable, but excluding amounts which relate to any Pending Orders (defined below).

Subject to our other rights and remedies and your other obligations under this Agreement, including your obligation to pay all suppliers on Suspension Period Orders, upon our termination of this Agreement, we will continue to process through the Order Processing System any then pending customer orders that

you placed before the effective date of termination, including Suspension Period Orders (collectively, the “Pending Orders”). You acknowledge that, pursuant to the Receivables Agreement, you assign all your rights to the Business Receivables, including Business Receivables relating to the Pending Orders (collectively, the “Pending Order Receivables”), to us at the time that such Business Receivables are created. Therefore, you must not collect or attempt to collect any remittance of any Business Receivables (including any Pending Order Receivables) at any time, whether during or after the Term. We will continue to provide you periodic statements concerning the Pending Orders following our termination of this Agreement, but we will not make any payments of Net Proceeds until we receive the Final Amount Due (defined below) and will not process any additional orders from you through the Order Processing System. We may, at our option, notify your customers and suppliers about your status under this Agreement and your customers’ requirement to pay amounts to us.

At any time following the date which is ninety (90) days after we terminate this Agreement, we will send you a final statement (the “Final Statement”) indicating (a) the aggregate of all amounts you then owe us or our Affiliates, including Service Fees, Capital Access Charges, the 6-Month Customer Data Fee or 12-Month Customer Data Fee (as applicable), and amounts which we have paid or are due to be paid to your suppliers on the Pending Orders (the “Final Amount Due”), and (b) the aggregate amount of then outstanding Pending Order Receivables. You must pay us the Final Amount Due within ten (10) days after you receive the Final Statement. Upon receipt of such payment, we shall relinquish to you all of our right, title and interest in and to then outstanding Pending Order Receivables and pay you any Net Proceeds. Nothing in the Final Statement or this Section 13.A shall limit our and our Affiliates’ rights to collect any amounts you owe to us or them or to offset any amounts you owe us or our Affiliates against any amounts we or our Affiliates might owe you.

B. Settlement of Amounts Owed to Us – Termination by You. This Section 13.B applies if you terminate this Agreement pursuant to Section 12.D or if this Agreement terminates under any circumstances other than our unilateral termination of this Agreement pursuant to Section 12.A. If we unilaterally terminate this Agreement pursuant to Section 12.A, then Section 13.A will apply instead of this Section 13.B. After you send us written notice of termination in accordance with Section 12.D, you must continue to submit customer orders through the Order Processing System, and we will continue to invoice your customers, collect the Business Receivables, and pay your suppliers, until the date upon which the termination of this Agreement is effective (the “Settlement Date”). On the Settlement Date: (1) we will send you a settlement statement (the “Settlement Statement”) indicating the aggregate of all amounts you then owe us or our Affiliates, including any initial franchise fee that you still owe us (if applicable), Service Fees (including Service Fees due on customer orders that we have committed to pay on your behalf to suppliers as of the Settlement Date), Capital Access Charges, the 6-Month Customer Data Fee or 12-Month Customer Data Fee (as applicable), and amounts which we have paid or committed to pay on your behalf to your suppliers on customer orders for which we have not yet been reimbursed by your customers as of the Settlement Date (the “Settlement Amount”); (2) you must pay us the Settlement Amount; and (3) you must sign our then current form of termination agreement that will, among other things, terminate (or confirm the termination of) this Agreement, assign all of our right, title and interest in and to the then pending Business Receivables to you, and include a general release of any and all claims against us and our Affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors and assigns. If you fail to pay us the Settlement Amount or sign the termination agreement on the Settlement Date, then you must pay us our then current per diem fees to compensate us for increased administrative and management costs to address your noncompliance with this Agreement. These per diem fees are deemed by us and you to be a reasonable estimate of our administrative and management costs and are not a penalty. Nothing in the Settlement Statement or this Section 13.B shall limit our and our Affiliates’ rights to collect any amounts you owe to us or them or to offset any amounts you owe us or our Affiliates against any amounts we or our Affiliates might owe you.

C. Marks. You agree that, after this Agreement terminates, you and your owners shall (1) not directly or indirectly at any time or in any manner identify yourself or themselves or any business as our current or former AIA Business or use any Marks or any colorable imitation of a Mark for any purpose; (2) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark; (3) notify the publishers of all telephone and other directories (whether written or electronic) and websites which list or describe your Business of the termination of your business relationship with us and your right to use the Marks.

D. Return Of Confidential Material. After this Agreement terminates, you and your owners must immediately cease using in any business or otherwise the Confidential Information and return to us (or, at our option, destroy and certify the destruction of) all copies of the Confidential Information, the Business and Operations Manuals and any other materials that might contain any Confidential Information or trade secrets.

E. Use of Customer Data. Subject to Section 13.F and the other provisions of this Agreement which apply following its termination, you may use the Customer Data without restriction following termination of this Agreement (for any reason). Our obligations under Section 6.B shall immediately cease following the termination of this Agreement (for any reason), and thereafter we may use, and authorize any other party (including our Affiliate or franchisee) to use, any Customer Data that you submit to us under the Order Processing System in order to compete with you, including to solicit those individual contact persons and customers identified in the Customer Data for the sale of competing products and services, except as otherwise set forth in this Section 13.E. Notwithstanding the foregoing, you may, at your option, elect to extend our obligations under Section 6.B after the termination of this Agreement:

(1) for six (6) months following the termination of this Agreement, if you pay us, on the Settlement Date or as part of the Final Amount Due (as applicable), the 6-Month Customer Data Fee in a lump sum; or

(2) for twelve (12) months following the termination of this Agreement, if you pay us, on the Settlement Date or as part of the Final Amount Due (as applicable), the 12-Month Customer Data Fee in a lump sum.

To extend our obligations under Section 6.B pursuant to this Section 13.E, you must sign our then current form of termination agreement which will include (among other things) a general release of any and all claims against us and our Affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns.

F. Covenant Not To Compete. Upon termination of this Agreement for any reason, you agree that, for one (1) year beginning on the effective date of termination (subject to extension as provided below), neither you nor any of your owners, nor any members of your or their immediate families, will have any direct or indirect, controlling or non-controlling ownership interest in, be a franchisee or licensee of, or perform services as a director, officer, manager, employee, consultant, representative or agent for, any Competitive Business ranked as a "Top 10" national distributor by an Advertising Specialty Institute® publication (or any successor or replacement listing that we reasonably specify) for any of the three (3) years immediately preceding the effective date of termination.

Notwithstanding the foregoing, the restrictions in this Section 13.F shall not apply if you pay to us the 12-Month Customer Data Fee in a lump sum on the Settlement Date or as part of the Final Amount Due (as applicable).

The time period during which these restrictions apply will be automatically extended, with respect to all persons covered by this Section 13.F, for each day during which any person covered by this Section 13.F is not complying fully with this Section 13.F. These restrictions also apply after transfers and other events, as provided in Section 11. You (and each of your owners) acknowledge that you (and they) possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 13.F will not deprive you or them of personal goodwill or the ability to earn a living.

G. Continuing Obligations. All obligations of this Agreement (whether yours or ours) which expressly or by their nature survive the termination of this Agreement will continue in full force and effect after the termination until they are satisfied in full or by their nature expire.

14. Relationship of the Parties/Indemnification.

A. Independent Contractors. You acknowledge and agree that this Agreement does not create a fiduciary relationship between you and us. You are an independent contractor and have no authority, express or implied, to act as our agent for any purpose. Nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner or employee of the other party for any purpose. We are not the employer or joint employer of your employees or Salespersons. You shall hire all employees and engage all Salespersons of the Business, and will be exclusively responsible for the terms of their employment or other arrangement, compensation and proper training. We have no relationship with your employees or Salespersons and you have no relationship with our employees. We will not exercise direct or indirect control over the working conditions of your employees or Salespersons, except to the extent that such indirect control is related to our legitimate interest in protecting the quality of our services or brand. We do not share or codetermine the terms and conditions of employment of your employees or Salespersons and do not affect matters relating to the employment relationship between you and your employees or Salespersons, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, you agree to notify Business personnel that you are their employer and that we, as the franchisor of AIA Businesses, are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

B. No Liability For Acts Of Other Party. Except as this Agreement expressly authorizes, neither party to this Agreement may make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party. We will not be liable for any representations or warranties you make that are not expressly authorized under this Agreement, for any agreements you enter, for any of your actions or failures to act or for your failure to comply fully with this Agreement. We will not be liable for any damages to any person or property directly or indirectly arising out of your operation of the Business.

C. Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, employment or other taxes levied against you or your assets (or upon us) in connection with the sales or other activities of the Business, payments you make to us under this Agreement or any related agreement, or payments we make to you under this Agreement or any related agreement (except our own income taxes).

D. Indemnification and Defense of Claims.

(1) You agree to indemnify and hold harmless us, our Affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors and assignees (the “Indemnified Parties”) against, and to reimburse any one or more of the Indemnified Parties for, any and all taxes described in Section 14.C above and all Losses (defined below) directly or indirectly arising out of or relating to: (a) the operation of the Business, including any use of the Tradename if you participate in the Dual Branding Program; (b) your breach of this Agreement; (c) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Business’ operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your Salespersons or employees; or (d) claims alleging either intentional or negligent conduct, acts or omissions by you (or your Salespersons, employees, agents or representatives), or by us or our Affiliates (or our or their contractors or any of our or their employees, agents or representatives), subject to Section 14.D(3). “Losses” means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs, including accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(2) You agree to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Section 14.D(1)(a) through (e) above (collectively, “Proceedings”), including those alleging the Indemnified Party’s negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may at your expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 14.D (instead of having you defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible, subject to Section 14.D(3). An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and you agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 14.D. Your obligations under this Section 14.D will continue in full force and effect subsequent to and notwithstanding this Agreement’s termination.

(3) Despite Section 14.D(1), you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding under Section 14.D(2)) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party’s willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employer) or our failure to compel you to comply with this Agreement, which are claims for which you are not entitled to indemnification pursuant to this Section 14.D(3). However, nothing in this Section 14.D(3) limits your obligation to defend us and the other Indemnified Parties under Section 14.D(2).

15. **Enforcement.**

A. **Severability and Substitution of Valid Provisions.** Except as otherwise provided in Section 15.E, the provisions of this Agreement are severable. If any court, agency or other tribunal with proper jurisdiction in a proceeding to which we are a party holds, in a final ruling, that any part of this Agreement is invalid or conflicts with any applicable law, that ruling will not affect that part of this Agreement unless and until: (1) if you are party to that proceeding, the time for appeal expires; or (2) if you are not a party to that proceeding, we give you written notice that we will not enforce that part of this Agreement and/or will modify this Agreement according to the ruling. In either case, we and you agree that the only effect of the ruling and our nonenforcement of the invalid or unenforceable part of this Agreement will be that the invalid part(s) will be deleted from this Agreement or modified according to the ruling, and the parts of this Agreement which are meaningful after the deletion or modification of the invalid part(s) will continue to be effective and bind you and us.

To the extent that any of your restrictive covenants contained in this Agreement are deemed unenforceable because of their scope in terms of area, activity prohibited and/or length of time, you agree that the unenforceable provision will be deemed modified or limited to the extent and in the manner necessary to make that particular provision valid, and to make your obligations enforceable to the fullest extent possible, under the laws applicable to the covenant's validity. If any provision of this Agreement is inconsistent with any law applicable to this Agreement which requires a greater advance notice of termination than is required under this Agreement, then both parties will comply with the requirements of that law as if they were substituted for the inconsistent provision(s) of or added to this Agreement. If any law applicable to this Agreement makes any provision of this Agreement (including any provision in the Business and Operations Manuals or any mandatory System Standard) invalid or unenforceable, then we may, at our sole option, modify that provision to the extent necessary to make it valid and enforceable. You agree to be bound by each provision of this Agreement to the greatest extent to which you may lawfully be bound.

B. **Waiver.** Either you or we may, by written notice, unilaterally waive or reduce any obligation of or restriction on the other party under this Agreement, effective upon delivery of written notice to the other party or upon such other effective date as stated in the notice. No such waiver or reduction by us, or any consent or approval from us, will be valid unless in writing and signed by our President, Chief Financial Officer or other management personnel we designate. Any waiver or reduction we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked at any time for any reason, effective upon delivery to you of ten (10) days' written notice.

If we give you any waiver, approval, consent or suggestion, or if we delay our response to or deny any request for any waiver, approval or consent, we will not be deemed to have made any warranties or guarantees on which you may rely and will not assume any liability or obligation to you. If at any time we do not exercise a right available under this Agreement or do not insist on your compliance with any one or more terms of the Agreement, or if a custom or practice develops between you and us which is inconsistent with this Agreement, we will not have waived our right to exercise that right or to demand compliance with that term or any of the other terms of this Agreement at a later time. Similarly, the waiver of any particular breach or series of breaches under this Agreement or of any term in any other agreement between you and us will not affect our rights with respect to any later breach. It will not be a waiver of any breach of this Agreement for us to accept payments which are due to us under this Agreement after the due date. Any agreement that we have, or any action that we take, with another franchisee or other party will have no effect on our rights or your obligations under this Agreement or any action we may take with respect to you.

C. Cumulative Remedies. The rights and remedies that this Agreement grants to either party are cumulative and the exercise of any right or remedy will not prohibit either party from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

D. Costs And Attorneys' Fees. If either we or you seek to enforce this Agreement in an arbitration, judicial or other proceeding, the prevailing party shall be entitled to recover its reasonable costs and expenses (including reasonable accounting, attorneys', arbitrators' and related fees) incurred in connection with such proceeding.

E. Arbitration. Except as we may elect to collect amounts due under any promissory note in a judicial proceeding, all controversies, disputes or claims between us (and our Affiliates and our and their respective owners, officers, managers, directors, agents, employees and representatives, as applicable) and you (and your owners and Affiliates, and your and their respective owners, officers, managers, directors, agents, employees and representatives, as applicable) arising out of or related to (1) this Agreement or any other agreement between you (or your owners) and us or any provision of any of such agreements; (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or your owners) and us or any provision of any of such agreements (including the scope or validity of the arbitration obligation under this Section 15.E, which we and you agree is to be determined by an arbitrator, not a court); or (4) any System Standard will be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within ten (10) miles of our then existing principal business address. The arbitrator shall have no authority to select a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law.

The arbitrator shall include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (1) the arbitrator shall not have authority to declare any Mark generic or otherwise invalid; and (2) subject to the exceptions in Section 15.H, we and you waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, and treble and other forms of multiple damages against the other. The award of the arbitrator shall be conclusive and binding upon all applicable parties and judgment upon the award may be entered in any court of competent jurisdiction. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 15.D.

We and you agree that arbitration shall be conducted on an individual, not a class-wide, basis. Only we (and our Affiliates and our and their respective owners, officers, managers, directors, agents, employees and representatives, as applicable) and you (and your owners and Affiliates and your and their respective owners, officers, managers, directors, agents, employees and representatives, as applicable) may be the parties to any arbitration proceeding described in this Section, and no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving us and/or any other person or entity. Notwithstanding the foregoing or anything to the contrary in this Section or Section 15.A, if any court or arbitrator determines that all or any part of the preceding two (2) sentences is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 15.E, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Section 15 (excluding this Section 15.E).

The provisions of this Section 15.E are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the termination of this Agreement.

Notwithstanding anything to the contrary contained in this Section 15.E, we and you have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. In that case, we and you must contemporaneously submit our dispute for arbitration on the merits according to this Section 15.E.

F. Governing Law. All matters relating to arbitration will be governed exclusively by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, all controversies, disputes or claims arising out of or related to: (1) this Agreement or any other agreement between you (or your owners) and us or any provision of any of such agreements; (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or your owners) and us or any provision of any of such agreements; or (4) any System Standard will be governed by the laws of the State of Wisconsin, without regard to its conflict of laws principles, except that any Wisconsin law regulating the sale of franchises, business opportunities or similar rights or relating to unfair trade practices, or governing the relationship of the parties to a contract involving those rights, will not apply unless its jurisdictional requirements are met independently without reference to this Section 15.F.

G. Consent to Jurisdiction. Subject to the arbitration obligations in Section 15.E, you and your owners agree that all judicial actions brought by us against you or your owners or Affiliates, or your or their respective owners, officers, managers, directors, agents, employees or representatives, or by you or your owners against us or our Affiliates, or our or their respective owners, officers, managers, directors, agents, employees or representatives, must be brought exclusively in the state or federal court of general jurisdiction in the state where we then maintain our principal business address. You (and each owner) irrevocably submit to the jurisdiction of such courts and waive any objection you, he, or she may have to either jurisdiction or venue. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Premises are located.

H. Waiver of Punitive Damages and Jury Trial. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US AND THE OTHER INDEMNIFIED PARTIES AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU (AND/OR YOUR OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, WE AND YOU (AND YOUR OWNERS) EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE OUR AND YOUR (AND YOUR OWNERS') RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF, UNDER, IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, ANY RELATED DOCUMENTS, OR THE RELATIONSHIP BETWEEN US AND YOU (AND/OR YOUR OWNERS).

I. Limitations Of Claims And Damages. EXCEPT FOR CLAIMS FOR MONIES DUE US AND FOR INDEMNIFICATION UNDER THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN US AND YOU (OR YOUR OWNERS) WILL BE BARRED UNLESS A LEGAL ACTION OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE YOU OR WE KNEW OR, IN THE EXERCISE OF DUE DILIGENCE, SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH CLAIMS.

IF YOU (OR YOUR OWNERS) PREVAIL IN ANY DISPUTE AGAINST US OR ANY OF OUR AFFILIATES, OR ANY OF OUR OR THEIR RESPECTIVE OWNERS, OFFICERS, MANAGERS, DIRECTORS, AGENTS, EMPLOYEES OR REPRESENTATIVES, ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN US AND YOU (OR YOUR OWNERS), OR THE AWARDED OF THE RIGHTS UNDER THIS AGREEMENT, THE DAMAGES AWARDED YOU WILL NOT EXCEED THE ACTUAL AMOUNTS YOU HAVE PAID US TO ACQUIRE THE RIGHTS UNDER THIS AGREEMENT AND IN YOUR OPERATION OF THE BUSINESS. YOUR RECOVERY WILL BE SUBJECT TO AN OFFSET FOR INCOME YOU HAVE RECEIVED FROM OPERATING THE BUSINESS.

J. Construction. The preambles and exhibits are a part of this Agreement which, together with any Exhibits, riders or addenda signed at the same time as this Agreement, constitutes our and your entire agreement, and supersedes all prior and contemporaneous oral or written agreements and understandings between us and you, relating to the subject matter of this Agreement. There are no other oral or written representations, warranties, understandings or agreements between us and you relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement or any related agreement shall disclaim or require you to waive reliance on any representation that we made in the most recent disclosure document (including its exhibits and amendments) that we delivered to you or your representative. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement and are not binding on us. Except as provided in Sections 14.D and 15.E, nothing in this Agreement is intended nor deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

The headings of the sections and paragraphs are for convenience only and do not define, limit or construe the contents of these sections or paragraphs. References in this Agreement to “we” “us” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our Affiliates with whom you deal in connection with the Business. If two (2) or more persons are at any time the owners of your rights under this Agreement and/or the Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The term “Business” includes all of the assets of the AIA Business you operate under this Agreement, including its revenue and income. The words “include,” “including,” and words of similar import shall be interpreted to mean “including, but not limited to” and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter. Unless otherwise specified, references to “Sections” and “Subsections” mean sections and subsections of this Agreement. This Agreement may be executed in multiple copies, each of which will be deemed an original.

K. Exercise of Our Judgment. We have the right to operate, develop and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in the best

interests of us, the Adventures in Advertising network generally, or the System at the time our decision is made, without regard to whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our financial or other individual interest. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated or completed actions that require our approval. We will not, because of this Agreement or any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement.

L. No Withholding Payments Due To Us. You agree that you will not withhold payment of any amounts owed to us or our Affiliates on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason whatsoever.

M. Binding Effect. This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns and successors in interest. Subject to our rights to modify the Business and Operations Manuals, the System Standards and the System, and except as otherwise set forth in the Technology User Agreement, this Agreement may not be modified except by a written agreement signed by both you and us.

16. Notices and Payments. All written notices and reports permitted or required to be delivered by the provisions of this Agreement (or any Exhibit to this Agreement) or the Business and Operations Manuals will be deemed delivered at the following times: (a) the time delivered by hand; (b) one (1) business day after transmission by facsimile or other electronic system with proof of delivery or after placement with a commercial courier service for next business day delivery; or (c) three (3) business days after placement in the United States Mail by registered or certified mail, return receipt requested, postage prepaid. All notices and reports must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

[Signature Page Follows]

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties to this Agreement have executed and delivered this Agreement effective as of the Agreement Date.

Agreement Date: _____

**ADVENTURES IN ADVERTISING
FRANCHISE, LLC**, a Delaware limited
liability company

By: _____
Title: _____
Date: _____

Address: 222 W. College Avenue, 9th Floor
Appleton, Wisconsin 54911
Telefax: (920) 886-3791

SOLE PROPRIETOR FRANCHISEE:

Signature: _____
Print Name: _____
Date: _____

Principal Residential Address:

Signature: _____
Print Name: _____
Date: _____

Principal Residential Address:

BUSINESS ENTITY FRANCHISEE

Name of Entity Franchisee

Signature: _____
Print Name: _____
Title: _____
Date: _____

Principal Business Address:

Initial here for Distributor/Sales Experienced
Franchisee:

FRANCHISOR

FRANCHISEE

FRANCHISEE

Initial here for Dual Branding Program:

FRANCHISOR

FRANCHISEE

FRANCHISEE

Service Fee for first Period: ____% of Net Billings, which is **[not]** subject to a possible adjustment under Section 4.B(2).

**SCHEDULE A
to the Franchise Agreement**

FRANCHISEE AND ITS OWNERS

**Effective Date: This Schedule A is current and complete
as of _____, 20__**

1. Business Form of Franchisee.

(a) **Individual Proprietorship.** Your owner(s) (is) (are) as follows:

(b) **Corporation, Limited Liability Company or Partnership.** You were incorporated or formed on _____, 20__, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and _____. Your Federal Tax Identification Number is _____. The following is a list of your directors or managers (if applicable) and officers as of the effective date shown above:

<u>Name</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Owners.** The following list includes the full name of each person who is one of your direct or indirect owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

<u>Owner's Name</u>	<u>Description of Interest</u>
(a) _____	_____
(b) _____	_____

	<u>Owner's Name</u>	<u>Description of Interest</u>
(c)	_____	_____
(d)	_____	_____

**ADVENTURES IN ADVERTISING
FRANCHISE, LLC**, a Delaware limited
liability company

By: _____
 Title: _____
 Date: _____

Address: 222 W. College Avenue, 9th Floor
Appleton, Wisconsin 54911
Telefax: (920) 886-3791

 Name of Entity Franchisee

Signature: _____
 Print Name: _____
 Title: _____
 Date: _____
 Principal Business Address:

EXHIBIT 1
to the Franchise Agreement

DEFINITIONS

“6-Month Customer Data Fee” means the Highest 6-Month Service Fees, multiplied by two (2). We calculate the Highest 6-Month Service Fees by reviewing the aggregate Service Fees payable during each of the rolling six (6) consecutive month periods during the Term of this Agreement; the highest level of aggregate Service Fees we calculate for those periods is called the “Highest 6-Month Service Fees.”

“12-Month Customer Data Fee” means the Highest 6-Month Service Fees, multiplied by four (4).

“Affiliate” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling the party indicated. “Control” means the power to direct or cause the direction of management and policies.

“AIA Businesses” means businesses operating under the System and the Marks, as we periodically modify them.

“Business” means the AIA Business you operate under this Agreement.

“Business and Operations Manuals” means the documents that contain some of the materials (which may include written materials, audiotapes, videotapes, computer software, compact disks and/or other electronic media) we require franchisees to use in the operation of AIA Businesses and which contain System Standards and other information about your obligations under this Agreement.

“Client Relationships” means your and/or your Business’ relationships with its customers and clients and the right and ability to sell promotional products and related products and services to some or all of those customers and clients.

“Competitive Business” means any person or business that directly or indirectly offers or sells, or grants franchises or licenses to others to offer or sell, advertising or specialty products, programs or services or other promotional items, whether at wholesale or retail.

“Computer System” means the computer hardware, related equipment and software that we periodically require for the Business.

“Confidential Information” means information relating to the methods, specifications, systems, and knowledge of and experience in the development, operation and franchising of AIA Businesses, including information, methods, procedures and systems connected with the development and/or operation of the Order Processing System (including the design and functionality of the System Website we use to administer and operate the Order Processing System) and Extranet.

“Customer Data” means a customer’s company name and business address, the name of your individual contact person on the customer’s staff, and historical information about the customer’s orders from you.

“Distributor/Sales Experienced Franchisee” means a franchisee who we determine, in our sole judgment, as of the Agreement Date: (1) has served as a full-time sales representative, independent sales contractor, or sales employee of a business that is substantially similar to an AIA Business for at least three (3) years during the five (5)-year period immediately preceding the Agreement Date; (2) as a sales

representative, independent sales contractor, or sales employee of a business that is substantially similar to an AIA Business, had primary responsibility for sales of at least One Hundred Twenty Thousand Dollars (\$120,000) in promotional products-related merchandise and supplies during the immediately preceding twelve (12) consecutive months; or (3) can demonstrate relevant industry experience acceptable to us in our sole judgment. If we have determined that you are a Distributor/Sales Experienced Franchisee, you and we have acknowledged this fact by initialing the appropriate spaces on the Signature Page of this Agreement; otherwise, you are not a Distributor/Sales Experienced Franchisee.

“Entity” means any corporation, limited liability company, general, limited, or limited liability partnership, or another form of business entity.

“Franchisee Related Business” means any Related Business in which any of your owners has a direct or indirect ownership interest, for which any of your owners or Affiliates performs services, or which is operated in conjunction with the Business.

“Marks” means certain trade names, trademarks, service marks and other commercial symbols used in connection with the System, including the trade and service marks “Adventures in Advertising” and “A!A,” and other trademarks, service marks, logos and commercial symbols that we periodically specify.

“Net Billings” means the total of all amounts billed, charged, earned or received by you (or any of your owners) or any of your Salespersons or other representatives or by us on your behalf, from any source as the result of, or in connection with, the Business, directly or indirectly, whether in money or other form of consideration, including the fair market value of all goods and services received in exchange for any products or services that your Business offers or sells (notwithstanding that receipt of such goods and services would be a breach of this Agreement, and without limiting our remedies as a result of such breach) and regardless of any discounts or other credits you provide to a customer after we issue the invoice for that customer’s order. However, Net Billings shall exclude freight charges and any sales, use, excise or other similar taxes required by law to be collected from customers and paid to the appropriate taxing authorities. Payments which you (or your owners) or your Salespersons or other representatives receive directly from your customers, regardless of whether we process the order to which the payment relates through our Order Processing System, are included in “Net Billings.” Furthermore, the term “Net Billings” shall include any amount billed, charged, earned or received by you (or any of your owners), an Entity you (or they) control, or an Entity for which you (or they) provide services as a result of, or in connection with, the sale of promotional products, advertising specialties, awards or similar items.

“Net Proceeds” means the gross amount that we have collected on your behalf from your customers since our most recent remittance to you, less: (a) any amounts we have paid or are holding for payment to your suppliers; (b) prompt payment discounts we have obtained from your suppliers (which we have the right to retain for our own account); (c) the Service Fees, Capital Access Charges, and administrative fees described in this Agreement; (d) amounts we spend to adjust customer and supplier complaints against your Business on your behalf, as described in the Receivables Agreement; (e) amounts which are then due and owing, whether by acceleration or otherwise, under the Promissory Note (if any); and (f) any other amounts you owe us or our Affiliates.

“Order Processing System” means our system for processing customer orders, paying suppliers and related activities as described in this Agreement.

“Owner,” whether or not the term is capitalized in this Agreement, means, with respect to you, any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and the Business or any interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement, or the Business and

Exhibit 1-2

any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

“Period” means the period of twelve (12) months (or potentially shorter for the final Period during the Term) beginning on the date (or the anniversary of the date) which is the earlier of (a) the date upon which you submit your first order to the Order Processing System or (b) the date which is ninety (90) days after the Agreement Date. If the Business operated before the Agreement Date as an AIA Business under another franchise agreement with us, then the first Period begins on the Agreement Date. If the first Period does not begin on the Agreement Date, then the tenth Period during the Term will be shorter than twelve (12) months.

“Person,” whether or not the term is capitalized in this Agreement, means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative or other legal or functional entity.

“Receivables Agreement” means the Agreement for the Sale of Receivables between us and you attached as Exhibit 3.

“Related Business” means any person or business that directly or indirectly offers and sells, or grants franchises or licenses to others to offer and sell, products or services that are related to or used in connection with the goods and services offered and sold by the Business or other AIA Businesses, including embroidery, silk screening, award-making, and the manufacture or distribution of premium and incentive business supplies or forms.

“Salespersons” means the third parties, whether they are your employees or independent contractors, who solicit, market and/or make sales to customers on behalf of your Business.

“Suspension Event” means our delivery of written notice to you of your failure to comply with any provision of this Agreement or any other agreement between you and us or our Affiliate, including your failure to comply with any mandatory System Standard.

“Suspension Period” means the period beginning on the date upon which we deliver written notice to you exercising our rights under Section 12.C and ending on the date upon which this Agreement terminates or the date upon which we deliver written notice to you indicating that we believe your failure is fully cured, whichever is earlier.

“System” means the system for the offer and sale of advertising and promotional products, programs and services which utilizes certain methods, specifications, standards, formats and operating procedures, all of which we may improve, further develop or otherwise modify from time to time.

“System Standards” means mandatory and suggested standards, specifications and operating procedures that we periodically specify for AIA Businesses.

“Technology User Agreement” means the Technology User Agreement between us and you attached as Exhibit 4 to this Agreement.

“Transfer,” whether or not the term is capitalized in this Agreement, means any voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events: (1) transfer of record or beneficial ownership of stock or any other ownership interest or right to receive all or a portion of your profits or losses or any capital appreciation relating to you or the Business; (2) a merger, consolidation or exchange of ownership interests, or issuance of additional ownership interests or securities

Exhibit 1-3

representing or potentially representing ownership interests, or a redemption of ownership interests; (3) any sale or exchange of voting interests or securities convertible to voting interests, or any management agreement or other agreement granting the right to exercise or control the exercise of the voting rights of any owner or to control your or the Business' operations or affairs; (4) transfer of an interest in you, this Agreement, your assets or the Business (or any right to receive all or a portion of your or the Business' profits or losses or any capital appreciation relating to you or the Business) in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law, or by will, declaration of or transfer in trust, or under the laws of intestate succession; (5) the grant of a mortgage, charge, pledge, collateral assignment, lien or security interest in any interest in this Agreement, any of the assets associated with the Business, or an ownership interest in you; foreclosure upon or attachment or seizure of any of your assets or any interest in you; or your transfer, surrender or loss of the possession, control or management of the Business; or (6) the sale or lease of, or other method by which you provide any other party access to, all or part of your Client Relationships or your Business' customer list or client list, or any consulting arrangement or other arrangement by which any other party has the right to exploit or profit from, directly or indirectly, any Client Relationships, except as may be necessary to operate your Business pursuant to this Agreement.

Exhibit 1-4

EXHIBIT 2
to the Franchise Agreement

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20__, by _____

_____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Franchise Agreement") on this date by **ADVENTURES IN ADVERTISING FRANCHISE, LLC**, a Delaware limited liability company ("we," "us," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Franchise Agreement and afterward as provided in the Franchise Agreement, that _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement and all related agreements (including, without limitation, the Agreement for the Sale of Receivables between Franchisee and us (collectively, the "Franchise Documents"), including any amendments or modifications of the Franchise Documents; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents (including any amendments or modifications of the Franchise Documents), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including, but not limited to, the arbitration, non-competition, confidentiality, and transfer requirements under the Franchise Agreement.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guarantee will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Franchise Agreement and other Franchise Documents upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guarantee, which will be continuing and irrevocable during the term of the Franchise Agreement, for so long as any performance is or might be owed under any of the Franchise Documents by Franchisee or any of its owners, and for so long as we have any cause of action against Franchisee or any of its owners; (5) this Guarantee will continue in full force and effect for (and as to) any modification of the Franchise Documents and despite the transfer of any interest in any of the Franchise Documents or Franchisee, and each of the undersigned waives notice of any and all modifications, amendments, or transfers; and (6) any indebtedness by Franchisee to the undersigned, for whatever reason, whether currently existing or hereafter arising, shall at all times be inferior and subordinate to any indebtedness owed by Franchisee to us or our affiliates.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to us; (ii) all rights to require us to proceed against Franchisee for any payment required under the Agreement, proceed against or exhaust any security from Franchisee, take any action to

Exhibit 2-1

assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, any right to participate in, any security now or hereafter held by us; and (iv) acceptance and notice of acceptance by us of his, her or its undertakings under this Guaranty, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. We shall have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to us. Without affecting the obligations of the undersigned under this Guaranty, we may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Agreement, assign the Agreement or the right to receive any sum payable under the Agreement, and the undersigned each hereby jointly and severally waive notice of same. The undersigned expressly acknowledge that the obligations hereunder survive the termination of the Agreement.

In addition, the undersigned each waive any defense arising by reason of any of the following: (a) any disability or any counterclaim or right of set-off or other defense of Franchisee, (b) any lack of authority of Franchisee with respect to the Agreement, (c) the cessation from any cause whatsoever of the liability of Franchisee, (d) any circumstance whereby the Agreement shall be void or voidable as against Franchisee or any of Franchisee's creditors, including a trustee in bankruptcy of Franchisee, by reason of any fact or circumstance, (e) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder, except that the undersigned do not waive any defense arising from the due performance by Franchisee of the terms and conditions of the Agreement, (f) any right or claim of right to cause a marshaling of the assets of Franchisee or any other guarantor, and (g) any act or omission of Franchisee.

If we are required to enforce this Guarantee in a judicial proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations (as set forth in the Franchise Agreement) and the provisions below, each of the undersigned agrees that all actions arising under this Guarantee or any of the Franchise Documents, or otherwise as a result of the relationship between us and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state where our principal business address then is located, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guarantee and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. Without limiting the arbitration obligations, to the extent permitted by applicable law, each of the undersigned knowingly, voluntarily and intentionally waives his, her or its rights to trial by jury with respect to any claim, action,

suit, proceeding or counterclaim of any kind arising out of, under, in connection with or relating to this Guarantee or the Franchise Documents.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

**PERCENTAGE OF OWNERSHIP IN
FRANCHISEE**

_____%
_____%
_____%

EXHIBIT 3
to the Franchise Agreement

AGREEMENT FOR THE SALE OF RECEIVABLES

This Agreement is made by and between the person or entity whose name appears, or the persons whose names appear, on the Signature Page of this Agreement as sellers and grantors (severally and collectively, “Seller/Grantor”) in favor of **ADVENTURES IN ADVERTISING FRANCHISE, LLC**, a Delaware limited liability company (“Franchisor”) as purchaser and secured party. This Agreement is made and entered into as of the “Agreement Date” specified on the Signature Page of this Agreement.

R E C I T A L S:

A. Franchisor and one or more of the Seller/Grantors as franchisee, have entered into a Franchise Agreement dated as of the “Franchise Agreement Date” specified on the Signature Page of this Agreement (the “Franchise Agreement”), which sets forth the terms of their relationship as it pertains to the Seller/Grantor’s AIA Business (the “Business”);

B. Franchisor, subject to and on the terms and conditions of this Agreement and the Franchise Agreement, agrees to invoice the customers of the Business, collect the Business Receivables (defined below) and pay, from the Business Receivables so collected, the suppliers to, and certain other fees and costs of, the Business;

C. Franchisor, subject to and on the terms and conditions of this Agreement and the Franchise Agreement, after collection of the Business Receivables and payment of amounts owed to suppliers to the Business and other fees, agrees to remit the Net Proceeds (as defined in the Franchise Agreement) to Seller/Grantor; and

D. From time to time, Franchisor may pay Seller/Grantor’s suppliers prior to collection of the related Business Receivables. In order to facilitate such advances, Franchisor requires each Seller/Grantor to assign to Franchisor, and grant to Franchisor a security interest in, the Business Receivables.

NOW, THEREFORE, in consideration of the parties’ signing and delivering the Franchise Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Franchise Agreement. Uncapitalized terms defined in the Uniform Commercial Code of Wisconsin shall have the meanings provided therein.

2. **Grant of Security Interest.** To secure the payment and performance in full of all obligations of Seller/Grantor to Franchisor under this Agreement, the Franchise Agreement and any other agreement between Franchisor (or any of its Affiliates) and Seller/Grantor relating to the Business (the “Obligations”), each Seller/Grantor grants to Franchisor a first priority security interest in the Business Receivables of such Seller/Grantor, and all present and future rights, direct or indirect, of each Seller/Grantor under the Franchise Agreement and all related agreements, instruments and documents, together with all proceeds thereof. Except as limited below, “Business Receivables” means all of the present and future accounts, chattel paper (including electronic chattel paper), instruments, general intangibles, notes, payment intangibles, drafts, acceptances, chattel mortgages, conditional sales contracts, bailment leases, security agreements and other forms of obligations to the Business now or hereafter arising

out of or acquired in the course of the Business, together with all liens, books, and records relating to any of the foregoing, and all guaranties, securities, rights, remedies and privileges pertaining to any of the foregoing, now existing or hereafter arising and all increases, substitutions, replacements and additions to the foregoing, and all proceeds of the foregoing of every type, including cash and non-cash proceeds and returned and repossessed inventory; provided that "Business Receivables" shall not include any receivables or other property acquired by any Seller/Grantor as a result of or arising out of activities unrelated to the Business.

3. **No Other Security Interests.** During the term of this Agreement, no Seller/Grantor shall sell, transfer, pledge, hypothecate, or create or allow to exist a security interest or other lien or encumbrance of any kind in any of the Business Receivables to or in favor of any person, firm or corporation other than Franchisor. Each Seller/Grantor warrants and covenants that the Business Receivables are and will remain free and clear of all liens, claims and encumbrances whatsoever, except for those granted to Franchisor.

4. **Sale of Business Receivables.** Each Seller/Grantor will sell and, subject to the terms and conditions of this Agreement, Franchisor will buy, at the gross invoice amount, but subject to actual collection, all of the Business Receivables. All such Business Receivables shall be owned by and payable directly to Franchisor and each Seller/Grantor hereby assigns and transfers to Franchisor all of its right, title and interest in and to all of the Business Receivables, and will upon Franchisor's request from time to time, execute and deliver to Franchisor, in confirmation of its title thereto, a detailed assignment of specific Business Receivables in a manner and form satisfactory to Franchisor. Franchisor shall have the right at any time and from time to time to give notice of this assignment to each of Seller/Grantor's customers and to notify each of Seller/Grantor's customers that payment is to be made to Franchisor and, at Franchisor's option, to bring all proceedings for collection in Seller/Grantor's name and to exercise any of Seller/Grantor's rights of stoppage in transit, replevin, and reclamation. Each Seller/Grantor acknowledges and agrees that such assignment shall take effect, and that Franchisor shall take title to each Business Receivable, automatically and immediately upon its creation. Seller/Grantor agrees, should any remittance of any Business Receivable be made directly to a Seller/Grantor, to receive it in trust for Franchisor, as the property of Franchisor, and, without commingling the same with other funds of Seller/Grantor, to turn over immediately to Franchisor the identical check or other form of payment so received, and each Seller/Grantor hereby irrevocably appoints Franchisor, or any person designated by Franchisor, its true and lawful attorney-in-fact to: (a) endorse the name of such Seller/Grantor on any notes, acceptances, checks, drafts, money orders, or other remittances relating to any of the Business Receivables; (b) endorse the name of such Seller/Grantor on any invoice, freight, express bill or bill of lading, storage receipt, warehouse receipt or other instrument or document in respect to the Business Receivables; (c) sign the name of such Seller/Grantor to drafts against such Seller/Grantor, assignments or verifications of the Business Receivables and notices to Seller/Grantor's customers; (d) if not prohibited by applicable law, change the post office address of such Seller/Grantor in the event such Seller/Grantor ceases business due to bankruptcy or otherwise, or breaches this Agreement, or breaches or terminates the Franchise Agreement or if for any reason Franchisor feels insecure; and (e) do all other acts and things necessary to carry out the intent of this Agreement. The authority herein granted to Franchisor shall remain in full force and effect for so long as this Agreement shall remain in force and until all of the Business Receivables transferred to Franchisor or in which it has been granted a security interest have been paid in full.

5. **Remitting Net Proceeds.** Subject to the terms and conditions of the Franchise Agreement, as payment for the Business Receivables purchased hereunder, Franchisor shall remit to Seller/Grantor at regular intervals, at least three (3) times per month, the Net Proceeds. If on any date Franchisor has paid out more money to or on behalf of Seller/Grantor than it has collected on the Business Receivables, Franchisor may, at its sole option, deduct or recoup the difference from, or offset it against, payments subsequently coming due to Seller/Grantor under the Franchise Agreement. In collecting the Business

Exhibit 3-2

Receivables, Franchisor shall be obligated only to bill Seller/Grantor's customers. Notwithstanding any other provision of this Agreement, but subject to Section 4.H of the Franchise Agreement, Seller/Grantor shall be solely responsible for the payment when due of all sales and use taxes payable on orders processed by Franchisor pursuant to this Agreement and the Franchise Agreement.

6. **Acknowledgments.** Seller/Grantor acknowledges and agrees that Franchisor has assigned and/or will assign the Business Receivables and all of its interest therein to, and granted a security interest in the Business Receivables in favor of, Franchisor's third party lender. Franchisor or any third party creditor or lender thereof may periodically contact Seller/Grantor's suppliers and customers concerning Franchisor's and Seller/Grantor's respective rights and obligations under this Agreement, the Franchise Agreement and any related agreements and concerning any pending orders.

7. **Settlement of Customer/Supplier Disputes; Rights After Default.** Franchisor shall have the right in good faith to compromise, settle or adjust all disputes or claims directly with Seller/Grantor's customers and suppliers with respect to the Business Receivables on the terms of this Agreement and the Franchise Agreement, to pay any disputed invoices to Seller/Grantor's suppliers and to compromise or extend the time of payment for or grant other accommodations with respect to the Business Receivables on such terms and conditions as Franchisor may determine, without affecting the liability of any Seller/Grantor hereunder. Seller/Grantor shall cooperate with Franchisor in efforts to resolve any disputes involving Seller/Grantor's customers or suppliers.

Upon the occurrence of any default by Seller/Grantor under the Franchise Agreement or this Agreement, and for as long as such default continues, Franchisor may, at its option, without notice or demand (and without limiting Franchisor's other rights and remedies under this Agreement, the Franchise Agreement, any other agreement or applicable law), declare all of the obligations of Seller/Grantor to Franchisor hereunder to be immediately due and payable, and Franchisor shall then have the right to take immediate possession of the Business Receivables and Seller/Grantor's books and records (including computer equipment on which such books and records may be stored) relating to Business Receivables and for that purpose Franchisor may, so far as Seller/Grantor can give authority therefor, enter upon any premises on which the Business Receivables and such books and records may be situated and remove the same therefrom. Except for collateral which is perishable or threatens to decline speedily in value or which is of a type customarily sold on a recognized market, Franchisor will give Seller/Grantor at least ten (10) days' prior written notice of the time and place of any public sale of collateral or of the time after which any private sale thereof is to be made. Franchisor shall also have in any jurisdiction where enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of Wisconsin. From the proceeds of any sale, collection or other disposition of Business Receivables, Franchisor shall be entitled to retain (i) all sums secured hereby, (ii) its reasonable expenses of retaking, holding, preparing for disposition, processing and disposing of the Business Receivables, and (iii) reasonable legal expenses, attorneys' fees and all other costs incurred by it in connection with the interpretation, administration and enforcement of this Agreement or any collateral or with such sale or other disposition. The residue, if any, of any proceeds of collection or sale shall be paid to Seller/Grantor, but Seller/Grantor shall remain liable for any deficiency. With respect to Business Receivables, Franchisor shall have the right, in addition to all other rights and remedies provided herein (and without limiting any of the powers granted in Section 4 above), at any time after default at its option to collect and receive directly from account debtors any sums due or payable to Seller/Grantor thereon, and may in its own name or in the name of the Seller/Grantor take such proceedings at law or in equity as it deems proper or desirable to enforce its rights of possession or to effect such collections, and Franchisor is hereby granted power of attorney for that purpose. Without limiting the foregoing, to the extent necessary to permit Franchisor to realize Franchisor's rights therein, Franchisor may receive, open and dispose of mail addressed to the Seller/Grantor and endorse notes, checks, drafts, money orders, documents of title or

other evidences of payment, shipment or storage or any form of collateral on behalf of and in the name of Seller/Grantor.

8. **Waiver; Cumulative Rights.** No waiver by Franchisor of any default shall be effective unless in writing nor operate as a waiver of any other default or of the same default on another occasion. The waiver by Franchisor of any breach of this Agreement or of any warranty or representation set forth herein shall not be construed as a waiver of any subsequent breach. The rights of the parties are cumulative, and the exercise or failure to exercise any rights and remedies herein provided shall not preclude any exercise or enforcement of any other right or remedy hereunder or to which a party is entitled by any other agreement between the parties or by law, or enforcement of the same right or remedy on a subsequent occasion.

9. **Termination.** This Agreement shall terminate as of the date after the termination of the Franchise Agreement on which all fees and other amounts owed by Seller/Grantor to Franchisor have been paid and Franchisor has been reimbursed in full for all amounts it has paid to suppliers on behalf of Seller/Grantor.

10. **Authorization to File Financing Statements; Additional Documents; Notice of Certain Changes.** Each Seller/Grantor hereby irrevocably authorizes the Franchisor at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the collateral covered by such financing statement to be the Business Receivables and other collateral described in this Agreement and (b) provide any other information required by part 5 of Article 9 of the Uniform Commercial Code of the applicable jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment, including, but not limited to, if such Seller/Grantor is an organization, the type of organization and any organization identification number and/or tax identification number issued to such Seller/Grantor. Seller/Grantor agrees to furnish any such information to Franchisor promptly upon Franchisor's request. Seller/Grantor further agrees to execute and deliver to Franchisor upon request any and all additional instruments or documents, including, without limiting the generality of the foregoing, any other documents which may be required for the perfection or modification of Franchisor's security interests, and to do all things which Franchisor from time to time may deem necessary or convenient to effect the provisions of this Agreement. Seller/Grantor also covenants and agrees to provide to Franchisor prior written notice of any change in its legal name, jurisdiction of formation, organizational or tax identification number and address, as applicable.

11. **Amendment and Assignment.** This Agreement may not be altered or amended except with the written consent of each of the parties. This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

12. **Governing Law; Notice.** This Agreement and the rights, obligations and duties of each of the parties hereto shall be construed according to the laws of the State of Wisconsin, without regard to its conflicts of laws principles. All notices and other communications to any party pursuant to this Agreement shall be in writing and shall be deemed to have been given if delivered in accordance with Section 16 of the Franchise Agreement.

13. **Construction.** Wherever in this Agreement the context so requires, the singular form of a word shall include the plural and the masculine and neuter forms shall include each other and the feminine. The headings of the various sections of this Agreement are for convenience only and do not affect the meaning or construction of any provision. If two or more persons are the Seller/Grantor hereunder, their

obligations and liabilities under this Agreement shall be joint and several. A reference to "Seller/Grantor" includes each individual who is the Seller/Grantor hereunder.

14. **Waivers; Assents.** Each Seller/Grantor waives demand, notice of credit extended, collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. Each Seller/Grantor also waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of Franchisor's rights hereunder, including, without limitation, Franchisor's rights following an event of default to take possession of collateral and exercise its rights with respect thereto. With respect both to the Obligations secured hereby and the collateral, each Seller/Grantor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising, adjusting or discharge of any thereof, all in such manner and at such time or times as Franchisor may deem advisable. Franchisor shall have no duty as to the collection or protection of the collateral or any income thereon, nor as to the preservation of rights pertaining thereto beyond the safe custody of any thereof in the possession of Franchisor. Franchisor may exercise its rights with respect to collateral without resorting or regard to other collateral or sources of reimbursement for the obligations of Seller/Grantor. No delay or omission on the part of Franchisor in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of Franchisor on the Obligations or collateral, whether evidenced hereby or by any other instrument or paper, shall be cumulative and may be exercised separately or concurrently.

15. **Waiver of Jury Trial; Consent to Jurisdiction.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF, UNDER, IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, THE FRANCHISE AGREEMENT OR ANY RELATED DOCUMENTS, THE COLLATERAL OR THE OBLIGATIONS SECURED HEREBY, OR ANY TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTION OF ANY PARTY. EXCEPT AS PROHIBITED BY LAW, EACH SELLER/GRANTOR HEREBY WAIVES ANY RIGHT SUCH SELLER/GRANTOR MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH SELLER/GRANTOR FURTHER WAIVES ALL RIGHTS TO REQUIRE FRANCHISOR TO ELECT AMONG ANY OF ITS REMEDIES WITH RESPECT TO THIS AGREEMENT OR ANY COLLATERAL.

Notwithstanding the foregoing, all controversies, disputes or claims arising from or relating directly or indirectly to this Agreement or the relationship of the parties hereto shall be submitted to arbitration in accordance with the applicable provisions of the Franchise Agreement (to the extent that that such provisions would require arbitration of such controversy, dispute or claim). Subject to the foregoing arbitration obligation, each Seller/Grantor hereby submits to the jurisdiction of the state and federal courts of general jurisdiction in the state where Franchisor then maintains its principal business address, for the purpose of any suit, action or other proceeding arising out of any of Seller/Grantor's obligations under or with respect to this Agreement, expressly waives any and all objections it may have as to venue in any of such courts, and agrees that service of process may be made by mailing a copy of the summons to such Seller/Grantor at its address as set forth on the Signature Page of this Agreement.

16. **Legal Name.** Seller/Grantor represents and warrants to Franchisor that its exact legal name as it appears on its organizational documents or its social security card (as applicable) is set forth on the Signature Page of this Agreement. Seller/Grantor covenants and agrees to provide prior written notice to Franchisor of any change in its legal name.

[The remainder of this page is intentionally left blank.]

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties to this Agreement have executed and delivered this Agreement effective as of the Agreement Date.

Franchise Agreement Date: _____

Agreement Date: _____

**ADVENTURES IN ADVERTISING
FRANCHISE, LLC**, a Delaware limited
liability company

By: _____
Title: _____
Date: _____

Address: 222 W. College Avenue, 9th Floor
Appleton, Wisconsin 54911
Telefax: (920) 886-3791

SOLE PROPRIETOR FRANCHISEE:

Signature: _____
Print Name: _____
Date: _____
Principal Residential Address:

Signature: _____
Print Name: _____
Date: _____
Principal Residential Address:

BUSINESS ENTITY FRANCHISEE

Name of Entity Franchisee

Signature: _____
Print Name: _____
Title: _____
Date: _____
Principal Business Address:

EXHIBIT 4
to the Franchise Agreement

TECHNOLOGY USER AGREEMENT

This Technology User Agreement (the “Agreement”) is by and between **ADVENTURES IN ADVERTISING FRANCHISE, LLC**, a Delaware limited liability company (called “we” or “us” in this Agreement) and the person or entity whose name appears, or the persons whose names appear, on the Signature Page of this Agreement (called “you” or “Franchisee” in this Agreement). This Agreement is made and entered into as of the “Agreement Date” listed on the Signature Page of this Agreement.

1. **Background.** We and you have entered into that certain Adventures in Advertising Franchise Agreement dated as of the “Franchise Agreement Date” listed on the Signature Page of this Agreement (the “Franchise Agreement”) for you to operate an AIA Business (the “Business”). This Agreement supplements the Franchise Agreement and governs your and your employees’, Salespersons’ and other authorized representatives’ access to, and use of, the site at <http://aiacconnect.com> and/or such other website(s) as we may periodically designate to supplement or replace such site (the “Site”). All capitalized terms in this Agreement shall have the meaning used herein or in the Franchise Agreement.

2. **Services.** The services that we may offer through the Site from time to time (whether directly or through links to other websites that we or our Affiliates maintain or control) (the “Services”) might include, but are not limited to, information and services for the Order Management and Billing Program that we currently use to administer the Order Processing System and the ability to send information to, and/or post information and content for, other authorized users connected with your Business and/or the Adventures in Advertising network. We might grant certain individuals the right to access only part of the Site and use only some of the Services. We reserve the right, at any time and from time to time (but subject to your rights under the Franchise Agreement), to modify or discontinue, temporarily or permanently, the Services, the Site, or any part thereof, with or without notice and at our sole option.

3. **Operating Policies.** We may promulgate and periodically modify standards, policies and rules (“Operating Policies”) relating directly or indirectly to the access to or use of the Site or the Services (or any part thereof). You agree to comply with, and to cause all Authorized Users (defined below) to comply with, all such Operating Policies, as we may periodically modify and supplement them. All such Operating Policies are incorporated into and form a part of this Agreement.

4. **Authorized Users.** Only individuals associated with your Business whom we authorize, and to whom we have issued a user id and password (either directly or by providing such user id and password to the administrator described below) (“Authorized Users”), shall be permitted to access and use the Site on behalf of your Business. We initially will grant access and a user id and password only to one individual owner of your Business who will serve as the administrator for all other user ids and passwords that we periodically provide for other Authorized Users. Only that one individual shall have the right, by completing the user forms, providing the information and following the other procedures that we periodically specify, to request that we permit additional users associated with your Business access to the Site. We shall have the right, at our sole option, to deny your request to allow any individual associated with your Business to access and/or use the Site and the Services (or any part thereof) and to terminate any such individual’s access to the Site and the Services (or any part thereof) at any time.

All Authorized Users shall be subject to the terms of this Agreement, including our Operating Policies, as we may periodically modify and supplement them. You acknowledge and agree that you are jointly and severally liable and responsible for all persons directly or indirectly associated with your

Business who gain access to the Site (regardless of whether they are Authorized Users) and for all other persons who gain access to the Site directly or indirectly through them or with their assistance. A breach of this Agreement by any of the persons identified in this paragraph shall be deemed a breach of this Agreement by you.

All user ids and passwords are personal to the Authorized User to whom they are assigned and must only be used by such Authorized User. All Authorized Users must exercise reasonable care and control to maintain the security of their user ids, passwords and other account information (collectively, "Account Information"). You agree to notify us immediately of any unauthorized use of any Account Information or any breach of security.

5. **Confidential Information.** The Site, the Services and the information and content posted or made available on the Site (including, without limitation, the product and pricing information) are our Confidential Information. You shall comply, and shall ensure that all Authorized Users comply, with the confidentiality provisions set forth in the Franchise Agreement with respect to this Confidential Information.

6. **Warranty Disclaimer; Limitation of Liability.**

(a) YOU USE THE SITE SOLELY AT YOUR OWN RISK. THE SITE IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS, WITHOUT WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR NON-MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY, TITLE, CUSTOM, TRADE, QUIET ENJOYMENT, ACCURACY OF INFORMATIONAL CONTENT, OR SYSTEM INTEGRATION. WE DO NOT WARRANT THAT THE SITE, OR ANY PART THEREOF, WILL BE AVAILABLE OR OPERATE IN AN UNINTERRUPTED OR ERROR-FREE MANNER OR THAT ERRORS OR DEFECTS WILL BE CORRECTED. SOME JURISDICTIONS DO NOT ALLOW EXCLUSION OF IMPLIED WARRANTIES, SO THE ABOVE EXCLUSIONS MAY NOT APPLY TO YOU.

(b) WE DO NOT WARRANT OR GUARANTEE THE ACCURACY, COMPLETENESS OR TIMELINESS OF THE INFORMATION PROVIDED ON OR THROUGH THE SITE. UNDER NO CIRCUMSTANCES WILL WE BE LIABLE FOR ANY LOSS OR DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES CAUSED BY RELIANCE ON THIS INFORMATION. CERTAIN MATERIAL AND INFORMATION AVAILABLE ON OR THROUGH THE SITE MAY INCLUDE MATERIAL AND INFORMATION FROM THIRD PARTIES. WE CANNOT GUARANTEE, REPRESENT OR WARRANT THAT THE CONTENT AND OTHER INFORMATION PROVIDED THROUGH THE SITE ARE ACCURATE, COMPLETE, TIMELY, APPROPRIATE TO YOU AND/OR INOFFENSIVE.

(c) WE SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, CONSEQUENTIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT, THE SERVICES OR THE USE OF THE SITE, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFITS, USE, DATA OR OTHER INTANGIBLE LOSSES (EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES). TO THE EXTENT THE FOREGOING LIMITATION OF LIABILITY IS, IN WHOLE OR IN PART, HELD TO BE INAPPLICABLE OR UNENFORCEABLE FOR ANY REASON, THEN OUR AGGREGATE LIABILITY FOR

ANY REASON AND UPON ANY CAUSE OF ACTION (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE, STRICT LIABILITY AND OTHER ACTIONS IN CONTRACT OR TORT) ARISING OUT OF OR IN ANY WAY RELATED TO THE SITE OR THIS AGREEMENT SHALL BE LIMITED TO DIRECT DAMAGES ACTUALLY INCURRED UP TO ONE HUNDRED DOLLARS (\$100.00).

(d) THE LIMITATION OF LIABILITY HEREIN APPLIES TO ALL LIABILITIES IN THE AGGREGATE INCLUDING, WITHOUT LIMITATION, THOSE RESULTING FROM YOUR USE OR YOUR INABILITY TO USE THE SITE (OR ANY PART THEREOF), OR ANY OTHER MATTER ARISING OUT OF OR RELATING TO THE SITE. BECAUSE SOME STATES OR JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LIABILITY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES, THE ABOVE LIMITATION MAY NOT APPLY TO YOU.

7. **Termination.** This Agreement and the rights of you and all Authorized Users to access and use the Site and the Services shall terminate, effective upon delivery of written notice to you, if you or any person associated directly or indirectly with your Business (whether or not an Authorized User) breaches or otherwise violates any provision of this Agreement (including the Operating Policies), including, but not limited to, by disclosing a user id or password to any unauthorized individual or by allowing an unauthorized individual to access, use or view any of part of the Site or the information it contains. This Agreement and the rights of you and all Authorized Users to access and use the Site and the Services also shall terminate, without notice, effective upon the Franchise Agreement's termination.

8. **Intellectual Property Rights.** All content and materials on the Site, including, without limitation, text, graphics, logos, buttons, icons, images, audio clips and software included in the Site, are our property or the property of our licensors and are protected by U.S. and international copyright, trademark and other proprietary rights and Intellectual Property Rights (as defined below) laws. The compilation of all content on the Site is our exclusive property and is protected by U.S. and international copyright laws. All software used on the Site is either our property or the property of our licensors and is protected by U.S. and international copyright laws. You do not acquire any ownership rights by virtue of downloading any material from the Site. All rights not expressly granted hereunder are expressly reserved to us. For purposes of this Agreement, the term "Intellectual Property Rights" means, collectively, rights under patent, trademark, copyright and trade secret laws, and any other intellectual property or proprietary rights recognized in any country or jurisdiction worldwide including, without limitation, moral rights and similar rights.

9. **Governing Law; Consent to Jurisdiction; Other Provisions of Franchise Agreement.** This Agreement supplements the Franchise Agreement. Accordingly, all of the provisions of Section 15 of the Franchise Agreement, including, without limitation, the arbitration provisions, also shall apply to this Agreement. This Agreement includes the terms set forth above and all of our Operating Policies, and, together with the Franchise Agreement, constitutes the entire agreement between you and us with respect to your (and the Authorized Users') access to, and use of, the Site and Services. Except as set forth below, this Agreement does not modify, alter or amend any other agreement you have entered or will enter into with us or any of our Affiliates, but instead supplements those agreements. To the extent that any provision of this Agreement conflicts with any provision of your other agreements with us or any of our Affiliates, the terms of such other agreement shall, as to the subject matter of that other agreement, take precedence over the conflicting term(s) of this Agreement. You may not transfer this Agreement or your rights and/or obligations hereunder except in conjunction with your transfer of the Franchise Agreement according to its terms.

10. **Our Right to Modify Agreement.** We reserve the right, at any time and from time to time, to update, revise, supplement and otherwise modify this Agreement, or any part thereof, and to impose new or additional rules, policies, terms or conditions on your use of the Site. Such updates, revisions, supplements, modifications, and new and additional rules, policies, terms and conditions (collectively referred to in this Agreement as “Additional Terms”) shall be effective immediately and incorporated into this Agreement upon notice thereof to you, which may be given by any reasonable means, including by posting to the Site. Your continued use of the Site following such notice shall be deemed to conclusively indicate your acceptance of any and all such Additional Terms.

[The remainder of this page is intentionally left blank.]

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties to this Agreement have executed and delivered this Agreement effective as of the Agreement Date.

Franchise Agreement Date: _____

Agreement Date: _____

**ADVENTURES IN ADVERTISING
FRANCHISE, LLC**, a Delaware limited
liability company

By: _____
Title: _____
Date: _____

Address: 222 W. College Avenue, 9th Floor
Appleton, Wisconsin 54911
Telefax: (920) 886-3791

SOLE PROPRIETOR FRANCHISEE:

Signature: _____
Print Name: _____
Date: _____
Principal Residential Address:

Signature: _____
Print Name: _____
Date: _____
Principal Residential Address:

BUSINESS ENTITY FRANCHISEE

Name of Entity Franchisee

Signature: _____
Print Name: _____
Title: _____
Date: _____
Principal Business Address:

EXHIBIT E

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

EXHIBIT E

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

California

Commissioner of Department of Financial Protection and Innovation
Toll Free: (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

EXHIBIT F

OPERATIONS MANUALS TABLE OF CONTENTS

BUSINESS & OPERATIONS MANUAL

TABLE OF CONTENTS

Chapter 1 – Start the Adventure

- AIA Vision Statement
- AIA Corporation and Training and Education
- AIA Core Values

Pages = 5

Chapter 2 – Communication

- Owners Committees
- Owners Email Network

Pages = 1

Chapter 3 – Marketing, Corporate Image, and Logo Guidelines

- AIA Corporation Logo Specifications
- Advertising Regulations – General Media
- Self-Promotional Literature
- Forms and Stationery Regulations
- Signage
- Corporate Brand Guide

Pages = 22 (Including Corporate Brand Guide)

Chapter 4 – The Promotional Products Industry & Industry Organizations

- Industry Size
- Industry Growth
- Industry Composition
- MVP Suppliers
- Relationships within the Industry
- Competitor Overview
- What Makes AIA Different
- Advertising Specialty Institute (ASI)
- Promotional Products Association International (PPAI)
- Industry Associations
- Glossary

Pages = 8

Chapter 5 – Technology

- AIA Connect
- Order Processing Systems Overview
- Franchise/Distributor Web Site Overview
- AIA Systems and Data Security
- AIA Tech Support and Help

Pages = 6

Chapter 6 – Product Sourcing

- Product Sources
- Product Sourcing Tools

Pages = 2

Chapter 7 – Direct Importing

- Importing
- Importation Considerations

Pages = 1

Chapter 8 – Art & Graphics

- Art Requirements
- Electronic Art Guidelines
- Spot and Full Color Art
- Instructions and Communicating
- Art and Graphics Terms

Pages = 7

Chapter 9 – Decoration Methods

- Understanding the Decoration Process
- Glossary of Terms
- How to Select a Local Screen Printer/Embroiderer

Pages = 4

Chapter 10 – Supplier Relations

- Most Valued Partner (MVP) Program
- MVP Qualifications
- MVP Details
- Distributor & Supplier Relationship
- Dispute Resolution
- Industry Credit Standards
- New Supplier Set Up
- Prepayment Requests

Pages = 3

Chapter 11 – Product Pricing

- Supplier Catalog Format
- How to Use a Catalog
- Establishing Net Price
- Calculating Selling Price
- Passing on Costs
- Determining Your Selling Price
- Managing Bid Opportunities

Pages = 6

Chapter 12 – Customer Credit

- Credit Checking Procedure
- Available Credit Checking Services
- Client Collections Procedures

Pages = 8

Chapter 13 – Top Buyers of Promotional Products

Pages = 4

Chapter 14 – Targeting Accounts

- Identifying Potential Clients
- Developing a Prospecting Plan
- Low Return Clients
- Conclusion

Pages = 5

Chapter 15 – Penetrating Accounts

- Prospecting
- Penetrating Tough Accounts
- Alternative Methods of Account Penetration
- Networking

Pages = 4

Chapter 16 – Agency Selling

- Developing a Creative Mindset
- Product Selling vs. Program Selling
- Common Promotional Programs
- Promotional Program Development

Deciding to Run a Program
Proposing Program Ideas
Idea Protection

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Chapter 17 – Conducting Client Meetings

Preparing for the First Face-to-Face Meeting
9 Key Questions – Once a Need Has Been Established
The Second Meeting – Presenting Ideas
New Idea Protection

Pages = 2

Chapter 18 – Closing Techniques

Test Closing
Closing the Sale

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Chapter 19 – Success Through Service

Nature of the Business
Selling Yourself
Avoiding Problems
Solving Problems
Learn From Mistakes

Pages = 4

Chapter 20 – Preparing Proposals

What to Include in a Proposal
Finding All Costs
Marking Up Additional Charges
Using the Proposal Worksheet

Pages = 5

Chapter 21 – Order Processing

Golden Rules to Eliminate Problems
Consistency
Order System
Writing the Order
Ordering System for Non-ASI/Wholesale Vendors
Choosing a Shipping Method
Special Shipping Options

- Freight Costs
- Following Up
- Sending Order to Factory
- Proofing Typed Order
- Requesting Proofs
- Vendor Communication

Pages = 11

Chapter 22 – Expanding the Business

- Planning for Growth

Pages = 3

Chapter 23 – Employee Management

- Staff Planning Guide
- Preparing Interview Questions
- Hiring Hints
- Where to Look for New Employees
- Company Policy & Employee Manual
- Employment Agreement
- Employee Compensation Structure
- Employee Documentation
- Employee Management Techniques
- Meeting Individual Needs
- Creating Job Commitment
- Job Performance Improvement Strategies
- Employee Relations Improvement Methods
- Training Employees
- Conducting Performance Evaluations
- Acting On Evaluations

Pages = 26 (Including Sample Forms)

Chapter 24 – Home Office Set Up

- Office Space
- Office Furniture
- Required Office Equipment & Supplies

Pages = 2

Chapter 25 – Business Licenses & Insurance

- Establishing A Business
- City Licenses
- Sales/Use Tax Permit
- Insurance

Federal ID Number
Worker's Compensation Insurance
Unemployment Insurance

Pages = 2

Chapter 26 – Financial Management

Service Delivery
Hire a Bookkeeper/Accountant
Business Checking & Savings Accounts
Maintain Accounting Records
Meeting Tax Requirements
Operating Costs

Pages = 4

Total Page Count = 157

EXHIBIT G

PROMISSORY NOTE AND GUARANTEE

PROMISSORY NOTE AND GUARANTEE

PROMISSORY NOTE

Principal Amount: \$ _____

Today's Date: _____, 20__

Due Date: _____, 20__

FOR VALUE RECEIVED, the undersigned, jointly and severally, promises to pay to the order of **ADVENTURES IN ADVERTISING FRANCHISE, LLC**, a Delaware limited liability company ("Holder"), the principal sum of _____ (\$_____), in legal tender of the United States, on or before _____, in ____ equal, consecutive monthly installments of principal and interest in the amount of \$_____, with interest calculated at the rate of _____ percent (____%) per annum and each payment due no later than the first day of each month, beginning on 1, 20__, with a final payment of the outstanding principal and accrued but unpaid interest due on __, 20__ Principal and interest shall be paid at the principal office of Holder, 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911, or at such other place as Holder hereof may designate in writing. All payments are due without notice or demand and, at Holder's option, may be deducted from amounts that Holder otherwise would owe the undersigned (or one or more of them) under the Franchise Agreement with Holder (the "Franchise Agreement").

If the undersigned shall default in its obligations under the Franchise Agreement or another agreement with Holder or default in the payment of any part of the principal of or interest on this Note when the same shall be due and payable, or if the Franchise Agreement expires or terminates (regardless of the reason), then the entire indebtedness evidenced hereby may, at the option of Holder and without demand or further notice of any kind to any party, be declared, and thereupon immediately shall become, immediately due and payable. If the undersigned shall fail to pay any part of the principal or interest under this Note when due (whether because of acceleration or otherwise), the unpaid principal balance shall thereafter bear interest at the rate of eighteen percent (18%) per annum, or the highest rate then permitted by applicable law, whichever is less. Holder may accept payment in an amount less than the full amount of any payment due without waiver of any other rights (including the right of acceleration).

Should this Note, or any part of the indebtedness evidenced hereby, be collected by law or through any attorney, Holder shall be entitled to collect reasonable attorneys' fees and all costs of collection, together with interest thereon, until paid, in an amount equal to the highest rate then permitted by applicable law.

The undersigned and any surety, guarantor, endorser or other party hereto, each waive demand, protest, notice of demand, protest and non-payment. Any extension or renewal of this Note in whole or in part, or of the indebtedness evidenced hereby, may be made without the consent of or notice to any surety, guarantor, endorser, maker or any other party hereto, and without affecting or lessening the liability of any such person.

All of Holder's rights and remedies under this Note are cumulative and non-exclusive. The terms of this Note may be waived only by a written instrument signed by an authorized representative of Holder. No waiver by Holder of any breach hereof or default hereunder shall be

deemed a waiver of any preceding or succeeding breach or default and no failure of Holder to exercise any right or privilege hereunder shall be deemed a waiver of Holder's rights to exercise the same or any other right or privilege at any subsequent time or times. Without limiting the foregoing, the acceptance by Holder of any partial payment made hereunder after the time when any amount hereunder becomes due and payable will not establish a custom or waive any rights of Holder to enforce prompt payment hereof.

The indebtedness evidenced by this Note, or any part thereof, may be prepaid without penalty.

The validity, construction and enforceability of this Note shall be governed in all respects by the laws of the State of Wisconsin, without regard to its conflicts of laws rules. Holder may institute any action relating to this Note in any applicable state or federal court of general jurisdiction in the State of Wisconsin, and the undersigned irrevocably submits to the exclusive jurisdiction of such courts and waives any objection it might have to either the jurisdiction or venue of such courts. To the extent permitted by applicable law, the undersigned knowingly, voluntarily and intentionally waives his, her or its rights to trial by jury with respect to any claim, action, suit, proceeding or counterclaim of any kind arising out of, under, or in connection with or relating to this Note.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has executed this Note under seal effective as of the date of the Franchise Agreement.

SOLE PROPRIETOR FRANCHISEE:

Signature: _____

Print Name: _____

Date: _____

Principal Residential Address:

Signature: _____

Print Name: _____

Date: _____

Principal Residential Address:

BUSINESS ENTITY FRANCHISEE

Name of Entity Franchisee

Signature: _____

Print Name: _____

Title: _____

Date: _____

Principal Business Address:

GUARANTEE OF PROMISSORY NOTE

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned, as an owner of _____ (“Franchisee”), hereby unconditionally, jointly and severally guarantees unto **ADVENTURES IN ADVERTISING FRANCHISE, LLC**, a Delaware limited liability company (“Franchisor”), the prompt payment of all obligations (including, without limitation, principal and interest) evidenced by that certain promissory note (“Note”) made by Franchisee in favor of Franchisor, dated the _____ day of _____, 20____.

Franchisor, its successors and assigns, may from time to time, without notice to the undersigned, (a) in the event of a default by Franchisee under the terms of the Note, resort to the undersigned for payment of any of the liabilities, whether or not Franchisor or its successors have resorted to any property securing any of the liabilities or proceeds against any other of the undersigned or any party primarily or secondarily liable on any of the liabilities, (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the liabilities, and (c) extend, renew or credit any of the liabilities for any period (whether or not longer than the original period); alter, amend or exchange any of the liabilities; or give any other form of indulgence, whether under the Note or not.

The undersigned hereby waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including, without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Note or Franchise Agreement by and between Franchisor and Franchisee and/or the undersigned (the “Franchise Agreement”) and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Franchisee and Franchisor resulting from the Note, the Franchise Agreement or otherwise, and the settlement, compromise or adjustment thereof. The undersigned agrees to pay all expenses paid or incurred by Franchisor in attempting to enforce the Note and this Guarantee against Franchisee and against any or all of the undersigned and in attempting to collect any amounts due thereunder and hereunder, including, without limitation, reasonable attorneys’ fees and all costs of collection if such enforcement or collection is by or through an attorney, together with interest thereon until paid at the highest rate then permitted by applicable law. Any waiver, extension of time or other indulgence granted from time to time by Franchisor or its agents, successors or assigns with respect to the foregoing Note shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable.

If more than one person has executed this Guarantee, the term “the undersigned” as used herein shall refer to each such person and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

To the extent permitted by applicable law, each of the undersigned knowingly, voluntarily and intentionally waives his, her or its rights to trial by jury with respect to any claim, action, suit, proceeding or counterclaim of any kind arising out of, under, in connection with or relating to this Guarantee or the foregoing Note.

IN WITNESS WHEREOF, each of the undersigned has executed and delivered this Guarantee under seal effective as of the date of the foregoing Note.

Witness

[Signature]

[Print name]

Witness

[Signature]

[Print name]

Witness

[Signature]

[Print Name]

EXHIBIT H

SAMPLE FORM OF RELEASE

**ADVENTURES IN ADVERTISING FRANCHISE, LLC
ASSIGNMENT OF FRANCHISE DOCUMENTS
RELEASE FOR ALL STATES EXCEPT MARYLAND**

THIS CONSENT TO ASSIGNMENT OF FRANCHISE DOCUMENTS (the “Release”) is effective this ____ day of _____, 20____, by and between **ADVENTURES IN ADVERTISING FRANCHISE, LLC**, a Delaware limited liability company (the “Company”), and _____, a _____ (“Transferor”).

RECITALS:

WHEREAS, Transferor and the Company (or its predecessor) entered into a certain Franchise Agreement effective as of _____, 20____ (the “Franchise Agreement” and, together with all related documents and agreements, including, without limitation, the Agreement for the Sale of Receivables, the “Franchise Documents”) granting Transferor the right to operate an AIA Business at _____ (the “Business”) according to the terms of the Franchise Documents (all initial capitalized terms used but not defined in this Release shall have the meanings set forth in the Franchise Agreement); and

WHEREAS, Transferor wishes to assign its interest in the Franchise Documents and the Business and all related rights; and

WHEREAS, the Franchise Agreement contains Transferor’s obligation to sign a release of claims in connection with its obligation not to assign the Franchise Agreement or the assets of the Business without the Company’s prior written approval; and

WHEREAS, the Company is willing to approve the assignment of the Franchise Documents, as applicable (the “Transaction”), if, among other things, Transferor and its related parties agree to the terms of this Release; and

WHEREAS, Transferor and its related parties are willing to agree to the terms of this Release in order to obtain the Company’s consent to the Transaction.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Release and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Release of the Company Parties and Covenant Not to Sue.** Transferor, for itself and its affiliates, each of their respective owners (including, without limitation, each person listed under “Owners” on the signature page of this Release) (collectively, the “Owners”), officers, directors, partners, managers, employees, representatives and agents, and all of their respective successors, heirs, executors, administrators, personal representatives and assigns (collectively, the “Transferring Parties”), hereby forever releases and discharges the Company, its predecessors, its and their affiliates, and all of their respective managers, officers, directors,

owners, employees, agents, heirs, representatives, successors and assigns (collectively, the “Company Parties”), from any and all claims, damages, demands, causes of action, debts, costs, suits, duties, obligations, liabilities and agreements of any nature and kind whatsoever (collectively, “Claims”) which any of the Transferring Parties now has, ever had, or, but for this Release, hereafter would or could have against any of the Company Parties relating to or arising directly or indirectly in connection with any of the Transferring Parties’ rights or any of the Company Parties’ obligations under the Franchise Documents, or otherwise relating to or arising directly or indirectly in connection with the relationship between any of the Transferring Parties and any of Company Parties, at any time prior to the Effective Date.

Transferor and the Owners, for themselves and the other Transferring Parties, further covenant not to sue any of the Company Parties on any of the Claims released by this Section 1. Transferor and each of the Owners, jointly and severally, hereby represent and warrant to the Company Parties that: (a) each has full power and authority to sign this Release and bind all of the Transferring Parties to its provisions; (b) none of the Transferring Parties has assigned any of the Claims released by this Section 1 to any individual or entity who is not bound by this Section 1; and (c) the Owners collectively own all of the issued and outstanding shares of capital stock or other ownership interests in Transferor.

Transferor and the Owners acknowledge a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

Each of the Transferring Parties hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that he, she, or it may lawfully waive such right or benefit. In connection with this waiver and relinquishment, with respect to the Claims released under this Release, each of the Transferring Parties acknowledges that he, she, or it may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of this release, but that it is the parties’ intention, subject to the terms and conditions of this Release, fully, finally and forever to settle and release all such Claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist, and, in furtherance of such intention, the releases given under this Release shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts

2. **Indemnification of the Company Parties.** Transferor, the Owners and the other Transferring Parties, jointly and severally, agree to indemnify any and all of the Company Parties for, and to defend and hold any and all of the Company Parties harmless from and against, any loss, cost, damage, liability, or expense (including, without limitation, attorneys’ fees, arbitrators’ fees, expert witness fees, costs of investigation and proof of facts, and other costs of litigation or arbitration, whether or not litigation or arbitration is commenced) arising out of or

relating directly or indirectly to the breach of any provision of this Release by any of the Transferring Parties.

3. **Construction.** This Release, together with the other documents and agreements signed simultaneously with this Release in order to effect the Transaction, represents the entire agreement of the parties pertaining to the subject matter of this Release and supersedes all prior agreements, understandings and representations, whether oral or written.

4. **Enforcement.** The Sections in the Franchise Agreement relating to enforcement of the Agreement, including, without limitation, the provisions relating to Arbitration, Governing Law and Consent to Jurisdiction, are incorporated in this Release by this reference as if fully stated here.

5. **Binding Effect.** This Consent is binding upon and inures to the benefit of the Company, Transferor, the Owners and their respective successors, permitted assigns and legal representatives.

6. **Miscellaneous.**

(a) The captions and headings are only for convenience of reference, are not a part of this Release, and will not limit or construe the provisions to which they apply. All references in this Release to the singular usage will be construed to include the plural and the masculine and neuter usages to include the other and the feminine. The obligations of the Owners and Transferor to the Company shall be joint and several.

(b) This Release may be executed in multiple copies, each of which will be deemed an original.

(c) Each of the Company Parties will be deemed to be a third party beneficiary of this Consent with an independent right to enforce it.

IN WITNESS WHEREOF, the parties have duly executed this Release on the day stated on page one.

**ADVENTURES IN ADVERTISING
FRANCHISE, LLC**

TRANSFEROR

[Name]

By: _____
Its: _____

By: _____
Its: _____

OWNERS

[Name]

[Signature]

[Name]

[Signature]

EXHIBIT I

**CALIFORNIA ADDITIONAL DISCLOSURES AND RIDER TO THE FRANCHISE
AGREEMENT**

**ADDITIONAL DISCLOSURES FOR THE
CALIFORNIA-SPECIFIC FRANCHISE DISCLOSURE DOCUMENT OF
ADVENTURES IN ADVERTISING FRANCHISE, LLC**

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. OUR WEBSITE, <https://aiacommunity.com>, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

3. California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

4. Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

5. Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable site that the arbitrator chooses within 10 miles of our then existing principal business address (currently in Appleton, Wisconsin), with the costs being borne by the parties as designated by the arbitrator according to the Franchise Agreement. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement restricting venue to a forum outside the State of California.

6. Applicable Law. The Franchise Agreement requires application of the laws of the State of Wisconsin with certain exceptions. This provision might not be enforceable under California law.

7. Forum. The Franchise Agreement requires application of the forum of Wisconsin. This provision might not be enforceable under California law.

8. Limitation of Damages. The Franchise Agreement contains a provision limiting the damages you may collect from us. This provision might not be enforceable under California law, but we and you agree to enforce it to the extent the law allows.

9. Covenant not to Compete. The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

**RIDER TO THE
ADVENTURES IN ADVERTISING FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

This Rider is entered into this ____ day of _____, 20__, by and between **Adventures in Advertising Franchise, LLC**, a Delaware limited liability company (“we,” or “us”), and _____ (“you”).

1. We and you are parties to that certain “Franchise Agreement” dated as of the date hereof that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being executed because (a) the Business that you will operate under the Franchise Agreement is located within the State of California and you are a resident of the State of California; and/or (b) any of the franchise offer or sales activity relating to the Franchise Agreement occurred in California.

2. Section 4.A of the Franchise Agreement, entitled **Initial Franchise Fee**, is deleted and replaced with the following:

You must pay us a non-refundable initial franchise fee of Thirty Thousand Dollars (\$30,000) when we and you sign this Agreement. If your Net Billings during the first Period are over One Hundred Fifty Thousand Dollars (\$150,000), we will refund Fifteen Thousand Dollars (\$15,000) of your initial franchise fee within thirty (30) days after the end of the first Period. If you are a Distributor/Sales Experienced Franchisee, we may waive all or part of your initial franchise fee based on your actual sales during the twelve (12)-month period preceding the Agreement Date. Except as described above, your initial franchise fee is non-refundable.

If we, in our sole judgment, agree to finance any part of the initial franchise fee, then instead of paying all of your initial franchise fee when we have completed our initial obligations to you under this Agreement and you have begun operating the Business, you would only pay the down payment (if any) when we have completed our initial obligations to you under this Agreement and you have begun operating the Business and you must sign a promissory note in the form we specify to cover the financed portion of the initial franchise fee. If you are an Entity, all of your owners must guarantee your obligations under the promissory note in the form that we specify.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed the day and year first above written.

**ADVENTURES IN ADVERTISING
FRANCHISE, LLC**, a Delaware limited
liability company

By: _____
Title: _____
Date: _____

Address: 222 W. College Avenue, 9th Floor
Appleton, Wisconsin 54911
Telefax: (920) 886-3791

SOLE PROPRIETOR FRANCHISEE:

Signature: _____
Print Name: _____
Date: _____
Principal Residential Address:

Signature: _____
Print Name: _____
Date: _____
Principal Residential Address:

BUSINESS ENTITY FRANCHISEE

Name of Entity Franchisee

Signature: _____
Print Name: _____
Title: _____
Date: _____
Principal Business Address:

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

The franchisor is Adventures in Advertising Franchise, LLC, located at 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911. Its telephone number is (920) 886-3700.

The issuance date of this California Franchise Disclosure Document is: September 22, 2021

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows: _____, 222 W. College Avenue, 9th Floor, Appleton, Wisconsin 54911, (920) 886-3700, and _____.

We authorize the respective state agents identified on Exhibit E to receive service of process for us in the particular state.

I received a California disclosure document from Adventures in Advertising Franchise, LLC dated September 22, 2021, that included the following Exhibits:

Exhibit A	Financial Statements and Guarantee
Exhibit B	List of Franchisees
Exhibit C	List of Franchisees Who Left the System
Exhibit D	Franchise Agreement, with the following exhibits: Exhibit 1 to Franchise Agreement: Definitions Exhibit 2 to Franchise Agreement: Guarantee and Assumption of Obligations Exhibit 3 to Franchise Agreement: Agreement for the Sale of Receivables Exhibit 4 to Franchise Agreement: Technology User Agreement
Exhibit E	List of State Agencies/Agents for Service of Process
Exhibit F	Operations Manuals Table of Contents
Exhibit G	Promissory Note and Guarantee
Exhibit H	Sample Form of Release
Exhibit I	California Additional Disclosures and Rider to the Franchise Agreement

Date
(Date, Sign and Return to Us)

Franchise Candidate Signature

Print Name

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

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Exhibit G	Promissory Note and Guarantee
Exhibit H	Sample Form of Release
Exhibit I	California Additional Disclosures and Rider to the Franchise Agreement

Date
(Date, Sign and Keep for Your Own Records)

Franchise Candidate Signature

Print Name