



## **FRANCHISE DISCLOSURE DOCUMENT**

**AEA DEV LLC**

**MASTER FRANCHISEE**



## FRANCHISE DISCLOSURE DOCUMENT

AEA DEV LLC

6555 Sanger Rd, Orlando FL 32827

Telephone: 646-707-2770 ms@aexplorers.com

AEA DEV LLC (“AEA DEV”) is a master franchisee who offers franchises to establish, develop and operate an Amazing Explorers Academy® in certain territories within the United States (Exhibit A). Amazing Explorers Academies offer a learning environment that fosters innovation, creativity and collaboration to children ranging in age from 6 weeks to 12 years.

Your initial franchise fee for an Amazing Explorers Academy is \$100,000. The estimated initial investment required ranges from \$542,500 to \$5,143,005 including the franchise fee. The range of fees varies depending upon factors such as the size of your academy, whether you purchase or lease real estate, construction costs in your area, licenses and financing charges.

AEA DEV also offers Area Development Agreements. You must pay an up-front non-refundable Area Development fee of \$50,000 per academy (50% of the franchise fee) to be developed in the area, which fee is credited against the franchise fee when you sign each individual franchise agreement. Area Development fees range from \$150,000 for a three-unit territory to \$500,000 for a ten-unit territory.

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, us or an affiliate for 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 Master Franchisee Marcello Spinelli, AEA DEV LLC, 6555 Sanger Rd, Orlando FL 32827, Telephone: 646-707-2770 ms@aexplorers.com and the appropriate state regulatory agencies.

The terms of your contract will govern your franchise relationship. Do not rely on the

disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

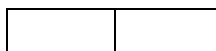
Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “**A Consumer’s Guide to Buying a Franchise**,” which can help you understand how to use this disclosure document, is available from the Federal 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

Issuance Date: May 5, 2023

## 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 DO I FIND INFORMATION                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>How much can I earn?</b>                                                                  | 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. |
| <b>How much will I need to invest?</b>                                                       | Items 5 and 6 list fees you will be paying at AEA DEV's direction. Item 7 lists the initial investment to open. Item 8 described the suppliers you must use.                                                                                 |
| <b>Does the Franchisor have the financial ability to provide support to my business?</b>     | Item 21 and Exhibit P includes financial statements. Review these statements carefully.                                                                                                                                                      |
| <b>If the franchise system stable, growing, or shrinking?</b>                                | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.                                                                                                                                                 |
| <b>Will my business be the only Amazing Explorers Academy franchise business in my area?</b> | Item 12 and the "territory" provisions in the Franchise Agreement describe whether the AEA DEV and/or other franchisees can compete with you. The Franchise Agreement, Exhibit C (FA-I) defines your territory.                              |
| <b>Does the Franchisor have a troubled legal history?</b>                                    | Items 3 and 4 tell you whether the AEA and AEA DEV or its management have been involved in material litigation or bankruptcy proceedings.                                                                                                    |
| <b>What is it like to be an Amazing Explorers franchisee?</b>                                | Item 20 lists the numbers of current and former franchisees and Exhibit K lists current franchisees. Exhibit L lists former franchisees. You can contact them to ask about their experiences.                                                |
| <b>What else should I know?</b>                                                              | 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**

1. Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.
2. Business model can change. The master franchise agreement may allow the AEA DEV 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.
3. Supplier restrictions. You may have to buy or lease items from the AEA DEV or a limited group of suppliers the AEA DEV designates. These items may be more expensive than similar items you could buy on your own.
4. Competition from AEA DEV. Even if the master franchise agreement grants you a territory, AEA DEV may have the right to compete with you in your territory.
5. Renewal. Your master 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. Before you buy, consider what rights you have to renew your franchise, if any, and what terms you might have to accept in order to renew.
6. When your franchise ends. The master 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 AEA DEV 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 registration requirement, or to contact your state, use the agency information in Exhibit A.

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 Resolution.** The master franchise agreement requires that most disputes with us be submitted to arbitration in Florida. Out of state arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate with us in Florida than in your home state.
2. **Mandatory Minimum Payment.** You must make minimum royalty, advertising and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

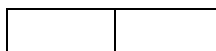
Certain states may require other risks to be highlights. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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### EXHIBITS

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| A. List of State Authorities                     | K. Current Franchisee List of AEA DEV LLC and AEA Franchising, LLC.                                                                     |
| B. List of Agents for Service of Process         | L. Franchisees Who Have Left the System for AEA DEV LLC and AEA Franchising LLC                                                         |
| C. Franchise Agreement & Exhibits                | M. Franchise Organizations We Have Created                                                                                              |
| D. Area Development Agreement & Exhibits         | N. AEA DEV Manual Table of Contents                                                                                                     |
| E. Real Estate Agreement                         | O. SBA Addendum                                                                                                                         |
| F. General Release                               | P. Audited Financial Statement as of December 31, 2020; December 31, 2021 and December 31, 2022 for AEA DEV LLC and AEA Franchising LLC |
| G. Assignment of Lease & Consent                 | Q. New York Addendum                                                                                                                    |
| H. Non-Competition and Confidentiality Agreement | R. Multi-State Addenda                                                                                                                  |
| I. Power of Attorney to Assign Telephone Number  | S. Receipt                                                                                                                              |
| J. Franchise Disclosure Questionnaire            |                                                                                                                                         |



## **ITEM 1**

### **THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES**

To simplify the language in this disclosure document, AEA DEV LLC, Master Franchisee, will be referred to as “Master Franchisee,” “AEA DEV,” “we,” “our,” or “us.” AEA DEV LLC is a master franchisee of AEA Franchising, LLC, a Florida limited liability company. The terms “Franchisee,” “You,” “you” and “your,” refer to the person, corporation, limited liability company, partnership or other legal entity that is granted a franchise (as well as the direct or indirect owners of any corporation, limited liability company, partnership or other legal entity that becomes a franchisee).

#### **AEA DEV, LLC, Master Franchisee**

We are AEA DEV LLC, a Florida Limited Liability Company formed on February 12, 2016. Our principal place of business is located at 6555 Sanger Rd, Orlando FL 32827 ms@aexplorers.com.

On June 6, 2018, we entered into a Master Developer Agreement with AEA Franchising LLC, a Florida limited liability company, for the development of Amazing Explorers Academies and franchises for Washington, D.C. and the States of Georgia, North Carolina, New Jersey, New York, Pennsylvania, South Carolina, Virginia, and a portion of Florida (the “Development Area”).

The Master Developer Agreement granted us the right, as a Master Franchisee, to use the trademarks, trade name, service marks, curriculum and other proprietary items and materials, and to designate a supplemental or substitute trademark or service mark to identify the Amazing Explorer Academies for the operation of Amazing Explorers Academies in the Development Area.

We began offering Amazing Explorers Academies sub-franchises in the Development Area in June 6, 2018. We have never conducted business or offered franchises or sub-franchises of the kind described in this disclosure document.

#### **AEA Franchising LLC, Master Franchisor and our Parents, Predecessors and Affiliates**

AEA Franchising LLC (“AEA”) is a Florida Limited Liability Company established on February 12, 2016. AEA Franchising obtained the license to develop, market and franchise the Amazing Explorers Academy® concept in select exclusive markets in the United States from Amazing Explorers LLC, a Delaware Corporation. AEA Franchising began offering Amazing Explorers Academies master franchises in July, 2016.

Amazing Explorers LLC holds the Intellectual Properties and Curriculum for Amazing Explorers and is the owner of the property rights and interests in and to the Amazing Explorers Academy® name and other related trademarks, trade dress, service marks, logotypes, insignias, trade dress and designs. Amazing Explorers LLC was granted the right to the trademark Amazing Explorers Academy on September 27, 2016, Trademark number 5,051,223. Amazing Explorers, LLC was granted the rights to the trademark Steam Investigations® on November 14, 2017, Trademark number 5,335,545.

Amazing Explorers LLC reserves the right to add, delete, modify, change, revise or substitute different names and marks for use in Amazing Explorers Academies®. If AEA DEV notifies you of any change, you must modify or discontinue your use of a mark and adopt any new or replacement marks at your expense if a mark is modified or discontinued or a new or replacement mark is adopted. We are not required to reimburse you for

your costs if you do. You must not directly or indirectly contest Amazing Explorers LLC or AEA DEV's right to the AEA service marks, trade secrets or business techniques that are part of the Amazing Explorers business.

Except for the companies disclosed above (Amazing Explorers, LLC, AEA Franchising LLC), and the two Master Franchisees (AEA GP LLC and AEA DEV LLC), there are no other (a) parent companies, (b) predecessors, or (c) affiliates that offer franchises in any line of business, or offer, sell or provide products or services to our franchisees.

#### The Amazing Explorers Academies (AEA) Franchised Business.

Amazing Explorers Academies provide children with a learning environment that fosters innovation, creativity and collaboration through an integrated and intuitive technology platform for teachers, student and parents. Each Academy is identified by the mark "AMAZING EXPLORERS ACADEMY®." The concept was developed by a Taskforce of leading personnel in multidisciplinary fields including university professors, technology experts and community leaders who helped identify the challenges facing students in today's environment. We prepare students to be innovative, creative and to utilize critical thinking skills...all of which are required for the digital age. Our proprietary Enrichment Curriculum promotes inquiry, curiosity and excitement about learning and multiple opportunities to integrate learning domains. Amazing Explorers is a totally integrated approach to learning. The programs emphasize quiet and active exploration, encourage choice and independence, use technology to support learning and integrate learning experiences. Young children are encouraged to explore their environment and express their understanding through many modes of expression or "languages." The Academies provide children with the opportunity to develop lifelong social, emotional and cognitive skills. The AEA proprietary curriculum is designed to meet each child's individual learning needs. The learning programs were inspired by world renowned education approaches, such as Reggio Emilia, Project Based Learning Science, Engineering, Arts (we incorporated Arts into the STEM acronym) and Mathematics (STEAM®), which prepares students for the skills needed in the 21<sup>st</sup> Century...the digital age. The STEAM curriculum is comprised of traditional, proven elements and a variety of teaching formats to stimulate and excite students. Printed materials, audio and visual programs, activity kits, interactive activities, games on tablets are some of the techniques used. New delivery formats have been designed to engage high-quality videos of experimental and real-world connections.

The academies range in size from 5000 to 18,000 sq. ft. and are designed according to childcare licensing regulations. All Academies should be located on heavily traveled roads surrounded by dense residential neighborhoods. Each facility is a free-standing structure with classrooms that accommodate up to 22 children. Our Academies have a reception area, a sick room, cafeteria, complete kitchen, storage area, multi-use area enrichment room (art studio, gym) and fenced in playgrounds (including appropriate equipment for different age groups) with special impact absorbing safety surfaces. All classrooms are equipped with cameras and parents can watch their children remotely via the Internet. The web component allows teachers to access the professional development modules that include self-paced instruction and videos in a classroom setting. The state-of-the art facilities are educational spaces and a place for investigation, learning, recognition and reflection. There are a number of programs available for learning, including Toddler, Early Preschool, Pre-kindergarten, After School and Summer Camp.

The success of your Academy depends upon providing high quality childcare at reasonable prices in locations that are near well-populated suburban markets. AEA DEV will consider building academies in leased locations, provided the site, building, demographics, etc. meet all AEA requirements, in our sole opinion. The majority of students are full time and the classes are taught with our proprietary curriculum and other learning methods of programs.

Amazing Explorer Academies operate under a proprietary System (the “System”) for the establishment, development and operation of educational childcare services. The System is defined by the distinctive interior and exterior design, décor, layout and color scheme; exclusively designed decorations, signage, furnishings and materials; Confidential Manuals; uniform operating methods, confidential procedures and techniques; methods and techniques for inventory, cost control, record keeping and reporting, personnel management, purchasing, marketing, sales promotions, advertising, and public relations. You and your employees must follow all aspects of the “System” including any modifications which the AEA DEV feels, in its sole opinion, will enhance the overall reputation and services offered to our students and parents.

In addition to offering franchises for individual Academies, AEA DEV offers area development agreements to persons who have the desire, financial strength and managerial capability to develop and operate multiple academies. Under an area development agreement, you agree to open a specified number of Amazing Explorer Academies within a defined geographic area in accordance with an agreed-upon development schedule. As each Franchised Academy is developed, you will sign a franchise agreement for that Academy. An Area Developer will sign the same form of Franchise Agreement for each future outlet specified in the Area Development Agreement and pay the same franchise fee for the academies to be opened under that Agreement

Regulations Specific to the Industry

You must comply with all local, state and federal laws and licensing requirements that apply to your Academy’s operations, including EEOC, OSHA, discrimination, employment and sexual harassment laws. Each state regulates the early care and education market by regulating academies, schools and family and group childcare homes. The fundamental purpose of public regulation is to protect children from harm (disease, fire, structural safety hazard, personal injury, child abuse or negligent and developmental impairment). The regulations and requirements focus on, among other things: the fitness and adequacy of buildings and equipment; the appropriateness of materials and supplies; qualifications of staff members; staff training and licensing; record-keeping; health, fire and safety standards; disabilities of your employees and customers. You must investigate and comply with all applicable laws and regulations, including local zoning requirements, which vary from jurisdiction to jurisdiction. You and your employees must comply with all applicable childcare licensing statutes and regulations and other laws enacted by your state and local government regarding the protection of children and the operation of childcare facilities. You must also comply with health and safety regulations that apply to the preparation, serving and storage of food at your Amazing Explorer Academy.

Additionally, you must obtain an annual renewable day care license before you open for business. An Academy Director must operate your academy and, in most cases, will be required to have a degree and a Director’s Credential in childcare. All AEA schools require accreditation by the National Accreditation Commission for Early Care and Education Programs (NAC) and teachers are CPR certified. You alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you.

General Description of the Market and Competition

The Day Care industry provides day care to infants and children in addition to preschool services. The U.S. childcare market size was valued at **USD 60.4 billion** in 2022 and is expected to expand at a compound annual growth rate (CAGR) of 4.18 % from 2023 to 2030. The key factor driving the growth is the increasing demand for early daycare & education services, as parents are resuming full-time offices post-COVID-19.

The global child day care services market is expected to grow to \$520 billion in 2022 at a CAGR of around 11%. Growth in this historic period resulted from economic growth in emerging markets, rising awareness of the benefits of early learning, government funding in developed nations towards childcare and change in parental social status. Going forward, government initiatives to support childcare, rise in corporate profits which enables companies to spend more on social benefits to employees and awareness due to rise in the internet penetration, will drive growth.

Market-trend-based strategies for the childcare market include leveraging technology to optimize services and enhance customer satisfactory levels, partnering with corporates to increase revenues and market shares, using technology for better childcare management, and adopting interest-driven learning methods to make learning more enjoyable for children. Player-adopted strategies in the childcare industry include expanding operations through acquisitions, increasing public commitment to high quality learning, and building capable work force.

## **COMPETITION AND AEA STTRATEGY**

You compete with independent, franchised, national and local brands that provide similar services. The market for educational and instructional services is well established and competitive. You will be competing with other day care schools, public and private schools, churches and corporations that provide day care and educational services. The childcare market is highly fragmented. Major players in the market include Bright Horizons Family Solutions, KinderCare Education, Learning Care Group, Primrose Schools, Goodstart Early Learning. Pricing policies of competitors, changes to laws or regulations, changes in supply, recent technologies and competition that provide related products or services could impact your business. Other factors that could hinder the growth of the childcare market in the future include rising minimum wages and security issues

## **Opportunities And Recommendations In The Childcare Market**

The right policy choices now can help ensure that private schools remain viable alternatives for families, even as all schools enter a period of newly constrained resources.

The Business Research Company recommends that childcare companies focus on use of technological advances, expand in emerging markets, focus on expanding through collaborations, price competitively, leverage social media to maximize reach and focus on the middle-class population in emerging countries. In today's instantaneous, "tell me now" society, communications between childcare providers and parents continue to strengthen. Daily greetings, goodbyes and once monthly newsletters were previously used to provide parents information about their child, today childcare providers are using a variety of tools to provide parents with ongoing information about their child's day. Some providers create websites where they post monthly menus, weekly day-by-day activities, and even behavioral reports. Others provide parents with a daily update that is then emailed (written during naptime). Even with technology, face-to-face communication is still the best method for conveying information regarding the child's performance..

We believe that our innovative educational methods position the company to capture a share of that marketplace. The Amazing Explorers System targets middle-class, dual income families who value quality education and childcare and who require child education and care services throughout most of the year. In selected markets, a portion of our program may be eligible for public funds, and we assist you in identifying funding opportunities in your market. We believe that our innovative educational methods position the company to capture a share of that marketplace. The right policy choices now can help ensure that private schools remain viable alternatives for families, even as all schools enter a period of newly constrained resources Although our Academies did incur a decline in enrollment in 2020, enrollment rebounded in 2021 and the numbers continue to increase in 2023.

The services provided and the obligations of AEA DEV to its franchisees are described in Item 11 of this Franchise Disclosure Document.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **AEA DEV LLC, Master Franchisee**

##### **Marcello Spinelli, Founder and Principal**

Marcello Spinelli is a Founder and Principal at Amazing Explorers Academy since January 2015. From September 2017 he has been a Master Developer of AEA DEV LLC. From 2013 to present, he has been a principal of Bilanx, an Investment Firm.

EV LLC. From 2013 to present, he has been a principal of Bilanx, an Investment Firm.

#### **AEA Franchising LLC, Master Franchisor**

Marcello Spinelli, Co-Founder, Board Member and Master Franchisee

Marcello Spinelli is a Founder and Principal at Amazing Explorers Academy since January 2015. From September 2017, he has served as President of AEA DEV LLC, a Master Developer for Amazing Explorers Academy in Florida. From 2013 to present, he has been a principal of Bilanx, an Investment Firm.

#### **AEA Franchising LLC, Master Franchisor**

Fabrizio Spinelli, Co-Founder, Board Member and Master Franchisee

Fabrizio Spinelli is a Founder and Principal at Amazing Explorers Academy® since January 2015. From September 2017 to present, he has been a Master Franchisee of AEA Franchising LLC.

## **ITEM 3**

### **LITIGATION**

#### **AEA DEV, Master Franchisee**

We have no litigation or other dispute resolution that is required to be disclosed in this Item.

#### **AEA Franchising, Master Franchisor**

AEA Franchising has no litigation or other dispute resolution that is required to be disclosed in this Item.

## **ITEM 4**

### **BANKRUPTCY**

#### **AEA DEV, Master Franchisee**

We have no bankruptcy information that is required to be disclosed in this Item.



## **AEA Franchising, Master Franchisor**

AEA Franchising has no bankruptcy information that is required to be disclosed in this Item.

### **ITEM 5**

#### **INITIAL FEES**

##### **Initial Franchise Fee.**

You must pay a lump sum non-refundable Franchise Fee of \$100,000 to AEA DEV for your Academy (the “Initial Franchise Fee”) when you sign the franchise agreement (Exhibit C).

The Initial Franchise Fee is compensation to us for our efforts in offering and selling a franchise to you, for our franchise sales and marketing activities to promote the sale of a franchise to qualified franchisees, for your protected territory, for our participation in the franchise sale, for our legal compliance with franchise laws and regulations, site selection assistance and guidelines, and for the development and presentation of initial training program.

##### **Initial Area Development Fee.**

If you meet our credit standards and we are satisfied that you possess the necessary financial resources and managerial ability, we will grant you a development area at the time (or at any time after) you purchase your first Franchised Academy. To purchase a development area, you must sign an Area Development Agreement, a copy of which is attached to this Franchise Disclosure Document as Exhibit D. You must also pay a non-refundable development fee, which is calculated at the rate of 50% of the Franchise Fee. The 50% up-front development fee is credited against each Academy when a Franchise Agreement is signed. For example, if you contracted to open three Academies in the territory at a franchise fee of \$100,000, the development fee would be \$150,000. At the time each Franchise Agreement is signed, \$50,000.00 would be credited against the \$100,000 franchise fee. The estimated development fee ranges from \$150,000 to \$500,000. You must sign a new Franchise Agreement for each Franchised Academy you open under the Area Development Agreement.

The terms and franchise fee contained Franchise Agreement will be the same for each unit opened under the Area Development Agreement (“ADA”), which is attached as an Exhibit to the Area Development Agreement. All Development Fees are non-refundable.

##### **Real Estate Fee**

**Real Estate Fee.** You have the option to enter into a Real Estate Agreement (Exhibit E) at the time you enter into the Franchise Agreement. When you enter into a Real Estate Agreement, AEA DEV and/or its affiliates will analyze your market area, determine site feasibility, and designate a location suitable to you that meets AEA criteria and other operational activities. You should refer to Items **6 and 7** for more information regarding real estate costs.

You are responsible for all other costs and expenses associated with the development of the site and the construction of the AEA ACADEMY.

The Real Estate Agreement. The fee and the amount paid by you to AEA DEV under the Real Estate Agreement is not refundable under any circumstances and is uniform to all Franchisees.

All Franchise, Development and Real Estate Fees are Non-Refundable.

## **ITEM 6**

### **OTHER FEES - FRANCHISE AGREEMENT**

**Note: All fees are uniformly imposed and collected.**

| Type of Fee                              | Amount                                                                                                                                                                                                       | Due Date                                              | Remarks                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty Fee <sup>1</sup>                 | 7% of Gross Revenue                                                                                                                                                                                          | Payable by the 10 <sup>th</sup> day of every month    | Commencing with the 1 <sup>st</sup> month following the date You open your Academy and every month during your Franchise Agreement.                                                                                                                                                                                               |
| Advertising Fund <sup>2</sup>            | 1% of gross sales                                                                                                                                                                                            | Payable by the 10 <sup>th</sup> day of every month    | Commencing on pre-enrollment campaign, 6 months prior to the date You open your Academy and every month during your Franchise Agreement.                                                                                                                                                                                          |
| Local School <sup>3</sup> Marketing Fund | 0.5% of gross revenues                                                                                                                                                                                       | To be spent monthly by Franchisee in the local market | Monthly Local Store Marketing report to be submitted by the 15 <sup>th</sup> of every month                                                                                                                                                                                                                                       |
| Transfer Fees <sup>4</sup>               | \$25,000 plus all costs and expenses or<br><br>\$1,000 if you transfer to your corporation after 6 months There is no fee if you transfer to your corporation within 6 months or if you transfer to AEA DEV. | Payable at Closing                                    | Payable on the date that you transfer the Franchise Agreement. There is no transfer fee if you transfer to a corporation that you own all equity in within six months and the shareholders do not change <b>or</b> if you transfer to AEA DEV. If you transfer to a corporation you own after six months, there is a \$1,000 fee. |
| Additional Training Fee <sup>5</sup>     | \$500 per day, subject to adjustment, plus all costs and expenses incurred by AEA DEV and all expenses incurred by your representative                                                                       | Payable when service is provided                      | After the initial training period or when new or existing staff require additional training                                                                                                                                                                                                                                       |
| Franchise Service Fee <sup>6</sup>       | \$500 per day, subject to adjustment, plus all costs and expenses incurred by AEA DEV                                                                                                                        | Payable when service is provided                      | Required for each day AEA DEV operates your Academy while you are in default under your Franchise Agreement.                                                                                                                                                                                                                      |

| Type of Fee                 | Amount                                                                                                                                                                                                                                     | Due Date                                      | Remarks                                                                                                                                                                                                                                                      |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit Expense <sup>7</sup>  | \$1,800-\$6,000                                                                                                                                                                                                                            | Upon Demand                                   | Audit Costs payable only if you fail to furnish a required report, you have not spent required funds on local advertising or if you are delinquent in payments to AEA DEV.                                                                                   |
| Insurance Policies          | \$1,000-\$3,500 initial deposit                                                                                                                                                                                                            | Upon Demand                                   | Amount of unpaid premiums plus our reasonable expenses in obtaining the policies. Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.                                                            |
| Indemnification             | All costs including reasonable attorney's fees                                                                                                                                                                                             | Upon Demand                                   | You must defend lawsuits at your cost and indemnify and hold us harmless against lawsuits arising from your operation of the franchised Academy. We provide indemnification to you for any lawsuits or claims arising from your authorized use of the Marks. |
| Renewal Fees <sup>8</sup>   | \$5,000                                                                                                                                                                                                                                    | Upon execution of renewal Franchise Agreement | Payable to AEA DEV at the time of renewal                                                                                                                                                                                                                    |
| Legal Expenses <sup>9</sup> | Amount of expense plus 18% interest per year                                                                                                                                                                                               | On Demand                                     | You must pay AEA DEV's legal fees if AEA DEV sues you to collect any payments due. Legal fees accrue interest at an annual rate of 18% per year beginning 30 days after their due date                                                                       |
| Late Fees <sup>10</sup>     | \$250 for the first month Royalty or other payment due AEA DEV that is not received by AEA DEV within 5 days after the due date. Beginning with month two, \$500 per month for each month the fees are late until obligation is satisfied. | On Demand                                     | You must pay the late fee on every payment due AEA DEV that is more than 5 days late.                                                                                                                                                                        |

## OTHER FEES – AREA DEVELOPMENT AGREEMENT

| Type of Fee                           | Amount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Due Date                                           | Remarks                                                                                                                                                                             |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transfer & Training Fee <sup>11</sup> | \$8,000 to cover AEA DEV's costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Before Consummation of Transfer                    | Payable when you transfer the Area Development Agreement or development rights. No additional fees apply when transferring rights to unopened academies in the purchased territory. |
| Training Fee <sup>12</sup>            | \$2,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Before Transfer                                    | Payable when you transfer the Area Development Agreement or development rights.                                                                                                     |
| Liquidated Damages <sup>13</sup>      | By the thirtieth (30 <sup>th</sup> ) day after the date when Developer failed to satisfy the development schedule, an amount equal to the initial franchise fee(s) that would have been paid if the Academy(ies) necessary to satisfy the development schedule had been opened, plus a monthly royalty fee of \$5,000 on or before the first day of each month after the date when developer failed to satisfy the development schedule and continuing while the development schedule remains unsatisfied. | Payable on the 10 <sup>th</sup> day of every month | Commencing with the 1 <sup>st</sup> month following the date You open your Academy and every month during the term of your Franchise Agreement.                                     |

### ITEM 6 NOTES

- Current fees are uniformly imposed and collected.

Royalty fees are imposed by and payable to us by pre-authorized electronic debit from your bank account or by check if approved by us. All fees are non-refundable and subject to late fees. Penalties for royalty payments not received within 5 days after the due date are \$250 for first month and \$500 beginning and continuing for each month the fees are late until obligation is satisfied.

Gross sales means all sales and other income arising from the operation of the Franchise or sale of products or services by us, less (i) refunds and discounts made to clients I in good father and in accordance with our policies, and ii) any sales or excise taxes that are separately stated and that you are required to and do collect from customers and pay to a federal, state or local taxing authorized.

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2. Advertising expenditures commence on pre-enrollment campaign, 6 months prior to the date you open your academy and every month during your franchise agreement. You may spend more than this amount, but this is the minimum expenditure requirement
3. To be spent monthly in your local market.
4. Items 4 through 13. Fees are imposed by and payable to us by pre-authorized electronic debit from your bank account. Fees are non-refundable and subject to late fees.

## **ITEM 7**

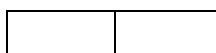
### **ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

| <b>Type of Expenditure</b>                                                                                       | <b>Amount</b>          | <b>Method of Payment</b>                                                                         | <b>When Due</b>                    | <b>To Whom Payment Is to Be Made</b> |
|------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------|
| Franchise Fee <sup>14</sup>                                                                                      | \$100,000 – \$ 100,000 | Cashier's Check Payable in Lump Sum                                                              | At Signing of Franchise Agreement  | AEA DEV                              |
| Real Estate Fee <sup>15</sup>                                                                                    | \$25,000 - \$25,000    | \$25,000 Payable in Lump Sum if AEA DEV provides site selection and feasibility review analysis. | At signing of Franchise agreement  | Payee designated in Agreement        |
| Construction Management Fee <sup>16</sup>                                                                        | \$150,000 - \$500,000  | AEA DEV when it is in charge Development of the Academy through Certificate                      | At signing of Franchisee Agreement | Payee                                |
| Real Estate Acquisition or Lease Deposit (low range represents lease deposit and not a purchase of the property) | \$30,000 - \$520,000   | As arranged                                                                                      | As Arranged                        | Bank or 3 <sup>rd</sup> Party Lender |
| Construction and Leasehold Improvements . For a leased property there may be no cost to Franchisee <sup>17</sup> | 0 - \$3,000,000        | As Incurred                                                                                      | As Arranged                        | Contractor, Suppliers                |

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| Type of Expenditure                                                                                 | Amount               | Method of Payment                                     | When Due                                          | To Whom Payment Is to Be Made                               |
|-----------------------------------------------------------------------------------------------------|----------------------|-------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------|
| Furniture, Fixtures & Equipment. The low range represents an amount if some of the FF&E were leased | \$25,000 - \$400,000 | As Arranged                                           | As Arranged                                       | Approved Suppliers                                          |
| Lease Guarantee <sup>18</sup>                                                                       | \$0 - \$20,000       | Lump Sum                                              | When Lease Signed                                 | AEA DEV Affiliate                                           |
| Lease Guarantee Payment (note) 19                                                                   | \$0 - \$3,000        | Monthly Payment                                       | First day of each month                           | AEA DEV Affiliate                                           |
| Development or Soft Costs <sup>20</sup>                                                             | \$80,000 - \$350,000 | As Arranged                                           | As Incurred                                       | Bank or 3 <sup>rd</sup> party lender, Suppliers, Architects |
| Technology Fee                                                                                      | \$0 - \$5            | Per month x student capacity (maximum of 50 students) | Payable by the 1 <sup>st</sup> day of every month | AEA DEV                                                     |
| Insurance <sup>21</sup>                                                                             | \$1,500 - \$5,000    | Installments as Arranged                              | Before commencing operation                       | Insurance Company                                           |
| Training (travel and living expenses) <sup>22</sup>                                                 | \$2,500 - \$5,000    | As Arranged                                           | During Training                                   | Airlines, Hotels, Restaurants                               |
| Signage <sup>23</sup>                                                                               | \$20,000 - \$30 ,000 | As Arranged                                           | Before commencing operations                      | Approved Suppliers                                          |
| Utility/Security Deposits <sup>24</sup>                                                             | \$2,000 - \$5,000    | As Arranged                                           | Before commencing operations                      | Utility companies and Approved Supplier                     |
| Pre-Opening Advertising and Grand Opening Expenses <sup>25</sup>                                    | \$25,000 - \$30,000  | As Arranged                                           | First 3 Months of Operation                       | Advertising Companies and Suppliers                         |
| Pre-Opening Operating Expenses <sup>26</sup>                                                        | \$25,000 - \$30,000  | As arranged                                           | Before commencing operations                      | Approved Suppliers                                          |
| Licenses and Permits <sup>27</sup>                                                                  | \$1,500 - \$10,000   | As Arranged                                           | Before commencing Operations                      | Licensing Authorities                                       |
| Professional Fees(Legal, Accounting,) <sup>28</sup>                                                 | \$5,000 - \$10,000   | As Arranged                                           | Before commencing Operations                      | Attorney, Accountant                                        |



| Type of Expenditure                | Amount                        | Method of Payment | When Due     | To Whom Payment Is to Be Made                            |
|------------------------------------|-------------------------------|-------------------|--------------|----------------------------------------------------------|
| Additional funds<br>(Three months) | \$50,000 - \$100,000          | As Arranged       | As Necessary | Employees, Utilities,<br>Banks, Lessors and<br>Suppliers |
| TOTAL<br>EXPENDITURES              | \$ 542,500 to<br>\$ 5,143,005 |                   |              |                                                          |

### AREA DEVELOPMENT OPTION

| Type of Expenditure                | Amount                                                                                         | Method of Payment                         | When Due                                       | To Whom Payment Is to Be Made                  |
|------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------|------------------------------------------------|
| Area Development Fee <sup>31</sup> | \$150,000 (three units) to<br>\$500,000 (ten units)<br>or \$50,000 for each<br>additional unit | Cashier's Check<br>Payable in Lump<br>Sum | At Signing of Area<br>Development<br>Agreement | AEA DEV or Payee<br>designated in<br>Agreement |

#### Notes to Item 7

14. The Franchise Fee is payable by Cashier's Check. This fee is non-refundable.
15. Payable to us in lump sum if we provide the service. This fee is non-refundable
16. Payable to us at signing of the Franchise Agreement. This fee is non-refundable.
17. Construction and leasehold improvement include floor covering, wall treatment, leasehold improvement costs include floor covering, wall treatment, ceilings, painting, window coverings, electrical, carpentry, and similar work, and architect's and contractor's fees. Your actual costs will depend on the site's condition, location, size; the demand for the site; the site's previous use; cost of materials and labor; the build-out required to conform the site for your Learning Center; and any construction or other allowances the landlord grants. Fees depend upon your contracts with vendors and/or other providers.
18. If we Guarantee your lease, you may a lump sum to us when you sign the lease.
19. If we guarantee your lease and you may in installments, the payment must be paid on the 1<sup>st</sup> day of each month until paid in full.
20. You will pay development (or soft costs) to the bank, 3<sup>rd</sup> party lender, suppliers, architects.
21. You must obtain and maintain certain types and amounts of insurance (§8). Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents, and other factors bearing on risk exposure. The estimate considers insurance costs for 3 months.

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22. We do not charge for initial training for two people but you must pay the expenses for travel, lodging, food, wages and workers' compensation for you and your employees during the training. These expenses vary depending upon the number of people attending the training, the distance and method of travel, availability of hotels and living expenses during training. Fees depending upon terms of suppliers and travel agencies.
23. Exterior signage and any signage that bear our proprietary marks. Costs vary depending upon type, size and location of the signs and any local restrictions. Fees depend upon your contracts with providers.
24. Utility companies may require a deposit before you occupy the premises. These deposits may not be refundable.
25. You will pay advertising companies, suppliers, etc. for services and goods required for your pre-opening and grand opening advertising.
26. You will incur up-front expenses for materials and supplies, products needed to open your academy.
27. Occupational and other licenses and other permits and licenses required by local, state and federal authorities. Fees depend upon your local governmental agencies and may vary between cities and states.
28. Professional Fees vary depending upon rates charged by attorneys, accountants or other professionals.
29. We recommend you have a minimum amount of money available to cover operating expenses until your RoboThink opens. Additional working capital may be required if enrollment is low or operating expenses are high. These expenses typically are non-refundable.
30. We relied on business experience to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan. You should review these numbers carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any item. The availability and terms of finance will depend upon your credit worthiness collateral and the lending policies of the financial institution.
31. The Area Development Fee is payable by Cashier's Check. This fee is non-refundable.

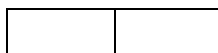
Fees are non-refundable except for Footnotes 17, 20, 21, 22, 23, 24, 35, 2, 27, and 28. These fees may be negotiated with the supplier and may be paid in installments or with other arranged terms.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS**

This Item describes your only obligations to buy or lease from us or our designees, from suppliers we approve, or in accordance with our specifications. AEA DEV negotiates purchase arrangements with suppliers to receive quantity and quality discounts for franchisee and for company-operated academies.

We have spent considerable time, effort and financial resources to develop the AEA franchise system (the "System"). We have established standards and specifications for the products, goods and materials used in the operation of the Academy. The System is subject to future modifications, changes and improvements. You must conform to our System standards, including exacting standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You must adhere to these changes. Our





requirements are critical to assure the quality, safety and consistency of the goods and services provided by the Academies in the System, and to protect and enhance the image of the Marks.

AEA DEV will provide you with the initial education curriculum guides, lesson plans and daily schedules. Only the then-current curriculum may be taught at your AEA Academy. Any modifications to the lesson plans or schedules must be approved by AEA DEV. You are required to purchase the student books and supplies to implement the curriculum.

You must maintain, in sufficient supply, use and always sell only the programs, services, items, products, materials, supplies and goods designated by us. You may not deviate from our standards and specifications in any way without obtaining our written consent first, which we are not required to give. You must sell and offer for sale only those items, products and services that we expressly approve for sale in writing. You must offer for sale all programs, products and services we require in the manner and style we require. You must immediately discontinue offering for sale any items, products and/or services we may disapprove in writing at any time.

The Academy must be constructed under the System and in accordance with our standards and specifications as set forth in the Manual and other publications we may issue from time to time. These specifications include standards and specifications for the appearance, quality, price, performance and functionality. These standards and specifications will be based on our experience in operating an educational academy of the type we are franchising and through our research and testing. We may communicate our standards and specifications directly to suppliers who wish to supply you with software, educational materials, furniture, fixtures, equipment, inventory and signage. We communicate our standards and specifications to you when we evaluate your proposed location for the franchised Academy, during your training, before you conduct your grand opening advertising, during on-site opening assistance, during periodic visits to your franchise location and through the Manual (including periodic bulletins) or Internet correspondence. We will periodically issue new standards and specifications (if any) through written notices. We have created standards and specifications for the development of your franchised Academy and, in some instances, have designated vendors and suppliers for certain programs, services and products.

We have the right to, and expect to, supplement or modify the Manual and our standards, specifications and other publications we issue in our sole discretion at any time. We will provide written notice to you of any charges.

### **Specifications and Quality Standards**

Our Confidential Manuals (“Manuals”) contain all AEA specifications and quality standards. These specifications are communicated to you electronically or in writing. The Manual is presented to you during your training or before you open your Academy and includes a list of the currently approved suppliers and distributors. AEA may, in its sole discretion and without limitations, change or add to our specifications, standards, operating or reporting procedures. These changes or additions may affect your obligations and require additional capital investment or expenditures; however, any changes will generally be uniform for all franchisees with an agreed suitable time allowed to implement the changes.

### **Required Purchases**

You must purchase all products, goods, services, furnishings, fixtures, inventory, computer hardware and software required for the development and operation of the Academy from our approved distributors (collectively, “suppliers”), which may be one of our affiliates. We will provide you with a list of suppliers, which list may change over time.

You may be required to purchase certain proprietary items (such as programs, books, marketing materials or items bearing our trademarks) directly from us. If we require you to purchase proprietary items directly from us, we will derive revenue from those purchases. Neither AEA DEV nor its officers have any interest in any of its suppliers. At this time, we do not require you to purchase any items directly from us, but we reserve the right to do so in the future, and if we do so, we will make the required disclosures to you of our revenue from those sales.

If you are required to purchase from AEA DEV or one of our affiliates, the markup will represent AEA's earnings as compensation for the development, manufacture, and distribution of the AEA proprietary materials, as well as its testing of them through our affiliates. The amount of markup and pricing for the proprietary materials is subject to our absolute discretion.

Your required purchases and lease represent approximately 80% of your initial investment and approximately 1% of initial your investment on an on-going basis.

Neither Franchisor nor any affiliate receives payments from suppliers based upon franchisee's purchases, and there are no purchasing or distribution cooperatives. Franchisee pays its suppliers directly for its products and services, and there is no additional markup for the Franchisor. Franchisor does not negotiate purchase arrangements with suppliers, including prices terms, for the benefit of franchisees.

Franchisor does not provide material benefits to franchised based upon franchisee's purchases of particular products or services.

### **Furniture, Fixtures and Equipment**

You will purchase all Furniture, Fixtures and Equipment through AEA DEV. These expenses are part of your opening costs and are listed in the Manual.

You may not install or permit to be installed at the Academy any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items that do not comply with our standards without our prior written consent. You must not allow employees to bring personal belongings from home. You may not accept donations of used equipment, toys or supplies from any source. You may purchase or accept donations of used books to use in your Academy provided the books are in good condition and have been approved by AEA DEV.

We estimate that you will purchase less than 5% of your products, supplies and services from AEA DEV and that you will purchase or lease 95% of your products, supplies and services that meet our specifications from us other approved suppliers.

### **Approved Suppliers**

AEA DEV will provide you with a list of all then-current approved suppliers and distributors during the training program or before you open your Academy. We may designate additional suppliers or remove any supplier from our approved list at any time. We reserve the right to have you purchase items from AEA DEV and/or our affiliates in the future

Periodically, we may review our approval of any goods, services or suppliers. We will notify you if we revoke our approval of goods, services or suppliers. You must immediately stop purchasing disapproved goods or services, and you must immediately stop purchasing from a disapproved supplier. Additionally, we may negotiate pricing arrangements and volume discounts with our suppliers on behalf of franchisees. Volume discounts may not be available to franchisees located in outlying markets where a supplier does not serve in significant volume. Presently, there are no purchase or supply agreements in effect and no purchasing or distribution cooperatives that you must join.

AEA's Manual includes a list of approved suppliers of fixtures, equipment, signs, stationery and print materials, school supplies, kitchen and food supplies, insurance, and other items or services necessary to operate your Academy to AEA's specifications. Approved suppliers for certain items may include AEA DEV, an affiliate of AEA DEV or an independent contractor.

### **Approval of Alternative Supplier**

If you propose to use or install any item, product or service which is not approved by AEA DEV, or wish to use any supplier not on AEA DEV approved supplier list, you must first notify AEA DEV and submit samples and any other information AEA requires to determine whether the item, product or service meets our specifications and quality standards and/or whether the supplier meets our standards. You must obtain our written approval before using any supplier not on AEA DEV's approved list. You cannot use or install any item without our approval, which approval will not be unreasonably withheld.

AEA DEV applies the following general criteria in deciding whether to approve a supplier:

1. Ability to make the product to AEA's quality and safety specifications;
2. Production and delivery capability;
3. Integrity of the supplier; and
4. Financial condition of the supplier

Your original inventory of toys, books, videos, equipment and supplies must be approved by AEA DEV and you must maintain it in good, safe and usable condition. Replacement toys, approved curriculum and teaching materials, equipment and supplies that meet AEA DEV's specifications may be purchased from any source. You may be required to add new toys, approved curriculum and teaching materials, equipment and supplies to the inventory every year. If you wish to add unapproved items, you must apply to AEA DEV in writing, showing the name and description of the item and whether it carries any recommendations. AEA DEV will not unreasonably withhold its approval. Specifications for and approvals of original, replacement and additional items will depend on safety, durability, educational value and durability by the age group in question.

You may purchase food that meets AEA DEV's food standards from any source. AEA DEV will assist you in locating quality food suppliers in your area. All cleaning supplies must be stored in a safe place out of the reach of children. Cleaning supplies may be purchased from any reputable source. You must meet all OSHA, health department, and DCF requirements for all chemicals purchased, used and stored at your Academy.

Any motor vehicle you use in the operation of your facility must comply with all federal and state laws and regulations. You may purchase or lease new or replacement vehicles from any source. All motor vehicles used in operating your Academy must be capable of prominently displaying AMAZING EXPLORERS ACADEMY® advertising and logo graphics.

You may purchase computer hardware that meets AEA D's standards and specifications from any source. The computer hardware must be able to operate the software programs required by AEA DEV. We may modify and add to the software programs, and you must adopt these modifications and additions, at your expense, within 30 days after notice from AEA DEV.

The computer system must include high-speed Internet access and other designated computer hardware, all of which must be approved by AEA DEV. You may use the computer system only to operate your AMAZING EXPLORERS ACADEMY® and may not allow any third party to use the system, unless the use relates to the

operation of your Academy and is done with your approval or supervision. ProCare Software, through their secure hosted (VPN) environment, will handle your attendance records and billing invoices. AEA DEV must be listed as an authorized System Administrator in your ProCare software and always remain active. All computers that students have access to and that are Internet enabled must have parental control and monitoring software installed and reviewed regularly.

You must have a web-enabled camera system that allows parents to view their children's classrooms during business hours. AEA DEV will be listed as an administrator within the camera system's access and will be able to view all Academy cameras to assist in training, ongoing support and accountability.

All items to be sold and used in operating your Academy, such as t-shirts, tote bags, smocks, name badges, decals and other items, must meet the specifications and quality standards set forth in the Confidential Manuals and purchased from a supplier approved by AEA DEV.

**Leases.** If you occupy the premises for your Academy under a lease, you must submit it to us for our written approval before executing the lease. Your lease (or a rider to the lease) must contain the lease terms that we reasonably require.

**Advertising.** You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved. See Item 11 for more information about advertising approval.

### **Insurance.**

Before opening your Amazing Explorers Academy, you must obtain, and always maintain during the term of your franchise agreement, insurance policies that protect you and us, and your respective officers, directors, partners, and employees against any demand or claim for personal injury, death, or property damage, or any loss, liability, or expense arising from the operation of your Academy. These policies must be written by a responsible carrier with an A- rating or higher, or carriers acceptable to us, and must include, at a minimum (unless we require additional coverage and higher policy limits), the following:

- (1) "all risk" property insurance coverage for assets of the Franchised Academy;
- (2) Workers' compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires;
- (3) Comprehensive general liability insurance with minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate or higher if your state law requires;
- (4) Business interruption insurance;
- (5) Automobile liability insurance of at least \$1,000,000 or higher if your state law requires if you have a corporate AEA vehicle;
- (6) Personal/Advertising Injury of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate;
- (7) Sexual Abuse/Molestation of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and
- (8) Insurance coverage for contractual indemnity.

Factors that may affect your cost of insurance include the size and location of the Academy, the value of the leasehold improvements, equipment, inventory, the number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

All insurance policies must name AEA DEV as an additional insured, and no policy may have a deductible of more than \$5,000. You cannot open your AEA Academy until you have obtained all the required insurance coverage. If you fail to obtain and maintain this insurance coverage, we have the right to procure it on your behalf and to charge you for the cost, plus interest. We have the right to increase the minimum coverage, decrease the maximum deductible, or require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. We must give you at least 30 days written notice if changes are required. To take advantage of discount premiums, we may require you to obtain the insurance as part of a group together with AEA DEV and other AEA DEV franchisees through our insurance carrier or insurance agent.

### **System Modifications**

AEA DEV has the right to supplement, improve and otherwise change the System at any time, including the ability to offer new services and products under the System. We have full control and discretion over these developments, and you must comply with all reasonable requirements, including offering and selling new or different products or services specified by us. System modifications may be transmitted via the Internet, mail or through modifications to the Manual.

### **Minimum Inventory Requirements**

You must satisfy and comply with the minimum inventory requirements established by us for all types of materials, products and items that you offer for sale. These minimum inventory requirements necessitate that you always, during the term of this Agreement unless otherwise designated by AEA DEV, obtain and maintain a minimum of inventory for 50 students. If established, modifications to these and the inclusion of other minimum inventory requirements for the materials, products and items which you must offer for sale at your Academy will be specified in the Manual or other written materials provided to you. The cost of your minimum inventory requirements varies depending on the turnover time of the materials, products and/or items.

### **Products/Items Displaying the Marks**

If you wish to purchase any items displaying the Proprietary Marks that have not been previously approved, you must submit a sample of the items to us for approval before purchasing the items from a third-party supplier. If we approve the items, we reserve the right to require you to purchase these and other items from us or a designated supplier in the future.

### **Derived Revenue**

As of the issuance date of this Disclosure Document, AEA DEV has 5 units in operation in the Florida market. We have not derived any revenue from franchisee purchases for furniture, fixture and equipment ("FFE") . We may derive revenue because of franchisee purchases of FFE products and services in the future. We and/or affiliates may charge you markups on FFE products and service sold to you by us or our affiliates, and there is no limit on the amount of any such markups. However, FFE products and services charged by us or our affiliates will be competitively priced.

As of the issuance date of this Disclosure Document, AEA DEV derives from 0-15% of its revenues from FF&E franchisee purchases, which range from \$25,000 - \$400,000. AEA Franchising and/or its affiliates may charge markups on products and services sold to franchisees by AEA Franchising or its affiliates and there is no limitation on the amount of any such markups. However, products and services charged by AEA Franchising or its affiliates will be competitively priced.

## **Pricing and Promotion Requirements**

We reserve the right, subject to restrictions imposed under applicable law, to require Academies in the System to offer all products, items and services at prices not to exceed the prices we publish from time to time. We currently do not prohibit our franchisees from charging prices lower than our suggested prices for any item and service; however, we reserve the right to do so in the future, to the maximum extent allowed by applicable law.

Except as stated in this Item 8, there are no goods, services, supplies, equipment, computer hardware and software or real estate that you must purchase or lease from us or our designee or from suppliers approved by us. As of the issuance date of this Disclosure Document, we have not established any purchasing arrangements with designated suppliers and do not receive any payments based on required franchisee purchases. We reserve the right to establish purchasing arrangements with designated suppliers and to receive payments and other consideration based on required franchisee purchases at any time in the future.

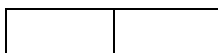
## **ITEM 9**

### **FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement and the Area Development Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this Franchise Disclosure Document.**

#### **Franchise and Area Development Agreements**

| Obligation                                                                   | Section in Franchise Agreement | Section in Area Development Agreement | Item in Franchise Disclosure Document |
|------------------------------------------------------------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| a. Site selection and acquisition/lease                                      | 2                              | 5                                     | Items 11 & 12                         |
| b. Pre-opening purchases/leases                                              | 8 & 9                          | 5                                     | 89                                    |
| c. Site development and other pre-opening requirements                       | 2                              | 6                                     | 8 & 11                                |
| d. Initial and ongoing training                                              | 13                             | Not Applicable                        | 11                                    |
| e. Opening                                                                   | 8                              | 6                                     | 11                                    |
| f. Fees                                                                      | 4                              | 7                                     | 5 & 6                                 |
| g. Compliance with standards and policies/AEA Confidential Operations Manual | 6 & 7                          | 6,8,12                                | 8 & 11                                |
| h. Trademarks and proprietary information                                    | 6 & 7                          | 8 & 12                                | 13 & 14                               |
| i. Restrictions on products/services offered                                 | 10                             | Not Applicable                        | 8                                     |
| j. Warranty and customer service requirements                                | Not Applicable                 | Not Applicable                        | None                                  |



| Obligation                                             | Section in Franchise Agreement | Section in Area Development Agreement | Item in Franchise Disclosure Document |
|--------------------------------------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| k. Territorial development and sales quotas            | Not Applicable                 | 2 & 6                                 | Not applicable                        |
| l. Ongoing product/service purchases                   | 9                              | Not Applicable                        | 9                                     |
| m. Maintenance, appearance and remodeling requirements | 3, 8 &, 10                     | Not Applicable                        | 8 & 11                                |
| n. Insurance                                           | 15                             | Not Applicable                        | 7 & 8                                 |
| o. Advertising                                         | 14                             | Not Applicable                        | 6 & 11                                |
| p. Indemnification                                     | 16.3                           | 16                                    | 6 & 9                                 |
| q. Owner's participation/management/staffing           | 10                             | 8.4                                   | 11 & d 15                             |
| r. Records and reports                                 | 11                             | 6.7                                   | 8 & 9                                 |
| s. Inspections and audits                              | 11                             | Not Applicable                        | 9 & 11                                |
| t. Transfer                                            | 19                             | 10                                    | 6 & 17                                |
| u. Renewal                                             | 3                              | 4                                     | 6. 12 & 17                            |
| v. Post-termination obligations                        | 22                             | 12                                    | 9 & 17                                |
| w. Non-competition covenants                           | 18 & 22                        | 8                                     | 9 & 17                                |
| x. Dispute resolution                                  | 27                             | 15 & 16                               | 9 & 17                                |
| y. Other                                               | Not applicable                 | Not Applicable                        | Not applicable                        |

### **ITEM 10**

#### **FINANCING**

Neither AEA DEV nor any affiliate offers direct or indirect financing.

### **ITEM 11**

#### **AEA DEV'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, AEA DEV is not required to provide you with any assistance.**

#### **Pre-Opening Obligations**

A. Before you open your Academy, AEA DEV-will do the following:

1. Provide you or your approved architect, at no charge, AEA's copyrighted plan with standard specifications for the construction of a prototypical Academy after you sign the Franchise Agreement. These plans will either be paper copies or digital in PDF format and plans will include exterior and interior design and layout, display requirements, fixtures, furniture, equipment and signage. You will, at your expense, adapt the standard specifications to the Academy. (Franchise Agreement §8, page 12). It is your responsibility to make certain the premises conform to local ordinances and building codes. We will work with you and your architect to assist in the event there are any conflicts or changes required to our plans in order to meet local ordinances.
2. Review and approve or disapprove a proposed site that you select for the actual location of the Franchised Academy. (§8, page 12 of the Franchise Agreement, Site Selection Addendum, FA II). We will approve/disapprove a proposed site within 1 week after submission of the required data relating to the site.
3. Designate your protected territory. In our discretion, AEA DEV will designate the boundaries by post Zip<sup>i</sup> Codes, roads, political boundaries (municipal, county, state or national borders), geographic boundaries (lakes, rivers and oceans), a radius defined by driving distance from approved location or a combination of these factors.
4. If you lease the site for your Franchised Academy, we will approve or disapprove your lease. We may require, as a condition of approval, that your lease contain the lease terms specified (e.g., provision that restricts the use of the premises solely to the operation of your Franchise; timely payments due AEA DEV and suppliers; restrictions on assigning the lease; right for AEA DEV to cure default; notifications, etc.) (Franchise Agreement, § 8, page 12).
5. Provide an initial training program of up to 5 days of on-site assistance for you (or if the franchisee is not an individual, for the person designated by the franchisee as responsible for the general oversight and management of the Franchised Academy) and for two additional managers prior to the opening at the location we designate, currently at your Academy Location (Franchise Agreement, §13, page 25).
6. Loan you one copy of AEA's Confidential Manual, or give you access to a virtual copy, which contains mandatory and suggested specifications, standards, forms and procedures for operating the Franchise Academy after you sign the Franchise Agreement. Our Manual is Confidential and always remains our property. We may modify the Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. You must keep the Manual confidential and current and you may not copy any part of the Manual (Franchise Agreement §7, page 11). The Manual Table of Contents is reproduced in Exhibit O. The total number of pages of the Manual as of the date of the Offering Circular is 295.
7. Provide you with AEA's Proprietary STEAM Curriculum and AEA's Teacher Training Program.
8. Provide you with furniture, fixtures and equipment and/or provide a list of approved suppliers (Franchise Agreement §9, page 16).
9. Provide to you such on-site pre-opening and opening supervision and assistance as we, in our sole discretion, deem advisable, subject to the availability of our personnel (Franchise Agreement §13, page 25).
10. At your request and if you enter into a Real Estate Agreement, we will review your market area, determine site feasibility and designate the location of the development area and proposed location.



11. Provide guidelines for your grand opening advertising and promotion programs.

We need not provide you with any other service or assistance before you open your Academy.

### **Length of Time to Open Your Academy**

We estimate that the typical time between signing the Franchise Agreement and opening a new AEA Academy will vary from 6 to 18 months, depending upon factors such as ability to locate a site, negotiate a lease, secure financing, obtain permits and licenses, construct or build out an existing site, purchase and install fixtures, equipment, sign and supplies, and hire and train personnel. If you lease an existing facility, the time to open your Academy may be considerably less since much of the process will be eliminated (purchasing property, securing loan on real estate, hiring contractors, etc.). You must open your Franchise Academy within 18 months after signing the Franchise Agreement or we have the right to terminate your franchise without refunding any fees you have paid (Franchise Agreement §21, page 39). The opening of your Academy may be extended to 24 months with AEA DEV's approval, provided Franchisee has demonstrated reasonable efforts to open the Academy.

B. **Continuing Support.** Although not obligated to do so, AEA DEV may also:

1. Provide such other training programs, after the opening of the Academy as we, in our sole discretion, deem appropriate and at your expense. (Franchise Agreement §13.2 page 25).
2. Conduct periodic inspections and written evaluations (Standard of Excellence Report) of your operations (products and services offered). (Franchise Agreement §10.2.7, page 20).
3. Provide such continuing advisory assistance to you in the operation of the Franchised Academy, as we, in our sole discretion, deem advisable. (Franchise Agreement §8, page12, §13 page 25 and§14, page 27).
4. Periodically provide you, at our sole discretion, advice and written materials or videos concerning techniques for teaching, managing and operating the Franchised Academy. This advice may include required and suggested inventory and sales instructions, new developments and improvements in Academy layout and design, and new developments in teaching methods, services, merchandising and packaging of products and services. We are not obligated to assist you in obtaining your inventory. (Franchise Agreement §9, page 15, §10 page19).
5. Advise you, at our sole discretion, of recent developments and research in the field of education that might impact your Academy and provide knowledge regarding curriculum and teaching methods and materials as these factors impact the System. (Franchise Agreement §10, page19).
6. Issue updated information and revisions to the Manual as new and improved methods, systems and procedures for the operation of your Franchise are developed or adopted by us and as we deem appropriate. (Franchise Agreement §7, page11).
7. Provide local and regional advertising as deemed appropriate by AEA DEV.
8. Evaluate previously unapproved items that you propose for use in your Academy.
9. Provide telephone and e-mail support during business hours at no charge.

## Site Selection

You must find an approved location and purchase the property or secure a lease for your Academy within 120 days after you sign your Franchise Agreement. We do not select your site; however, your location must be approved by AEA DEV. If you lease the property, you must provide us with a Collateral Assignment of your rights under the lease agreement to secure your obligations and our rights under your Franchise Agreement. In most instances, Franchisor or a company in which Franchisor is a partner may own or lease the premises to Franchisee for the franchised academy. In other instances, Franchisee is responsible for locating its site and purchasing or leasing a location that meets with Franchisor's approval.

In approving your site, we consider the general location, size of your proposed space, neighborhood, traffic patterns, area demographics, parking, physical characteristics and, if the property is leased, the lease terms. Once you have an approved location, you will have up to 390 days to open your Academy. If you do not find a site (or if we are unable to agree on an acceptable site) and open your Academy within the time periods required under your Franchise Agreement, we have the right to terminate your Franchise Agreement. The Franchise Agreement requires you to open for business no later than (a) 540 days after you sign the Franchise Agreement, or (b) 180 days after you enter into a lease agreement for the Academy. (Franchise Agreement §21, page 39).

## Plans and Specifications for your Academy

We provide you, at no charge, standard, generic, prototypical plans and specifications for the construction of your Academy, including design and layout, display requirements, fixtures, equipment and signage. (Franchise Agreement §8, page 11). You will then, at your expense, have specific plans and specifications for construction or conversion of the space for the Academy prepared by a licensed architect approved by us. AEA DEV must approve these plans and specifications in writing before you begin construction. Any changes or modifications must also be approved by AEA DEV in writing. All construction and build-out costs will be at your sole expense.

Before opening your Academy, you must ensure that it is accessible to, and useable by, persons with disabilities and meets the Standards for Accessible Design for new construction in the ADA Accessibility Guidelines ("ADAAG") as may be amended from time to time, or any more stringent accessibility standards under federal, state or local law.

At your expense, you must the construct your Academy and purchase and install all fixtures, equipment and signs designated by us and supplied by AEA DEV. You must completely remodel or refurbish your Academy, at our request, no more frequently than every 5 years unless you are required by your lease or applicable law to do so more frequently. As of the issuance date of this Disclosure Document, we have not imposed any remodeling or refurbishment requirements. We cannot predict the range of costs and expenses associated with any remodeling or refurbishment requirements. There are no limits on the costs and expenses you may incur in complying with any remodeling or refurbishment requirements. We do not expect that your costs and expenses will exceed the cost you incur initially in building your Academy.

## Computer System

You must purchase from AEA DEV or an AEA DEV approved supplier and use the hardware and software programs we designate. Presently, you must purchase the following hardware and software:

### Hardware

iPad Silver 64GB Wi-Fi

CarrieCathy Desktop Anti-Theft Security Kiosk POS Stand Holder Enclosure for 10.2" 2021

Lenovo IdeaCentre AIO 3, 24" All-in-One Computer, AMD Ryzen 5 4500U Mobile Processor,



16GB DDR4, 512GB SSD, DVD RW Drive, Windows 10  
 55-inch 4K Smart LED TV (any brand)  
 Speakers  
 Android Tablet 10 inch, PRITOM M10, 2 GB RAM, 32 GB Android 10.0 Tablet, 10.1 inch I  
 PS HD Display, GPS, FM, Quad-Core Processor, Wi-Fi  
 Photocopier/Scanner  
 Promethean ActivPanel Nickel 65" 4K TFT LCD Interactive Display  
 Advidia A-46-FW - network surveillance camera  
 SilverStone Ultra Compact Camera Server (AEA APP)  
 PowerEdge T140 Tower Server - Intel® Xeon® E-2126G 3.3GHz, 12M cache, 6C/6T, turbo  
 (80W)  
 16GB RAM - 2 HDD 1TB (Exact Server)  
 Cisco SG200-50P  
 Door Access, Keypad, single 1200lb magnetic lock, exit motion detector, exit push button  
 Security System 14 Door Zones, 13 Motion detector, 1 Keypad  
 Phone/Data Cat6 drops for Network is 22 / Cat5E drops for phone is 22  
 IPCamPower 48 Port POE Network Switch  
 Ruckus R310 Wireless Unleashed AP

#### **Software**

Microsoft Office Professional Suite  
 Microsoft Operating System  
 QuickBooks Online  
 Curriculum (Proprietary Software)

The items above are readily available and the intellectual property rights of the companies that produce the software limit your usage.

The approximate cost of the computer system ranges from \$50,000 to \$60,000. This cost is included in the category of “Furniture, Fixtures & Equipment” in Your Estimated Initial Investment chart in ITEM 7. You purchase the computer system from AEA DEV or an approved supplier as part of furniture, fixtures and equipment package. In some instances, AEA DEV may finance this initial investment. You do not have to enter into any ongoing maintenance or support agreements for the maintenance of a computer system, but you may find it advantageous to do so.

You may periodically be required to modify, update or upgrade computer hardware and software, if we believe it is necessary, at your expense. We may introduce new requirements for computer and point-of-sale systems or modify our specifications and requirements. There are no contractual limitations on the frequency and cost of upgrading or updating your computer system. The annual costs for the maintenance of the real estate is approximately \$25,000.00. The annual cost for upgrading and maintaining the computer system is \$5,000.00.

We have the right to independently access all information you collect or compile at any time without first notifying you.

We need not assist you to obtain your computer hardware, software or related services, i.e., maintenance, upgrades or repairs. Except as provided by the manufacture’s warranties, neither we nor any third party has a contractual obligation to provide ongoing repairs, upgrades or updates to your hardware or software. If we change or modify our electronic point of sale system or computer system used in the Academy System, you are required to change or modify your electronic point of sale or computer system to conform to our new standards.

Your computer system will contain programs and courses offered and related fees, student enrollment numbers, student demographics (age, level, courses taken), student fees, rebates or refunds, promotional discounts, late enrollment fees, purchases and miscellaneous fees.

## **Operations Manual**

We provide you, on loan, one copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. (Franchise Agreement §7, page 11). This Manual is confidential, contains our trade secrets and remains our property. We may modify the Manual, but the modification will not alter your status and rights under your Franchise Agreement. (Franchise Agreement, §7, page 11). You are permitted to view the Manual at our offices before signing the Franchise Agreement, but you must first sign a confidentiality agreement.

We provide advice as to products and supplies; however, we need not assist you to obtain such products and supplies. (Franchise Agreement §§8 & 9, pages 15 and 16).

We have no obligation to develop new products or services to be offered by you to your customers and students, hire or train employees, improve or develop the franchised business.

## **Advertising Fund**

All franchised and AEA DEV operated Academies are required to contribute \$5 per month per student capacity with a minimum capacity of 50 students to the Advertising Fund. AEA DEV directs all advertising programs that are financed with the Fund contributions. AEA DEV has sole discretion over the creative concepts, materials and media used in those programs and the placement and allocation of advertising. Amounts contributed to the Fund are used to meet the cost of maintaining, administering, directing and preparing advertising campaigns through media such as our website, television, radio, magazine and newspaper, and to fund public relations activities. Amounts contributed to the Fund are also used to employ advertising and public relations firms to assist in advertising and promotion, to produce promotional brochures and other materials for franchisees and to review potential new products, materials, services and projects for the System. (Franchise Agreement §14.1.2, page 26).

We will prepare and furnish to Franchisee upon request an annual account of the receipts and expenditures of the Fund (Franchise Agreement §14.1.2 page 26.)

AEA DEV will establish a separate account for advertising contributions (the “Fund” and will maintain separate bookkeeping accounts for the Fund (Franchise Agreement t§14.1.2, page 26.).

AEA DEV is reimbursed by the Fund for costs and expenses incurred by it on behalf of the Fund, including advertising materials that are developed by AEA DEV and by advertising agencies retained by us to assist in advertising and promotion activities. The coverage of media used in advertising financed by the Fund may be local, regional or national in scope.

We will provide you with digital advertisements for use in various media (we can either provide you with these at the time of your initial training or provide you with instruction for downloading them from our extranet website after you complete the initial training program).

AEA DEV must approve all advertising materials and promotions you use or intend to use. Our approval will be made on a case-by-case basis using purely subjective criteria. These advertising materials must be submitted to AEA DEV, or its designated agency, for pre-approval. You may not conduct any promotional campaign without receiving our prior written approval. If we do not approve or disapprove your proposed materials within 15 days of your submission, they will be deemed disapproved.

All your advertising in any medium must be conducted in a dignified manner, be completely accurate, truthful, and not misleading, conform to standards and requirements listed in the AEA Manual and to all applicable laws and regulations regarding consumer advertising. Your advertising must contain a notice that your Franchised Academy is independently owned and operated. Any advertisement that you develop for your AEA franchise automatically becomes property of AEA DEV, and we may use it for our other franchisees without compensating you. AEA DEV maintains all rights regarding promotion and advertising initiatives. (Franchise Agreement §14, page 27).

AEA DEV Contributions. AEA DEV will make contributions for each of its company-owned Academies (if any) on the same basis as assessments required of comparable franchisees within the System. (Franchise Agreement §14.1.4, page 27).

Advertising funds are not used to solicit new franchisees.

### **Franchisee and Franchisor contributions to Advertising Fund**

Currently 1% of your gross sales in dedicated to local advertising with an agency in your market. When there are sufficient numbers of franchisees in a region, AEA DEV will interview and contract with a regional marketing firm to conduct advertising in that market. Additionally, you are required to spend .05% of your monthly gross sales marketing your business and must provide evidence of your expenditures.

The Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of all franchises within the System or within a region, and that we are not obligated in administering the Fund to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular Franchisee benefits directly or pro rata from the placement of advertising. We do not warrant or represent that any or all of the advertising or promotional materials or campaigns will be successful or will achieve any particular result.

We are not required to spend any advertising funds in your specific market.

However, if AEA DEV has company academies in your market, it will contribute to the fund and/or spend an amount equal to the amount paid by franchisees in the market. AEA DEV may, at its option, decide to invest its funds to create awareness in your market.

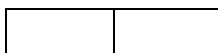
Currently there is no advertising council composed on franchisees. However, it is anticipated that when there are sufficient numbers of franchisees in a market, an advertising council will be created. Each franchise location and each AEA company location will have one vote. We have the right to dissolve or change the council at our sole discretion.

The advertising fund has a separate checking account for the fund, but there are no governing documents for the fund. The advertising fund is not audited but there is a separate account for advertising contributions. We will prepare and furnish to Franchisee upon request an annual accounting of the receipts and expenditures of the Fund.

No advertising funds were collected from franchisees for advertising in fiscal year 2022.

### **Cooperative Advertising**

We encourage the formation and operation of franchisee cooperative advertising associations in your market; however, a Co-op has not been established as of the date of the FDD. Each Co-op will coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. If a Co-



op is formed for your region, you must participate in the Co-op or lose your right to vote as to decisions regarding advertising and marketing efforts and programs. In no event will you be required to be a member of more than one Co-op. We have the right to require any Co-op to be organized and governed (a) in a form and manner approved in advance by us in writing, and (b) for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized promotional materials for use by the members in local advertising (Franchise Agreement §14.1.8, page 29).

A Co-op may not use, or furnish its members, with any advertising or promotional plans or materials, without our prior approval. We, in our sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Co-Op, and/or from the obligation to contribute thereto (including a reduction, deferral or waiver of such contribution), upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption will be final. As of the issuance date of this Disclosure Document, you are not required to participate in any local or regional advertising cooperatives; however, we reserve the right to require your participation in the future. (Franchise Agreement §14.1.8. page 29).

### **Pre-Opening and Grand Opening Advertising Campaign**

You must conduct a Grand Opening Advertising Campaign for your Academy and expend an amount ranging from \$25,000 to \$30,000 in the manner we specify or approve (the “Grand Opening Advertising Expenditure”). We will coordinate the grand opening marketing campaign, including newspaper, direct mail advertising, advertising through other media, and marketing and promotional items. AEA DEV may designate an approved supplier of local advertising and marketing services and may require you to engage that supplier’s services in connection with the Grand Opening of your Academy. Within four months following the date the Academy opens for business, you must furnish us evidence, as we may reasonably require, that verifies your compliance with the Grand Opening Expenditure requirements. (Franchise Agreement §14.1.7, page 27).

### **Electronic Media Advertising**

You may not use electronic media to advertise your Academy, including the Internet and a worldwide web page, without first obtaining our written consent. You must comply with any conditions and restrictions we wish to impose. We must first approve all use of any electronic media (including Internet) postings, including advertisements and/or promotions. You may not promote or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval, which we do not have to provide. As a condition of granting any consent, we will have the right to establish any requirement we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our website. We have the right to establish a website or other electronic system providing private and secure communications between us, our franchisees and other persons and entities that we deem appropriate. If we require, you must establish and maintain access to the extranet in the manner we designate. We may periodically prepare agreements and policies concerning use of any extranet that you must acknowledge and sign. You are prohibited from promoting your Franchised Business on any social or networking website, including Facebook®, LinkedIn®, Instagram®, Twitter® or any similar sites without our prior written consent in each instance. We may withhold our consent for any reason. (Franchise Agreement §§14.4 and 14.5, page 28).

### **Franchisee and Franchisor contributions to Advertising Fund**

Currently 1% of your gross sales in dedicated to local advertising with an agency in your market. When there are sufficient numbers of franchisees in a region, AEA DEV will interview and contract with a regional marketing firm to conduct advertising in that market. Additionally, you are required to spend .05% of your monthly gross sales marketing your business and must provide evidence of your expenditures.

The Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of all franchises within the System or within a region, and that we are not obligated in administering the Fund to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular Franchisee benefits directly or pro rata from the placement of advertising. We do not warrant or represent that any or all of the advertising or promotional materials or campaigns will be successful or will achieve any particular result.

We are not required to spend any advertising funds in your specific market.

However, if AEA DEV has company academies in your market, it will contribute to the fund and/or spend an amount equal to the amount paid by franchisees in the market. AEA DEV may, at its option, decide to invest its funds to create awareness in your market.

Currently there is no advertising council composed on franchisees. However, it is anticipated that when there are sufficient numbers of franchisees in a market, an advertising council will be created. Each franchise location and each AEA company location will have one vote. We have the right to dissolve or change the council at our sole discretion.

The advertising fund has a separate checking account for the fund, but there are no governing documents for the fund. The advertising fund is not audited but there is a separate account for advertising contributions. We will prepare and furnish to Franchisee upon request an annual accounting of the receipts and expenditures of the Fund.

No advertising funds were collected from franchisees for advertising in fiscal year 2022.

## **Training**

The training program we currently offer, which is subject to modification, covers the material aspects of the operation of the Academy. The topics covered are listed in the Manual Outline (Exhibit O). If you are an individual, you must also serve as Director of the Academy. If you are an entity, you must designate one of your owners as the operating manager (the "Director"). You must also employ managers, who must attend and complete our initial training program to our satisfaction. (Franchise Agreement §13, page 25).

Before your training begins, a qualified Director approved by AEA DEV must be employed. We provide the initial training program to you, if you are an individual, or to your Director, if you are a legal entity, and, at your option, up to five additional persons (collectively, the "Franchisee Training Team"), which must include at a minimum the Director, Assistant Director and Atelierista. Your Franchisee Training Team must complete the initial training program to our satisfaction no later than 30 days before the opening of the franchised Academy. We expect that the Franchisee Training Team will advance through the training program at different rates depending on a variety of factors, including background and experience. We do not charge for initial training. You must pay for all travel costs and living expenses for you and the Franchisee Training Team. These costs are estimated in Item 7. If you replace your Director, your new Director must attend our training program. You may be charged fees for additional training. Our current fee for additional training is \$500 per day, plus all costs and expenses incurred by AEA DEV and all expenses incurred by your employee. You are responsible for ensuring that your employees and other management personnel complete the online training certification provided by AEA DEV.

For the opening of the Academy, two AEA DEV trained representatives will provide on-site pre-opening and opening training, supervision and assistance for up to ten days. The expenses our representatives incur while providing opening assistance, such as travel, lodging and meals are part of your franchise fee. Your franchised Academy must always be under the day-to-day supervision of your Director who has satisfactorily completed

our training program. If a Director is replaced, the new Director has 60 days to complete the initial training. We will provide Teacher Training for one to two persons during the Initial Franchise Training at an approved AEA DEV location.

The Cost for Additional Training at a franchisee's location is \$500 per day training fee, plus Franchisor's expenses (salaries for training staff, meals, lodging). AEA DEV may require, in our sole and absolute discretion, any one or all your Trainees, including any replacement trainees, attend and successfully complete any periodic refresher training courses, as well as retraining courses to correct any problems or deficiencies we become aware of in the operation of the Franchised Academy ("Additional Training"). A AEA DEV may require, in our sole and absolute discretion, any one or all your Trainees, including any replacement trainees, attend and successfully complete any periodic refresher training courses, as well as retraining courses to correct any problems or deficiencies we become aware of in the operation of the Franchised Academy ("Additional Training"). All such persons will attend Additional Training at your expense and at the times and locations we designate. If we elect to provide Additional Training at your location, you will pay us in advance its \$500 fee (the "Training Fee"), plus all reasonable out-of-pocket expenses.

Each training instructor must have completed the same 80 hours of training that the Franchisee and/or Franchisee's Managing Partner will participate in, hold a BA or MA in Education or related field, and a minimum of 3 years supervisory or management experience.

#### **Kelsey Chaaban, Chief Operating Officer for AEA DEV.**

Kelsey has been COO since 2019 for AEA DEV leading all operations and personnel for the company. From 2017 she led HR, Training and Procurement for AEA DEV. Kelsey holds a BA in Merchandising and Interior Design with a minor in Business Administration from East Carolina University.

#### **Andrea Madaras, Corporate Controller**

Andrea has been with Amazing Explorers Academy since 2016 as the Corporate Controller overseeing the daily operations of the company. Prior to Amazing Explorers, she was an auditor for Arthur Anderson, BASF, IPSOS research and other companies.

#### **Joanna Andersen**

Joanna has been with Amazing Explorers Academy since June 2019 holding several positions before stepping into her current role in January 2022. From 2015 to 2019 Joanna was Program Compliance Specialist at ELC of Osceola County. Joanna holds a Bachelor of Science in Business Administration with minor in Hospitality. Joanna: They will not accept any positions greater than 5 years.

#### **Ei Monson, Regional Director**

Ei joined Amazing Explorers Academy in July 2020 as the Director of the Viera location in Melbourne, FL. She was recently promoted in August 2022 to the Regional Director where she oversees a group of operating schools. Prior to Amazing Explorers Ei was employed by Bright Horizons for six years. She holds a Bachelor of Arts in Family & Child Sciences with a minor in Psychology.

#### **Vanessa Diese, Director of HR & Education**

Vanessa joined Amazing Explorers in April 2021 as Director of one of the preschools and was recently promoted to her current position in April 2023. She has been in Early Childhood Education since 2012 starting out as a lead teacher. Vanessa holds a Master's Degree in Early Childhood Education and Special Education.





## Stephanie Braland, Opening School Coordinator

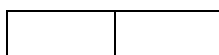
Stephanie was hired in August 2022 as an Executive Assistant for the COO and support staff to the operating preschools. She was promoted to Opening School Coordinator in March 2023. Prior to joining Amazing Explorers, she worked in the field of marketing and design and owned her own business.

Additional training programs are conducted on an as-needed basis. The Table of Contents of the AEA manual is attached as Exhibit O. The Manual consists of a total of 295 pages.

For additional training after the initial and on-site training described above, or if you employ new managers or assistant managers, you must prepay us for the actual wages, wage-related expenses, travel and lodging expenses, plus 125% of all other expenses (such as food and beverage expenses) that our representatives incur during the additional training if you choose to have the training conducted at your Franchised Academy. Alternatively, you must pay for all travel, lodging, food, wages, and wage-related expenses for you and your employees if you choose to have the training conducted at one of our facilities or at another approved location. Manager and assistant managers employed after your Franchised Academy is open must complete the initial training program to our satisfaction within 30 days after their employment.

### TRAINING PROGRAMS

| SUBJECT                                                                                               | HOURS OF CLASSROOM TRAINING | HOURS OF ON-THE-JOB TRAINING | LOCATION                     |
|-------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------|------------------------------|
| Orientation to AEA                                                                                    | 2 Hours                     | 0 Hours                      | NY Amazing Explorers Academy |
| Operations and Policies<br>Teacher plus Parents Handbook                                              | 8 Hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Curriculum/Programs & Orientation                                                                     | 24 Hours                    | 2 hours                      | NY Amazing Explorers Academy |
| AEA DEV/Franchisee Responsibilities                                                                   | 2 Hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Sales, Advertising, Marketing<br>Local Academy Marketing & Public Relations, Grand Opening; VIP Party | 2 hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Operational Manual Review                                                                             | 4 Hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Lesson Planning                                                                                       | 16 Hour                     | 2 hours                      | NY Amazing Explorers Academy |



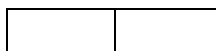
| SUBJECT                                                                              | HOURS OF CLASSROOM TRAINING | HOURS OF ON-THE-JOB TRAINING | LOCATION                     |
|--------------------------------------------------------------------------------------|-----------------------------|------------------------------|------------------------------|
| Inventory, Cost Control, Financial Management                                        | 4 Hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Personnel & Staffing Interviewing; Hiring; Teacher and Staff Development, Scheduling | 4 Hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Health & Safety/Crisis Management                                                    | 2 Hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Financial Management: P&L Analysis and Understanding                                 | 4 Hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Menu (items, food safety and cost control)                                           | 2 Hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Computer and Program Training                                                        | 4 Hours                     | 2 hours                      | NY Amazing Explorers Academy |
| Program Review                                                                       | 2 Hours                     | 0 Hours                      | NY Amazing Explorers Academy |

Franchisee and/or Franchisee's Managing Partner will participate in and successfully complete 80 hours of Training at a facility designated by AEA DEV. Participants must have completed the full 80 hours of training, successfully undergo a training evaluation, and show competency in all areas by answering a set of oral questions.

## **ITEM 12**

### **TERRITORY**

**Franchise Agreement.** The Franchise Agreement grants you the right to own and operate an Academy at a specific location. Your franchised Academy is to be located at a site to be approved by us (the "Approved Location"). You may not conduct your Academy business at any site other than the approved premises or relocate your Academy without our prior written consent. We will grant you a protected territory, which will be delineated by primary streets and highways or driving distance. The protected area depends upon the demographics of your location (population density, median income, industry, residential properties, major generators, etc.). We will identify your protected territory before you sign your franchise agreement. Other than the protected territory, you do not receive an exclusive territory. You may face competition from other channels of distribution or competitive brands that we control.



The Approved Territory is not the same area as, and will be smaller than, the trade area in which you will be looking for a site. We will provide you with information regarding our classification of each portion of your trade area as urban or suburban.

During the term of your Franchise Agreement, we will not establish, or franchise another to establish, an Amazing Explorers Academy within your protected territory provided you are in full compliance with all terms of your franchise agreement and all methods, procedures, standards and specifications required by AEA DEV in the AEA manuals or otherwise in writing. If at any time you are not in full compliance with all the terms of your Franchise Agreement and all our methods, procedures, standards and specifications, we can establish or franchise another to establish an AEA Academy within your territory. We may change your protected territory upon any renewal of your franchise. There are no other circumstances that would permit us to modify your territorial rights.

If we acquire a system of pre-school or childcare operations, we will offer you the option to purchase and operate as an Amazing Explorers Academy® at any location of the acquired system that is located within your protected territory (excluding locations to be operated by a licensee of the acquired system). We will notify you of our purchase of the acquired system and the terms and conditions applicable to your option to purchase any acquired locations. The purchase price offered to you will reflect our cost to purchase the acquired locations, including a per-location allocation of our costs to purchase the entire acquired system. You must enter into our then-current form of AEA DEV franchise agreement for the acquired location, but you will not be required to pay an initial franchisee fee. If you do not elect to purchase, or fail to complete the purchase of, an acquired location, we will have the right to operate the acquired location under any trade name or trademarks other than the marks used for Amazing Explorers Academy.

**Area Development Agreement.** We will grant you a development area in which we will not establish or franchise others to establish an AEA Academy during the term of the Area Development Agreement, so long as you fully comply with the development schedule and are not in default of any other AEA agreements. The duration of the development period depends in part on the number of Franchised Academies that you commit to develop. The Area Development Agreement does not grant you any right to use our marks, or to operate a Franchised Academies. These rights are granted under a Franchise Agreement, which must be issued for each Franchised Academy, the terms of which may differ from the terms contained in the Franchise Agreement being used on the date you sign the Area Development Agreement. We have the right to establish and franchise others to establish AEA Franchised Academies at any location outside your development area and to sell proprietary products of the AEA System to wholesale and retail businesses and other distribution channels inside and outside your development area.

Franchisor is not obligated to pay franchisee compensation for soliciting or accepting orders within franchisee's territory.

### **Reservation of Rights**

Except for rights expressly granted to you under the Franchise Agreement, we retain all rights with respect to the Marks, the System and the Amazing Explorers Academy® business anywhere in the world.

Without limitation, we, and/or our affiliate(s), may: (i) establish and license others to establish Academies under the System at any location outside the Approved Territory, regardless of the proximity to the Approved Territory; (ii) establish and license others to establish locations under other systems, using other proprietary marks, which offer or sell other products or services which are located anywhere; (iii) market, distribute and sell, directly or indirectly, or license others to market, distribute or sell, directly or indirectly, any items, products and/or services from any location or to any purchaser under any proprietary mark, including Amazing Explorers Academy® through alternative channels of distribution, including through the Internet and (iv) acquire, be



acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not those businesses are competitive), including competing franchise systems with units operating in your area. We have the right to, and intend to, offer, sell and/or issue student registrations, educational programs and/or materials through the Internet, and/or any other means. You will be required to honor all such student registrations presented at your Academy.

### **Restrictions on Solicitations**

Your protected territory does not confer marketing or customer exclusivity. Other AEA Academies may promote and provide products and services to customers who live or work in your protected territory. Because you are not granted a territory, there are no restrictions on soliciting or accepting customers outside of any specific territory. You must, however, obtain our prior written approval of all proposed advertisements and solicitations before use or implementation.

You are not permitted to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, without our prior written approval, which may be granted or withheld in our sole and absolute discretion. We have the right to condition our approval on the terms that we determine necessary, such as requiring that your domain name and home page belong to us and be licensed to you for your use during the term of your agreement.

### **Relocation of Your Academy**

Under the terms of the Franchise Agreement, you do not have the right to relocate your Academy without our prior written consent. You are not granted any options, rights of first refusal or similar rights to acquire additional Academies.

You may not relocate the Academy without our prior written consent, and you must meet all of the following conditions: (a) you must not be in default under the Franchise Agreement, any other Agreement with us, or any of our affiliates; (b) you and all persons and entities that have executed the Personal Guarantee agreeing to be bound by your obligations under the Franchise Agreement (each a “Guarantor,” collectively “Guarantors”) have agreed to cancel the original Franchise Agreement and execute a new Franchise Agreement in the form that is currently effective at the time of relocation for the remaining term of your current Franchise Agreement; (c) you have secured a site which meets our then-current size and demographic requirements, and if you are leasing the space, you must submit the proposed lease agreement for our review and pay our lease review fee of \$1,000; (d) you agree to equip and furnish your new Academy so that it meets the standards of appearance and function applicable to new System Academies at the time of relocation; (e) you and your Guarantors execute a general release, in a form satisfactory to us, of any and all claims against us, our affiliates, parents, subsidiaries and their respective members, managers, directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us or our affiliates, and federal, state, and local laws and rules; and (f) you cease to operate the Academy for no more than two (2) days only for the purposes of moving all equipment from the old Approved Academy Location to the new Approved Academy Location.

We do not currently operate or franchise the operation of any other business selling under different trademarks any products or services similar to the products and services offered by Academy, and we presently do not have any plans to do so. We have an affiliate who has been operating a prototype Academy under a licensing agreement. The Academy has been in operations for approximately three years.

Your franchise agreement has a renewal of an additional 10 years provided you are operating your academy according to our standards and are able to remain at the location or an approved substitute location for the term of the franchise agreement. You may acquire additional franchises at an approved location if you remain

financially and operationally (have a track record of paying royalties and expenses and are operating your academy(ies) according to AEA procedures.

Your Area Development Agreement provides exclusive rights to a negotiated territory for the term of the area development agreement, provided you perform as agreed to your agreement

### **ITEM 13**

#### **TRADEMARKS**

The Franchise Agreement licenses you the right to operate an Academy under the trade name Amazing Explorers Academy®. We may require you to use other current or future developed trademarks to operate your Academy. The term trademarks means trade names, trademarks, service marks and logos used to identify the Academy. Other than the terms of our Master Developer Agreement with AEA Franchising, we are not restricted in the way we use these trademarks, and we have all the rights to license or franchise others to use these trademarks. Throughout this Disclosure Document, our trademarks, including those developed in the future and licensed to you for use in the operation of your Academy, may be referred to as the “Proprietary Marks” or “Marks.”

You are required to follow our rules when using our trademarks. You are not permitted to use any of our trademarks as part of a corporate, limited liability company, or other entity name, email address, electronic identifier or Internet domain name. You cannot use any of our trademarks, except for those we license to you. You may not use any of our trademarks for the sale of any unauthorized product or service, or in any manner we have not authorized in writing. The trademarks licensed to you may only be used by you to operate an Academy in accordance with the Franchise Agreement, Manual and System.

Amazing Explorers LLC has registered the following trademarks on the Principal Register of the USPTO:

| <b>Mark</b>                | <b>Registration Number</b> | <b>Registration Date</b> |
|----------------------------|----------------------------|--------------------------|
| Amazing Explorers Academy® | 5051222                    | September 27, 2016       |
| Amazing Explorers Academy® | 5051223                    | September 27, 2016       |
| Amazing Explorers®         | 7010319                    | March 28, 2023           |
| Amazing Explorers ®        | 7010320                    | November 14, 2017        |
| Steam Investigations®      | 5335545                    | November 14, 2017        |

Our affiliate, Amazing Explorers LLC licensed AEA Franchising LLC the right to use the Mark, and the right to license others to use the Mark, in connection with the franchise system, which in turn licensed us the right to use the Mark and the right to license others to use the Mark in connection with the subfranchise system.

The term of the license agreement from Amazing Explorers LLC to AEA Franchising LLC is 15 years and is automatically renewed for additional 10-year term. If the license agreement is terminated or expires, your Franchise Agreement will be assigned to Amazing Explorers, LLC or its designee, authorizing you the right to continue use of the Mark through the expiration of your Franchise Agreement, subject to the restrictions set forth in your Franchise Agreement.

The license from AEA Franchising LLC to us is 10 years and is renewable if AEA Franchising LLC determines that the opening of additional Academies in the Development Area is desirable. If the license is

terminated, we will have no further right to construct or open additional Academies or recruit or solicit prospective franchisees in the Development Area, and AEA Franchising LLC may construct, equip, open, own or operate or license others to construct, equip, open, own or operate Academies in the Development Area.

Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of the State of Florida or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

We know of no infringing or prior superior uses that could materially affect the use of the Marks in any state in which the franchised Academy is to be located.

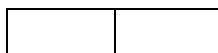
You do not receive any rights to the Marks other than the non-exclusive right to use our Mark in the operation of your franchised Academy. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the franchised Academy. You cannot use a name or Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Marks in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us when you learn about an infringement of or challenge to your use of any Marks or any claim by any person of any rights in any Marks. You must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations. We have exclusive control over any settlement or proceeding concerning any Marks. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions about the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your franchised Academy for the new or modified Marks. There is no limitation on the costs you may be required to incur in complying with any designated changes or modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

All usage of our marks by you and any goodwill established from their use will exclusively benefit Amazing Explorers. You are prohibited from contesting the validity or ownership of any Marks or assisting any other



person in contesting the validity or ownership of any Marks during the term of the franchise agreement or at any time after the franchise agreement expires or is terminated.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet, create or operate an Internet site or website using any domain name containing, the word “Amazing Explores Academy” or any variation thereof without our prior written consent.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents are material to the franchise. We own copyrights in the Confidential Operations Manual, textbooks, programs, videos, educational materials, our website, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the franchised Academy and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including learning state-of-the-art teaching techniques and proprietary programs, methods of business management, sales and promotion techniques and know-how, knowledge of, and experience in, operating an Amazing Explorers Academy®. Our system gives us an advantage over competitors who do not employ our cutting-edge technology and advanced teaching methods.

We will provide our trade secrets and other confidential information to you during training, in our seminars, through Video and Web Casts and in the Confidential Operations Manual, and because of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information to operate your franchised Academy. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the franchised Academy. You are responsible for enforcing the confidentiality provisions as to your employees. The information is disclosed to you solely on the condition that you (1) will not use it in any other business or capacity; (2) will maintain the absolute confidentiality of the information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the AEA manuals or any other written communication from us; and (4) will adopt and implement all reasonable procedures we may require to prevent unauthorized use or disclosure of the information, including restrictions on disclosure of the information to employees of the franchised business and the use of nondisclosure and noncompetition clauses in employment agreements.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Non-disclosure and Non-Competition Agreement attached to the Franchise Agreement and/or Area Development Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

You must promptly disclose to us all ideas, concepts, techniques or materials concerning the franchised Academy and/or the System, whether or not protectable intellectual property and whether created by or for you or your

owners or employees. These concepts, techniques or materials will be our sole and exclusive property and may become a part of the System that we may choose to adopt and/or disclose to other franchisees. You agree to assign to us all right, title and interest in any intellectual property developed for or by you. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in ITEM 17.

You will not acquire any interest in any proprietary and confidential information we may communicate to you, other than the right to utilize it in the operation of your Franchised Academy during the term of your Franchise Agreement.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED ACADEMY**

The franchised Academy must always be under the direct, full-time, day-to-day supervision of a qualified Director. If you are an individual, we may require you to be the Director of the franchise. If we require you to be the Director, you must request our consent to select another individual to replace you as the Director. If you are a corporation or other business entity, you will select a Director for the franchise, and we may require that the individual you select is an owner of the franchise. The Director must attend and satisfactorily complete our initial training program before opening the franchised Academy. You must always keep us informed of the identity of your Director. If you must replace the Director, your replacement must attend and satisfactorily complete our initial training program.

As described in ITEM 14, certain individuals associated with your franchised Academy, including your owners (and members of their immediate families and households), officers, directors, partners, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Non-disclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation, Limited Liability Company or other business entity, anyone who owns an interest in the entity must personally guarantee the performance of all your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Personal Guarantee attached to the Franchise Agreement.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may offer customers and clients only the Teaching Products, services, other goods and other materials that we have expressly authorized. You must offer only the educational items, programs, services and products we have expressly authorized to be offered in the Amazing Explorers Academies. These programs are specified in the Franchise Operations Manual. You must sell all items, programs and services we have authorized for your Academy. All franchisees must follow the Amazing Explorer's curriculum geared toward the child's level of learning. You may not sell any products or merchandise that we have not authorized, and you must discontinue offering any services or products that we disapprove. We may take action,





including terminating your franchise, if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to modify or change services, products or suppliers.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on certain factors, including test marketing, franchisee qualifications and regional or local differences.

We do not place restrictions on you with respect to those who may be a customer of your franchised business. You must not use, in advertising or any other form of promotion, any of our copyrighted materials, trademarks, or commercial symbols without the appropriate notices which we or the law may require, including © or other copyright registration notice.

You must notify us immediately when you learn about any infringement of or challenge to your use of our copyrighted materials. We will take whatever action we think appropriate. We are not required to defend you against a claim against your use of our copyrighted materials or for your liability or expenses arising from your use of our copyrighted materials.

We have the right to change the types of authorized goods and services during the term of the franchise agreement and there are no limits on our right to make those changes.

## **ITEM 17**

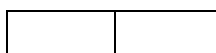
### **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

#### **THE FRANCHISE RELATIONSHIP**

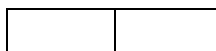
**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this Disclosure Document.**

#### **FRANCHISE AGREEMENT**

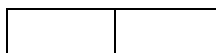
| <b>Provision</b>                                  | <b>Section in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the franchise                        | 3                                     | 15 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| b. Renewal or extension of the term               | 3                                     | 1 additional 10-year period subject to your eligibility and compliance with certain obligations.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| c. Requirements for franchisee to renew or extend | 3                                     | Renewal of your franchise means that you can continue to operate your academy under the AEA name and franchise system. You must not be in default, you must give 6-12 months' notice, pay renewal fee, have right to occupy location for duration of renewal, sign new franchise agreement (that may contain materially different terms and conditions from your original contract) and (if permitted by state law) sign release, comply with new training requirements, if any, and update the site and equipment. |



| Provision                                                          | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| d. Termination by franchisee                                       | None                           | You have no right to terminate your franchise.                                                                                                                                                                                                                                                                                    |
| e. Termination by AEA DEV without cause                            | None                           |                                                                                                                                                                                                                                                                                                                                   |
| f. Termination by AEA DEV with cause                               | 21                             | We can terminate only if you default.                                                                                                                                                                                                                                                                                             |
| g. "Cause" defined – curable defaults                              | 21                             | You have 5 days to cure for non-payment to AEA DEV. You have 30 days to cure: transfer without consent, acts impairing goodwill, appointment of receiver, default under lease, failure to comply with AEA manuals, and any other default not listed in §21.                                                                       |
| h. "Cause" defined – non-curable defaults                          | 21                             | Non-curable defaults: bankruptcy, abandonment of franchise, conviction of felony, unapproved change in ownership, lapse in insurance, falsification of reports and records, repeated defaults even if cured, failure to comply with applicable law, danger to public, and other defaults listed in §21.                           |
| i. Franchisee's obligations on termination/nonrenewal              | 22                             | Cease operating franchise, cease use of confidential information and marks, return manuals and all materials containing marks, complete de-identification, cancel assumed name registration, assign or cancel telephone numbers, pay outstanding amounts and damages, comply with post-termination covenants (also see §r below). |
| j. Assignment of contract by AEA DEV                               | 21                             | No restriction on our right to assign.                                                                                                                                                                                                                                                                                            |
| k. "Transfer" by franchisee defined                                | 19 & 21                        | Includes transfer of contract or assets, ownership change, and encumbrance.                                                                                                                                                                                                                                                       |
| l. AEA DEV approval of transfer by franchisee                      | 19                             | We have the right to approve all transfers but may not unreasonably withhold consent.                                                                                                                                                                                                                                             |
| m. Conditions for AEA DEV approval of transfer                     | 19                             | All your financial obligations and transfer fee paid, new franchisee qualifies, you release claims (unless prohibited by the laws of the state in which you reside), new franchisee signs current agreement. There is a \$25,000 transfer fee and new franchisee must complete training (also see §r, below).                     |
| n. AEA DEV right of first refusal to acquire franchisee's business | 19                             | We can match any offer for your business.                                                                                                                                                                                                                                                                                         |



| Provision                                                                 | Section in Franchise Agreement  | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| o. AEA DEV option to purchase franchisee's business                       | 19                              | We can purchase your business for its appraised value upon termination for any reason. We also have the right to purchase your Academy if your Franchise Agreement is terminated due to your default. You must sell to us (if we elect) any or all equipment, products, inventory, signs, trade fixtures, and furnishings used in the Academy, at the then-current fair market value, less any indebtedness on the equipment and indebtedness to us |
| p. Death or disability of franchisee                                      | 20                              | Your heirs may inherit your franchise provided they qualify and meet other requirements for transfer (see m, above); otherwise, your franchise must be transferred to an approved person within 12 months or we may terminate it.                                                                                                                                                                                                                   |
| q. Non-competition covenants during the term of the franchise             | 18 and Noncompetition Agreement | No involvement in competing business.                                                                                                                                                                                                                                                                                                                                                                                                               |
| r. Non-competition covenants after the franchise is terminated or expires | 18 and Noncompetition Agreement | No involvement in a competing business for 5 years at the Approved Academy Location, within a 30-mile radius of the Approved Academy Location, within a 15-mile radius of any other Academy (including after assignment).                                                                                                                                                                                                                           |
| s. Modification of the agreement                                          | 14,16,24                        | Modification only by written agreement, but we may unilaterally modify the AEA manuals so long as it does not change your fundamental status and rights.                                                                                                                                                                                                                                                                                            |
| t. Integration/merger clause                                              | 29                              | Only the terms of the franchise agreement and related agreements are binding; any other promises may not be enforceable. Nothing in the Franchise Agreement or in any related agreement, however, is intended to disclaim the representations we made in this franchise disclosure document that we furnished to you.                                                                                                                               |
| u. Dispute resolution by arbitration or mediation                         | 27, sub sections 27.2 and 27.3  | All claims must first be mediated prior to arbitration or litigation. Except for certain claims, all disputes must be arbitrated in Florida. The arbitration will occur with each respective party paying their own costs.                                                                                                                                                                                                                          |
| v. Choice of forum                                                        | 27                              | Subject to applicable state law, except for claims arising under a franchise law of the state where the Franchised Academy is located, all litigation must be in Orange County, Florida.                                                                                                                                                                                                                                                            |
| w. Choice of law                                                          | 27                              | Subject to applicable state law and except for claims arising under a franchise law of the state where the Franchised Academy is located, Florida law applies.                                                                                                                                                                                                                                                                                      |

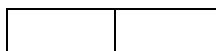


The following table lists important provisions of the Area Development Agreement. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

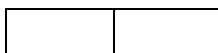
## THE FRANCHISE RELATIONSHIP

### AREA DEVELOPMENT AGREEMENT

| Provision                                                                | Section in Area Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the Area Development Agreement                              | 4                                     | Term is equal to the development schedule.                                                                                                                                                                                                                                                                                                                                                                              |
| b. Renewal or extension of the term                                      | 4                                     | One renewal for the same term provided you are not in default under the Area Development Agreement or any franchise agreement. You must sign a new Area Development Agreement and negotiate a new territory. The terms may differ from your initial Area Development Agreement                                                                                                                                          |
| c. Requirements for franchisee (Area Developer) to renew or extend       | 4                                     | Sign new agreement and pay an administrative fee of \$2,000 or then-current administrative fee. There is no additional area development fee. The new agreement may have materially different terms from you prior agreement.                                                                                                                                                                                            |
| d. Termination by franchisee (area developer)                            | None                                  |                                                                                                                                                                                                                                                                                                                                                                                                                         |
| e. Termination by AEA DEV without cause                                  | None                                  |                                                                                                                                                                                                                                                                                                                                                                                                                         |
| f. Termination by AEA DEV with cause                                     | 13                                    | We can terminate only if you default.                                                                                                                                                                                                                                                                                                                                                                                   |
| g. "Cause" defined – curable defaults                                    | 13                                    | You have 30 days to cure a breach of any provision of the agreement not specified in §13.                                                                                                                                                                                                                                                                                                                               |
| h. "Cause" defined – non-curable defaults                                | 13                                    | Non-curable defaults: bankruptcy, failure to satisfy development schedule or pay specified liquidated damages, unauthorized transfer or change in ownership, unauthorized use of AEA trademarks or trade secrets, misrepresentation in application, loss of licenses, conviction of felony, repeated defaults even if cured, termination of franchise agreement because of a default, and other defaults listed in §13. |
| i. Franchisee's (area developer's) obligations on termination/nonrenewal | 13                                    | See §r below).                                                                                                                                                                                                                                                                                                                                                                                                          |



| Provision                                                                             | Section in Area Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| j. Assignment of contract by AEA DEV                                                  | 10.1                                  | No restriction on our right to assign.                                                                                                                                                                                                                                                                                                                                                     |
| k. "Transfer" by franchisee (area developer) defined                                  | 10.2                                  | Includes transfer of contract or assets, ownership change, and encumbrance. AEA DEV is paid \$8,000 transfer fee and training fee of \$2,000.                                                                                                                                                                                                                                              |
| l. AEA DEV approval of transfer by franchisee                                         | 10.2                                  | We have the right to approve all transfers.                                                                                                                                                                                                                                                                                                                                                |
| m. Conditions for AEA DEV approval of transfer                                        | 10.2.1                                | Buyer approved, you are not in default, release signed by you. Buyer completes training. Buyer signs current Area Development Agreement and transfer fee paid by seller. Buyer pays \$100,000 franchise fee per franchised academy for units to be operated. Agreement may not be assigned before 1/3 of the academies to be developer are open or under construction (also see §r below). |
| n. AEA DEV right of first refusal to acquire franchisee's (Area Developer's) business | 11                                    | We can match any offer for your business.                                                                                                                                                                                                                                                                                                                                                  |
| o. AEA DEV option to purchase franchisee's (area developer's) business                | None                                  |                                                                                                                                                                                                                                                                                                                                                                                            |
| p. Death or disability of franchisee (area developer)                                 | 10.5                                  | Rights under the Area Development Agreement must be assigned to an approved person/company within 12 months.                                                                                                                                                                                                                                                                               |
| q. Non-competition covenants during the term of the franchise                         | 12.1                                  | No involvement in competing business.                                                                                                                                                                                                                                                                                                                                                      |
| r. Non-competition covenants after the franchise is terminated or expires             | 12.2                                  | No involvement in a competing business for 5 years within 30 miles of any company-owned or franchised academy.                                                                                                                                                                                                                                                                             |
| s. Modification of the agreement                                                      | 16                                    | Modification only by written agreement.                                                                                                                                                                                                                                                                                                                                                    |
| t. Integration/merger clause                                                          | 16                                    | Only the terms of the Area Development Agreement are binding; any other promises may not be enforceable. Nothing in the Area Development Agreement or in any related agreement, however, is intended to disclaim the representations in this franchise disclosure document that we furnished to you.                                                                                       |



| Provision                                         | Section in Area Development Agreement | Summary                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| u. Dispute resolution by arbitration or mediation | 15                                    | All disputes must be arbitrated in Florida. The parties waive any right or claim for punitive or exemplary damages against the other. Each party limited to the recovery of actual damages sustained by it. The arbitration will occur with each respective party paying their own costs. |
| v. Choice of forum                                | 16.4                                  | Subject to applicable state law, except for claims arising under a franchise law of the state where the Franchised Academy is located, all litigation must be in Orange County, Florida.                                                                                                  |
| w. Choice of law                                  | 16.4                                  | Subject to applicable state law and except for claims arising under a franchise law of the state where the Franchised Academy is located, all litigation must be in Orange County, Florida.                                                                                               |

## **ITEM 18**

### **PUBLIC FIGURES**

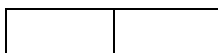
We do not presently use any public figures to promote our franchise.

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits Franchisor to provide information about the actual or potential financial performance of its franchised and/or AEA DEV-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) 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 or under particular circumstances. Tables 1 and 2 below represent data for AEA DEV's four academies that have been operating since 2021.

The data in Table 1 represents 4 academies that were open in 2022. AEA DEV acquired an existing school in 4Q2022 that was not stabilized and was underperforming. There were a total of 5 academies at the end of 4Q2022, of which 4 were matured/stabilized and 1 was underperforming. The data represents 4 academies that are located in Florida in the Master Franchisee's territory. The data used in preparing this information will be made available to you in writing upon reasonable request. AEA SNFD LLC is the Lake Mary school we acquired in 4Q2022. This school is not included in the calculations and is not part of the mature portfolio of schools for AEA DEV LLC, a Master Franchisee.



**TABLE 1**

| AVERAGE PER SCHOOL | <u>1Q2022</u>    | <u>2Q2022</u>    | <u>3Q2022</u>    | <u>4Q2022</u>    |
|--------------------|------------------|------------------|------------------|------------------|
| Revenue            | \$624,305.00     | \$627,251.04     | \$653,501.55     | \$757,495.01     |
| COGS               | \$ 34,394.92 6%  | \$ 37,205.54 6%  | \$ 50,069.41 8%  | \$ 46,211.94 6%  |
| Total Payroll Exp  | \$253,585.74 41% | \$279,666.39 45% | \$339,183.29 52% | \$330,188.92 44% |
| Ebitda             | \$238,879.44 38% | \$253,427.44 40% | \$191,074.58 29% | \$309,938.31 41% |
| Net Income         | \$136,517.91 22% | \$148,827.99 24% | \$ 84,247.91 13% | \$203,063.35 27% |

|                   | <u>2022 AVERAGE</u> | <u>2022 MEDIAN</u> | <u>OUTLETS</u> | <u>PERCENTAGE</u> |
|-------------------|---------------------|--------------------|----------------|-------------------|
| Revenue           | \$ 665,638.15       | \$ 640,376.29      | 2              | 50%               |
| COGS              | \$ 41,970.45        | \$ 41,708.74       | 2              | 50%               |
| Total Payroll Exp | \$ 300,656.08       | \$ 304,927.65      | 2              | 50%               |
| Ebitda            | \$ 248,329.94       | \$ 246,153.44      | 2              | 50%               |
| Net Income        | \$ 143,164.26       | \$ 142,672.90      | 0              | 0%                |

Table 2 below contains certain financial data relating to the gross sales of AEA's franchisee-operated academies represented in Table 1 above. The data represents the franchisees' average, median and low-end gross revenues for the 5 operating academies during the 4 Quarters of 2022. These are 5 franchised academies operating in Master Franchisee's territory of Florida.

**TABLE 2****B) Franchise – Operated Units (Matured Locations)**

| <u>MATURED SCHOOL AVERAGE</u> |                              | <u>Range</u>          |                | <u>Number of Units</u> | <u>Number Meeting or Exceeding the Average</u> |                           |
|-------------------------------|------------------------------|-----------------------|----------------|------------------------|------------------------------------------------|---------------------------|
| <u>Tier</u>                   | <u>Average Total Revenue</u> | <u>Median Revenue</u> | <u>Low-End</u> | <u>High-End</u>        | <u>Number</u>                                  | <u>Number Percentages</u> |
| 1Q2022                        | \$624,305.00                 | \$621,572.53          | \$531,377.24   | \$722,697.69           | 4                                              | 2 50%                     |
| 2Q2022                        | \$627,251.04                 | \$621,931.44          | \$525,159.75   | \$739,981.54           | 4                                              | 2 50%                     |
| 3Q 2022                       | \$653,501.55                 | \$654,204.49          | \$589,762.00   | \$715,835.22           | 4                                              | 2 50%                     |
| 4Q 2022                       | \$757,495.01                 | \$708,379.30          | \$649,272.72   | \$963,948.73           | 4                                              | 2 50%                     |

**DISCLAIMER: Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn as much.**

Written substantiation of the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, AEA DEV LLC does not make any financial performance representations. 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 AEA DEV management by contacting Co-Founder, Marcello Spinelli, at 6555 Sanger Rd, Orlando FL 32827 ms@aexplorers.com and the appropriate state regulatory agencies.

## **ITEM 20**

### **OUTLETS AND FRANCHISEE INFORMATION**

#### **AEA DEV, Master Franchisee**

The following tables relate to our operations as a master franchisee.

**Table No. 1  
Systemwide Outlet Summary  
For years 2020, 2021, 2022**

| <b>Business Type</b>      | <b>Year</b> | <b>Outlets at the Start of the Year</b> | <b>Outlets at the End of the Year</b> | <b>Net Change</b> |
|---------------------------|-------------|-----------------------------------------|---------------------------------------|-------------------|
| <b>Franchised Florida</b> | 2020        | 2                                       | 3                                     | 1                 |
|                           | 2021        | 3                                       | 4                                     | 1                 |
|                           | 2022        | 4                                       | 5                                     | 1                 |
| <b>Company Owned</b>      | 2020        | 0                                       | 0                                     | 0                 |
|                           | 2021        | 0                                       | 0                                     | 0                 |
|                           | 2022        | 0                                       | 0                                     | 0                 |
| <b>Total Outlets</b>      | 2020        | 2                                       | 3                                     | 1                 |
|                           | 2021        | 3                                       | 4                                     | 1                 |
|                           | 2022        | 4                                       | 5                                     | 1                 |



**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2020, 2021, 2022**

| State | Year | Number of Transfers |
|-------|------|---------------------|
| None  | 2020 | 0                   |
|       | 2021 | 0                   |
|       | 2022 | 0                   |
| Total | 2020 | 0                   |
|       | 2021 | 0                   |
|       | 2022 | 0                   |

**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2020, 2021, 2022**

| State   | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-renewals | Reacquired by Franchisor | Ceased Operations (Other Reasons) | (Outlets at End of the Year) |
|---------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------------|
| Florida | 2020 | 2                        | 1              | 0            | 0            | 0                        | 0                                 | 3                            |
|         | 2021 | 3                        | 1              | 0            | 0            | 0                        | 0                                 | 4                            |
|         | 2022 | 4                        | 1              | 0            | 0            | 0                        | 0                                 | 5                            |
| Total   | 2020 | 2                        | 1              | 0            | 0            | 0                        | 0                                 | 3                            |
|         | 2021 | 3                        | 1              | 0            | 0            | 0                        | 0                                 | 4                            |
|         | 2022 | 4                        | 1              | 0            | 0            | 0                        | 0                                 | 5                            |

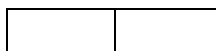
**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years, 2020, 2021, 2022**

| State        | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-renewals | Reacquired by Franchisor | Ceased Operations –Other Reasons | Outlets at End of the Year |
|--------------|------|--------------------------|----------------|--------------|--------------|--------------------------|----------------------------------|----------------------------|
| All States   | 2020 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|              | 2021 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|              | 2022 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
| <b>Total</b> | 2020 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|              | 2021 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|              | 2022 | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |

**Table No. 5**  
**Projected Openings in 2023 as of December 31, 2022**

| States         | Franchise Agreements Signed but Learning Centers Not Opened | Projected new Franchised Learning Centers in Next Fiscal Year | Projected New Company-Owned Learning Centers in the Next Fiscal Year |
|----------------|-------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------|
| Florida        | 4                                                           | 2                                                             | 0                                                                    |
| New York       | 0                                                           | 1                                                             | 0                                                                    |
| North Carolina | 2                                                           | 1                                                             | 0                                                                    |
| Pennsylvania   | 2                                                           | 0                                                             | 0                                                                    |
| <b>Total</b>   | 8                                                           | 4                                                             | 0                                                                    |

Franchises that are scheduled to be opened under Area Developer Agreement are included in the above charts since the Area Developer or Franchisee opens schools under Franchise Agreements. The Area Developer Agreement, Exhibit D, is for exclusive rights to a territory. A Development Schedule is included in the Area Development Agreement and lists when the individual Academies are under construction or when they are scheduled to open. One Academy opened in 2022 and four Academies are scheduled to open in 2023. From the time a Franchise Agreement is signed, it could take from 18-24 months for the Academy to be constructed and open. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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. Additionally, during the last three fiscal years, 16 franchisees have signed the confidentiality clauses.



As of the Issuance Date of this Disclosure Document, there were no trademark-specific franchisee organizations associated with the System that have either been created, sponsored or endorsed by us, or that have been incorporated or otherwise organized under state law and have requested us to be included in this Disclosure Document. Current franchisee information, including academy addresses and telephone numbers, is disclosed in Exhibit K to this Disclosure Document. Former franchisee information is provided in Exhibit L, including the name, address and telephone number of franchisees who have ceased doing business, been terminated, canceled or not renewed or not communicated with us within the last fiscal year.

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

## **ITEM 21**

### **FINANCIAL STATEMENTS**

THE FOLLOWING FINANCIAL STATEMENTS ARE ATTACHED TO THIS DISCLOSURE DOCUMENT AS EXHIBIT P:

#### **AEA DEV, Master Franchisee**

Our Audited Financial Statements as of December 31, 2020; December 31, 2021; and December 31, 2022. Our fiscal year end is December 31.

#### **AEA Franchising, Master Franchisor**

AEA Franchising's Audited Financial Statements as of December 31, 2020; December 31, 2021; and December 31, 2022. AEA Franchising's fiscal year end is December 31.

## **ITEM 22**

### **CONTRACTS**

THE FOLLOWING AGREEMENTS PROPOSED FOR USE IN THIS STATE ARE ATTACHED AS EXHIBITS TO THIS DISCLOSURE DOCUMENT:

- Exhibit C – Franchise Agreement
- Exhibit D – Area Development Agreement
- Exhibit E – Real Estate Agreement
- Exhibit F – General Release
- Exhibit G – Assignment of Lease & Consent
- Exhibit H – Non-Competition and Confidentiality Agreement
- Exhibit I – Power of Attorney to Assign Telephone Numbers
- Exhibit J – Franchise Disclosure Questionnaire

**ITEM 23**

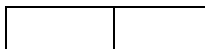
**RECEIPTS**

Exhibit S of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document with an issuance date of May 5, 2023 by you. Please note that the issuance date is not the effective date for any registration state. Please refer to the state effective dates under the page titled “State Effective Dates” on the preceding page. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to Co-Founder, Marcello Spinelli, AEA DEV LLC, 6555 Sanger Rd, Orlando FL 32827, Telephone: 646-707-2770 [ms@aexplorers.com](mailto:ms@aexplorers.com)

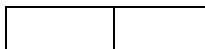
You may scan the signed receipt and e-mail to AEA DEV, LLC and then send the original via mail.

**EXHIBIT A**  
**LIST OF STATE AUTHORITIES**

|                                                                                                                                                                                                       |                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>California</b><br>California Commissioner of the<br>Department of Business Oversight<br>1515 K Street, Suite 200<br>Sacramento, CA 95814<br>(916) 445-7205                                         | <b>Indiana</b><br>Franchise Division<br>Office of Secretary of State<br>302 West Washington Street<br>Room E111<br>Indianapolis, IN 46204<br>(317) 232-6681            |
| <b>Connecticut</b><br>Securities & Business Investments Division<br>Department of Banking<br>260 Constitution Plaza<br>Hartford, CT 06103-1800<br>(860) 240-8230                                      | Iowa<br><b>Securities</b> Bureau, Regulated Industries Unit<br>340 East Maple<br>Des Moines, IA 50319-0066<br>(515) 281-4441                                           |
| <b>Florida</b><br>Dept. of Agriculture and Consumer Services<br>Division of Consumer Services<br>227 N. Burrough Street<br>City Centre Building, 7th Floor<br>Tallahassee, FL 32301<br>(904) 922-2770 | <b>Kentucky</b><br>Office of the Attorney General<br>Consumer Protection Division<br>P.O. Box 2000<br>Frankfort, KY 40602-2000<br>(502) 573-2200                       |
| <b>Georgia</b><br>Office of Consumer Affairs<br>2 Martin Luther King Jr. Dr., Suite 356<br>Atlanta, GA 30334<br>(404) 656-1762                                                                        | <b>Maryland</b><br>Franchise Office<br>Division of Securities<br>200 St. Paul Place 20th Floor<br>Baltimore, MD 21202-2020<br>(410) 576-6360                           |
| <b>Hawaii</b><br>Franchise & Securities Division<br>State Department of Commerce<br>P.O. Box 40<br>Honolulu, HI 96813<br>(808) 586-2722                                                               | <b>Michigan</b><br>Office of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>P.O. Box 30213<br>Lansing, MI 48909<br>(517) 373-7117 |
| <b>Illinois</b><br>Office of Attorney General, Franchise Division<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465                                                               | <b>Minnesota</b><br>Department of Commerce<br>Franchise Division<br>85 7th Place East. Suite 500<br>St. Paul, MN 55101<br>(651) 296-6328ept.                           |



|                                                                                                                                                                               |                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nebraska</b><br>Dept. of Banking & Finance<br>1200 N Street, Suite 311<br>P.O. Box 95006<br>Lincoln, NE 68509<br>(402) 471-3445                                            | <b>South Carolina</b><br>Secretary of State<br>1205 Pendleton Street<br>525 Edger Brown Building<br>Columbia, SC 29201<br>(803) 734-1958                                                                      |
| <b>New York</b><br>State Department of Law<br>Investor Protection Bureau<br>28 Liberty St, 21 <sup>st</sup> Floor<br>New York, NY 10005<br>(212) 416-8222 Fax: (212) 416-8816 | <b>South Dakota</b><br>Franchise Office<br>Division of Securities<br>455 East Capitol Avenue<br>Pierre, SD 57501-3185<br>(615) 773-4823Utah                                                                   |
| <b>North Carolina</b><br>Department of the Secretary of State<br>Securities Division<br>300 N. Salisbury Street<br>Raleigh, NC 27603-5909<br>(919) 733-3924                   | <b>Texas</b><br>Secretary of State<br>Statutory Document Section<br>P.O. Box 13563<br>Austin, TX 78711<br>(513) 475-1769                                                                                      |
| <b>North Dakota</b><br>Franchise Division<br>Office of Securities Commission<br>600 East Boulevard Avenue – 5th Floor<br>Bismarck, ND 58505-0510<br>(701) 328-2910            | <b>Utah</b><br>Department of Commerce<br>Division of Consumer Protection<br>160 East 300 South<br>P.O. Box 45804<br>Salt Lake City, UT 84145-0804<br>(801) 530-6601                                           |
| <b>Ohio</b><br>Ohio Division of Securities<br>77 South High Street<br>Columbus, OH 43266-0544<br>(614) 644-7381                                                               | <b>Virginia</b><br>Franchise Office<br>State Corporation Commission<br>1300 East Main Street, Ninth Floor<br>Richmond, VA 23219<br>(804) 371- 9051                                                            |
| <b>Oklahoma</b><br>Oklahoma Department of Securities<br>Suite 860 First National Center<br>120 North Robinson<br>Oklahoma City, OK 73102<br>(405) 280-7700                    | <b>Washington</b><br>Department of Financial Institutions<br>Securities Division<br>P.O. Box4 1200<br>Olympia, WA 98504<br>(360) 902-8760                                                                     |
| <b>Oregon</b><br>Department of Insurance & Finance<br>Corporate Securities Section<br>Labor and Industries Building<br>Salem, OR 97310<br>(503) 378-4387                      | <b>Wisconsin</b><br>Franchise Office<br>Wisconsin Securities Commission<br>345 West Washington Avenue<br>Madison, WI 53703<br>(608) 266-3364                                                                  |
| <b>Rhode Island</b><br>Division of Securities<br>1511 Pontiac Avenue<br>John O. Pastore Center, Building 69-1<br>Cranston, RI 02920<br>(401) 277-3048                         | <b>District of Columbia</b><br>Federal Trade Commission<br>Division of Marketing Practices<br>Bureau of Consumer Protection<br>Pennsylvania Avenue at 6th St., NW<br>Washington, D.C. 20580<br>(202) 226-3128 |



## EXHIBIT B

### AGENTS FOR SERVICE OF PROCESS

|                                                                                                                                                                                                                                                 |                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>California</b><br><b>California Commissioner</b><br><b>Department of Business Oversight</b><br><b>1515 K Street, Suite 200</b><br><b>Sacramento, CA 98514</b><br><b>1-866-275-2677</b>                                                       | <b>New York</b><br><b>Secretary of State</b><br><b>99 Washington Avenue</b><br><b>Albany, NY 12231-0001</b><br><b>(518) 473-5948</b>                                                                       |
| <b>Florida</b><br><b>Dept. of Agriculture and Consumer Services</b><br><b>Division of Consumer Services</b><br><b>227 N. Burrough Street</b><br><b>City Centre Building, 7th Floor</b><br><b>Tallahassee, FL 32301</b><br><b>(904) 922-2770</b> | <b>North Dakota</b><br><b>Securities Commissioner</b><br><b>600 East Boulevard, 5th Floor</b><br><b>Bismarck, ND 58505-0510</b><br><b>(701) 328-2910</b>                                                   |
| <b>Hawaii</b><br><b>Commissioner of Securities</b><br><b>State of Hawaii</b><br><b>335 Merchant Street</b><br><b>P.O. Box 40</b><br><b>Honolulu, HI 96810</b><br><b>(808) 586-2722</b>                                                          | <b>Rhode Island</b><br><b>Director of Business Regulation</b><br><b>1511 Pontiac Avenue</b><br><b>John O. Pastore Center</b><br><b>Building 69-1</b><br><b>Cranston, RI 02920</b><br><b>(401) 222-3048</b> |
| <b>Illinois</b><br><b>Illinois Attorney General</b><br><b>500 South Second Street</b><br><b>Springfield, IL 62706</b><br><b>(217) 782-4465</b>                                                                                                  | <b>South Dakota</b><br><b>Division of Securities</b><br><b>Dept. of Revenue &amp; Regulation</b><br><b>445 East Capitol Avenue</b><br><b>Pierre, SD 57501-3185</b><br><b>(605) 773-4823</b>                |
| <b>Indiana</b><br><b>Administrative Office of the Secretary of State</b><br><b>201 State House</b><br><b>Indianapolis, IN 46204</b><br><b>(317) 232-6681</b>                                                                                    | <b>Virginia</b><br><b>Clerk of the State Corporation Commission</b><br><b>1300 East Main Street, 1<sup>st</sup> Floor</b><br><b>Richmond, VA 23219</b><br><b>(804) 371-9733</b>                            |
| <b>Maryland</b><br><b>Maryland Securities Commissioner</b><br><b>200 St. Paul Place, 20th Floor</b><br><b>Baltimore, MD 21202-2020</b><br><b>(410) 576-7042</b>                                                                                 | <b>Washington</b><br><b>Department of Financial Institutions</b><br><b>P.O. Box 9033</b><br><b>Olympia, WA 98507-9033</b><br><b>(360) 902-8760</b>                                                         |
| <b>Minnesota</b><br><b>Minnesota Commissioner of Commerce</b><br><b>85 7th Place East, Suite 500</b><br><b>St. Paul, MN 55101-2198</b><br><b>(612) 296-4026</b>                                                                                 | <b>Wisconsin</b><br><b>Wisconsin Commissioner of Securities</b><br><b>345 West Washington Avenue</b><br><b>Madison, WI 53703</b><br><b>(608) 266-1064</b>                                                  |

If a state is not listed, we are not required to appoint an agent for service of process in that state in order to comply with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.





## **EXHIBIT C**

### **FRANCHISE AGREEMENT**

**AEA DEV LLC  
MASTER FRANCHISEE**

---

**AND**

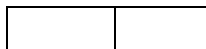
**NAME OF INDIVIDUAL(S) OR COMPANY  
FRANCHISEE**

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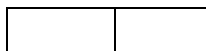


**AEA DEV LLC FRANCHISING LLC  
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into this day of \_\_\_\_\_, 202\_\_\_\_, by and between AEA DEV LLC a Florida Limited Liability Company (“Master Franchisee,” “AEA DEV,” “we,” “us,” or “our”) with its principal place of business at \_\_\_\_\_ and \_\_\_\_\_, (an individual, limited liability company), a \_\_\_\_\_ corporation, (“Franchisee,” “You,” “you,” or “your.”) with its principal address at \_\_\_\_\_.

**INTRODUCTION**

- A. Amazing Explorers Academy (“AEA”) is the result of the expenditure of time, skill, effort and money, has developed and owns a unique system identified as the Amazing Explorers Academy® Franchise System (the “System”) relating to the establishment, development and operation of child-care academies. The Academies feature educational oriented activities and child=care services targeted for children ages six week to twelve years of age. The Academies foster innovation, creativity and collaboration through an integrated and intuitive technology platform for teachers, student and parents under the mark Amazing Explorers Academy® (“Academy”).
- B. The characteristics of the System include proprietary educational and teaching materials; sales and operating methods; interior and exterior design; décor; layout; fixtures and furnishings; learning techniques and materials; standards and procedures for efficient business operations; training and assistance; and marketing programs. The System may be changed, improved and further developed from time to time by AEA as the result of the expenditure of time and research.
- C. AEA identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks Amazing Explorers Academy® logo, Steam Investigations® logo and/or such other different and/or additional trade names, trademarks, and service marks as are now designated and may hereafter be designated by AEA in writing for use with the System (the "Proprietary Marks" or “Marks”).

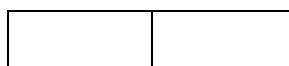


- D. AEA has the right to establish System "Standards and Specifications" for various aspects of the System, including, without limitation, standards and specifications related to location selection, the Academy's physical characteristics, operating procedures, products and services offered, supplier qualifications, training, marketing and other aspects that affect and/or relate to the experience of System customers. You are required to comply with AEA's Standards and Specifications, which AEA has the right to (and expects to) change and modify over time. AEA's Standards and Specifications will be communicated to you in writing through AEA's Operations Manual, through the Internet and other written forms. You acknowledge that complete uniformity may not be possible or practical throughout the System.
- E. AEA Franchising LLC has appointed AEA DEV as a Master Franchisee for select markets in the United States. AEA DEV appoints qualified persons who are willing to undertake the required investment, such as Franchisee, to operate and run an Amazing Explorers Academy®.
- F. AEA DEV is entering into this Agreement in reliance upon Franchisee's representations as to itself and to the person(s) who will participate in the ownership and management of the franchise business.
- G. You have independently investigated the business contemplated by this Agreement and recognize that the nature of the business may change over time, that an investment in Amazing Explorers Academy franchise involves business risks and that the venture's success depends primarily upon your business abilities and efforts.
- H. You desire to obtain franchise rights to use the System in the operation of an educational childcare academy at the location specified in the Exhibit FA-I. AEA DEV has not made and you acknowledge that you have not received and are not relying on any warranty, guarantee, or representation, express or implied, as to revenues, profits or success of the business contemplated by this Agreement.
- I. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and have had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirement associated with the business as well as the competitive market in which it operates.
- J. You understand and acknowledge the importance of AEA DEV 's high standards of quality education, unique teaching methods, proprietary products, cleanliness, appearance, service and the necessity of operating the business franchised under this Agreement in conformity with AEA's Standards and Specifications.
- K. You acknowledge that you received a copy of the Franchise Disclosure Document and have had an adequate opportunity to investigate the business contemplated by this Agreement and to discuss the terms and conditions of this Agreement with your financial and legal advisors at least 14 calendar days prior to signing or prior to making any payment to AEA DEV, whichever is earlier.

**NOW, THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other party set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

## **1. GRANT OF FRANCHISE**

1.1 Grant of License. AEA DEV grants you, a non-exclusive license, strictly upon the terms and conditions contained in this Agreement. You accept the obligation to operate a single Academy (the "Franchised Academy" or the "Franchised Business") only at the Approved Academy Location (as defined in the Exhibit FA-I) and to use the Proprietary Marks and the System solely in the operation



of the Academy. You will not engage in any other business at the Approved Academy Location. You acknowledge and agree that you are obligated to operate the Franchised Academy for the duration of the Term. Paragraphs A through K on pages 1 and 2 of this Agreement are incorporated by reference into the terms of this Agreement.

## 2 SITE SELECTION & RELOCATION

2.1 Site. You may operate the Amazing Explores Academy only at the location Specified in Section 1.1 and Exhibit FA-I. This Agreement grants you a “site only” franchise for a single Academy, which means that you receive no protected, territorial or other rights other than the exclusive area identified in Exhibit FA-I. AEA DEV and its affiliates have the unlimited right to compete with you and license others to compete with you. You may not operate an Academy from any site other than the Approved Academy Location without our prior written consent. If, at the time you sign this Agreement, you have not selected a location for the Academy approved by AEA DEV, you will execute the “Site Selection Addendum” attached as Exhibit FA-II, and will lease, sublease or otherwise secure, within six months after the date of this Agreement, a suitable site for the Academy, subject to our written approval in accordance with the Site Selection Addendum.

2.2 Site Approval. Our approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Academy or for any other purpose. Our approval of a site indicates only that we believe the site complies with acceptable minimum criteria established by us solely for its purposes as of the time of the evaluation. Application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and, after approval of a site by us, demographic and economic factors (such as competition from other similar businesses), whether included in or excluded from criteria used by us, could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control. We will not be responsible for the failure of an AEA DEV-approved site to meet your expectations for revenue or operational criteria. You represent that your acceptance of a franchise for the operation of an Academy at the Approved Location is based upon your own independent investigation of the suitability of the site.

2.3 Site Relocation. If your site is condemned or otherwise rendered unusable, or if in our reasonable judgment there is a change in the character of the location of the Amazing Explorers Academy sufficiently detrimental to its business potential to warrant its relocation, We will grant permission for the relocation of the Amazing Explorers Academy within your Designated Territory at a location and site acceptable to us. Any relocation will be at your sole expense. AEA DEV will have the right to charge you for any costs incurred by us for our services relating to any such relocation of the Academy.

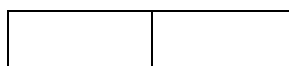
## 3 TERM AND RELICENSING

3.1 The term of this Agreement is for a period of fifteen years beginning on the date both parties sign the Franchise Agreement (the “Commencement Date”).

3.2 You have one option to renew the license granted under this Agreement for an additional term of ten years, subject to the satisfaction of the following requirements:

3.2.1 You give AEA DEV written notice as provided in Section 3.2.9 below.

3.2.2 You execute AEA DEV’s then-current standard form franchise agreement (with appropriate modifications to reflect the fact that it relates to the renewal of a license), which will supersede this Agreement in all respects. The terms of the Renewal Agreement may differ



from the terms of this Agreement, including, without limitation, different rates for royalties and advertising fees and contributions. You will not be required to pay an initial franchise fee (but will be required to pay the relicensing fee described in Section 3.2.8 below). Your failure or refusal to execute and return the new franchise agreement to us within 30 days after its receipt by you will be deemed an election by you not to exercise its option to renew its license.

3.2.3 You present evidence satisfactory to AEA DEV that you have the right to remain in possession of the Approved Location for the duration of the new term, or, prior to the expiration date of this Agreement, you obtain our approval of a new location for the Franchised Academy for the duration of the new term.

3.2.4 To the fullest extent permitted by law, you execute a general release, in a form prescribed by AEA DEV, of all claims against us and each of our affiliates, officers, directors, shareholders, employees and agents.

3.2.5 You (or the Designated Individual) and your managers and employees complete such training as AEA DEV may require at your expense to bring you into conformity with the then-current qualifications and training requirements for new franchisees.

3.2.6 At your expense, you have completed or have made arrangements to renovate and modernize the Franchised Academy in a manner satisfactory to AEA DEV. The renovation includes updating the décor and computer systems remodeling the interior and exterior of the building, the parking lot, signs, furnishing, fixtures and equipment, as needed and required to reflect the then-current specifications, standards and image required by us.

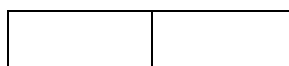
3.2.7 You are not in default of any provision of this Agreement or any other agreement with AEA DEV and have substantially complied with all the provisions of all such agreements during their respective terms.

3.2.8 You pay to AEA DEV a relicensing fee of Five Thousand Dollars (\$5,000) for administrative and legal expenses upon execution of the new franchise agreement.

3.2.9 To exercise its option to renew the license granted under this Agreement, you must give AEA DEV written notice of your intent to renew at least six months, but not more than one year, before the expiration of the initial term of this Agreement. Within 60 days after its receipt of your timely notice of renewal, we will furnish you with written notice of conditions of relicensing, including: (i) the reasons that could cause AEA DEV to refuse to renew your license, including, without limitation, any deficiencies that require your correction; (ii) AEA DEV's then-current requirements for the image, appearance, decoration, furnishing, equipping and stocking of an Amazing Explorers Academy, and (iii) a schedule for upgrades or modifications necessary to bring the Franchised Academy in compliance with our standards.

3.3 AEA DEV will give you written notice of our election not to renew your license at least three months prior to the expiration of the initial term of this Agreement. You will comply with all the provisions of Article 22 of this Agreement upon the expiration of this Agreement due to nonrenewal.

3.4 Unless you exercise your option to renew the license granted under this Agreement in accordance with this Article 3, you have no right to continue to operate the Franchised Academy after the expiration of the initial term of this Agreement. If we permit you to continue to operate the Franchised Academy after the expiration date, but before you execute a new franchise agreement for a new term as required by Section 3.2.2 above, then the temporary



continuation of the Franchised Academy will be on a month-to-month basis and will terminate at the will of AEA DEV by giving you written notice of termination at least 30 days before the termination is effective. If the laws of the jurisdiction in which you or the Franchised Academy are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

#### 4 FRANCHISE FEE AND MONTHLY FEES

##### 4.1 Franchise Fees are payable as follows:

4.1.1 In consideration of the franchise granted in this Agreement, you will pay to Payee a franchise fee of One Hundred Thousand Dollars (\$100,000) upon execution of this Agreement. The Franchise Fee is deemed fully earned and non-refundable.

4.1.2 You will pay a monthly royalty fee of 7% of your gross monthly sales.

4.1.3 Each month during the term of this Agreement, you will pay to Payee, or to such network or regional advertising funds as AEA DEV may establish in accordance with Article 14 an "Advertising Fee" of \$5 per student capacity per month with a minimum fee calculated at 50 students, commencing with the 1<sup>st</sup> month following the date you open your Academy and every month during your Franchise Agreement. You will pay all federal, state and local sales or use taxes that may be levied or assessed, in whole or in part, against fees payable to AEA DEV.

4.1.4 A technology fee of \$5 per student capacity per month may be is determined by AEA DEV depending on the technology employed in your academy.

4.1.5 If you elect to have AEA DEV perform the site selection obligations (analyze your market area, determine site feasibility, and designate a location suitable to you that meets AEA DEV criteria for an Amazing Explorers Academy), you will pay AEA DEV the non-refundable sum of Twenty-Five Thousand Dollars (\$25,000) upon execution of the Real Estate Agreement Contract.

4.1.6 **Payment of Fees. All fees due under this Agreement are payable on the 1<sup>st</sup> day of each month.**

4.1.7 Taxes. You will pay all federal, state and local sales or use taxes that may be levied or assessed, in whole or in part, against the fees payable to AEA DEV.

4.1.8 Non-Refundable. All franchise, royalty, real estate and other fees due Payee are non-refundable.

##### 4.2 Electronic Transfer

4.2.1 Monthly Payments. You will pay your monthly royalty, monthly advertising fees or any amounts owed to Payee under this Agreement or any other agreement by pre-authorized electronic debit (EFT) to your bank or other financial institution account. AEA DEV may, in its sole and absolute discretion, permit or require you to pay any or all such fees to AEA via

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check, which check will be due on 1<sup>st</sup> day of each month due in connection with the immediately preceding month.

4.2.2 Late fees. Royalty, Advertising and any other fees or payment due Payee (except Franchise and Real Estate fees which are paid at execution of the Agreements) must be received no later than the 5<sup>th</sup> day of each month in connection with the immediately preceding month. You will pay AEA DEV (or to the network, local or regional advertising fund) a late fee of \$250 for the first Royalty, Advertising Fee or other payment due us that is not received by AEA DEV within 5 days after the due date and, beginning with month two, \$500 per month for each month the fees are late.

4.3 EFT Forms. You will complete and execute an “Authorization for Electronic Fund Transfers” form (FA-III) and any other form provided by AEA DEV to authorize electronic debits, submit any information required by us for such authorization, comply with procedures specified by AEA DEV, and perform such additional acts as may be necessary to accomplish payment by electronic fund transfer. By signing this Agreement, you authorize AEA DEV to initiate debit entries and credit correction entries to a designated checking account for payment of royalties, advertising fees, or any other amounts payable to us, including, without limitation, attorney fees, interest and late fees. You will maintain a business account at a bank or other financial institution with the capacity to electronically debit your account.

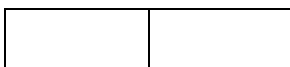
4.4 Account Balance. You will maintain an account balance sufficient to make all royalty, advertising fee, and other payments to AEA DEV by electronic transfer, and any insufficiency will be considered a default in payment pursuant to Section 21 of this Agreement. You will promptly reimburse Payee for any charges incurred by AEA DEV due to a shortage of funds in your account.

4.5 Bank Account. You will maintain a single bank account for your business operations and for the payment of Royalties, Advertising Fees or any other amounts payable Payee.

4.6 Net Payments. All payments required to be made by you to Payee must be the net amount determined according to the applicable paragraph, without deduction for any sales, use, withholding, gross receipts, income, or other taxes that may be levied or assessed on the payments by any state, county, or municipality in which the Franchised Academy is located, in which you reside, or which otherwise possesses the power to tax you or the Franchised Academy. You will remit to the appropriate taxing authorities all sales, use, withholding, gross receipts, income, or other taxes levied or assessed on amounts paid by you to Payee that would otherwise be due from Payee will promptly deliver to Payee receipts of applicable governmental authorities showing that all such taxes were properly paid in compliance with applicable law, and will indemnify and defend Payee and hold harmless from and against all liability for such taxes (including interest and penalties thereon). You will fully and promptly cooperate with Payee to provide such information and records as AEA DEV may request regarding any application by us to any taxing authority with respect to any tax credits.

4.6.1 No Offset or Withholding. You will not offset or withhold payments owed to Payee for amounts purportedly due to you from Payee or AEA DEV affiliates because of any dispute of any nature or otherwise. You will pay the amounts owed to Payee and seek reimbursement after payment.

4.6.2 Allocation. Payee has the right to apply any of your payments to any of your past due indebtedness to AEA DEV or its affiliates, despite any other allocation by Franchisee.



## 5 PROTECTED TERRITORY

5.1 You will have primary responsibility for the development of the maximum sales volume for your Franchised Academy. During the term of this Agreement, AEA DEV may not establish or license another to establish an Amazing Explorers Academy within the “Protected Territory” described in Exhibit FA-I without your prior written consent, so long as you (i) fully comply with all methods, procedures, standards and specifications required by us in the AEA manuals or otherwise in writing, and (ii) do not violate any of the other terms or covenants of this Agreement after having been given time to cure the violation if a cure time is provided by Section 21 of this Agreement. The protected territory is assigned at the time the Franchise Agreement is signed or when the location is approved and is based upon the demographics of the area (Exhibit FA-1).

5.2 Notwithstanding Section 5.1 above, if the population of the Protected Territory increases by more than 25% from its population on the date of this Agreement, AEA DEV may establish or franchise another franchisee to establish an Amazing Explorers Academy within the Protected Territory, provided that if Franchisee is in compliance with the requirements listed in (i) and (ii) of Section 5.1 above, Franchisee will have a right of first refusal to establish an additional Amazing Explorers Academy within the Protected Territory. AEA DEV may reduce the Protected Territory upon any renewal of the franchise and license granted under this Agreement.

5.2.1 You do not acquire any rights to any location or territory, other than the Approved Location and the Protected Territory as set forth in Section 5.1 above, by virtue of this Agreement. Regardless of any other provisions, AEA DEV expressly retains all rights and discretion with respect to the Marks and System, including the right:

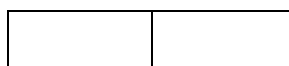
5.2.1.1 to own, acquire, establish and operate, and license others to establish and operate, Amazing Explorers Academies or businesses substantially similar to the Franchised Academy, whether under the Marks or other trademarks, at locations located anywhere outside the Protected Territory.

5.2.1.2 to own, acquire, establish and operate, and to license others to establish and operate, other businesses for the sale of products or services, other than those products and services offered by Amazing Explorers Academies, using other trademarks and commercial symbols at any location both within and outside the Protected Territory,

5.2.1.3 to engage in any activities not expressly forbidden by this Agreement.

5.3 Other Amazing Explorer Academies, including those operated by AEA DEV, its affiliates, and other franchisees and licensees of AEA DEV, may conduct or participate in advertising and promotional activities that target or are directed to potential customers who reside or work in your Protected Territory (including, without limitation, commercials on television and radio stations that broadcast, and advertisements in newspapers and magazines that circulate in the Protected Territory).

5.4 AEA DEV may own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks and other systems, whether such businesses are similar to or different from franchises operating under the System, at any location within or outside the Protected Territory. Provided you comply this Agreement and any other agreement with AEA DEV, if, during the term of this Agreement, we acquire a system of childcare businesses that are the same as, or similar to, Amazing Explorers Academies then operating under the System (an “Acquired System”), the following terms will apply:





5.4.1 AEA DEV will offer you the option to purchase and operate as an Amazing Explorers Academy any unit of the Acquired System (an “Acquired Unit”) that is (i) both purchased by AEA for operation by AEA DEV or its affiliates and is not intended to be operated by a licensee of the acquired system and (ii) is located within the Protected Territory. We will provide Franchisee with written notice of our purchase of the Acquired System, the terms and conditions applicable to the Franchisee’s option to purchase such Acquired Units, and such other information that we deem necessary to include in the notice. The terms and conditions offered to you will include, without limitation, the following: (i) the purchase price will reflect our purchase costs of the Acquired Units, including a per-unit allocation of our costs in purchasing the Acquired System; and (ii) the requirement that you enter into AEA DEV’s then-current form of franchise agreement for the Acquired Unit. You will not be required to pay an initial franchisee fee for an Acquired Unit. If You do not elect to purchase or fail to complete the purchase of an Acquired Unit, AEA DEV has the right to operate itself, or through its affiliates or third-party licensees, the Acquired Unit under any trade name or trademarks other than the AEA Marks.

5.4.2 You will have no right to purchase, and AEA DEV will not be obligated to offer you any option to purchase any Acquired Unit that is operated by a licensee under the Acquired System. We may license such unit to be operated under any trade name or trademarks other than the Marks and may also license additional units of the Acquired System to be developed and operated within the Protected Territory.

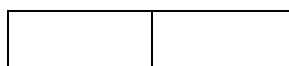
5.4.3 For any Acquired Unit that is located within the Protected Territory, but which either (a) you do not purchase as provided in Section 5.4.1 above, or (b) is not offered for sale to you in accordance with Section 5.4.2 above, then for a period of two years after the date of our purchase of the Acquired System, AEA DEV will pay to you a reverse royalty equal to \$1,000 per month for a period not to exceed one year. AEA DEV will pay the reverse royalty to Franchisee on the twentieth day of the month immediately following each quarter of the year for which we have committed to pay you.

## **6 USE OF AEA DEV PROPRIETARY MARKS, MATERIALS & SYSTEM**

6.1 The Marks are currently owned by our affiliate and are licensed to AEA DEV in connection with expanding and administering the System. The Marks and the System are the sole and exclusive property of an AEA affiliate. Your use of the Marks and the System will not give you any ownership interest or other interest in or to the Marks or the System other than the license granted by this Agreement. Franchisee will not impair, abrogate or contest AEA’s ownership of the Marks or the System, or reveal any information provided to Franchisee by AEA DEV, including, without limitation, the Proprietary Items which are considered by AEA to be confidential and proprietary. You are only a licensed user of the Marks and the System and may not use the Marks or the System in any business other than as a franchisee of AEA DEV. You may not use any of AEA’s teaching methods, technology, proprietary computer programs or advertising in any business other than as a franchisee of AEA DEV. Any unauthorized use of the Marks, the System, or confidential information will constitute an infringement of AEA rights. You agree that:

6.1.1 You will use only the Proprietary Marks designated by AEA DEV for the operation of the Franchised Academy and will use them only in the manner authorized and permitted by AEA DEV. Any unauthorized use of the Marks will constitute an infringement of AEA’S and AEA DEV’s rights.

6.1.2 You will have the right to use the Marks only (a) at the Franchised Academy and in the operation of the Franchised Academy in strict accordance with the terms of this



Agreement, the Manual and AEA's standards and specifications, and (b) in advertising and/or promoting the Franchised Academy, in strict accordance with the terms of this Agreement, the Manual and AEA's standards and specifications.

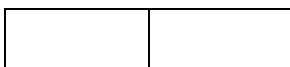
6.1.3 Whenever you use the Marks, you will clearly indicate AEA's ownership of the Mark. You may not represent that you have any ownership in the Marks. You may not use any of the Marks, or any derivative or colorable variation thereof: (i) as part of Your surname, corporate name, limited liability company name, or partnership name; (ii) on or as part of any website, social media, domain name, URL, web page, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines, or other similar services. You may not add to, delete from, modify or alter any of the Marks, or register any of the Marks, or any derivative or colorable variation thereof, as a service mark, trademark, or Internet domain name.

6.1.4 You acknowledge that this Agreement does not grant you the right to offer or sell services or products from any other location or by any other means, including but not limited to catalog, Internet sales (or the like), without our prior written consent, which may be given or withheld by us in our sole and absolute discretion. Further:

6.1.4.1 You will not develop, create, generate, own, license, lease or use, in any manner, any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, web page, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or in part, the Marks, or any of them, or any words, symbols or terms confusingly similar, without AEA DEV's prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as we may establish from time to time. If such consent is granted, AEA DEV reserves the right to revoke its consent effective upon written notice to you.

6.1.4.2 You will not use electronic media, including the Internet or social media sites, in a manner that uses or displays, in whole or in part, the Proprietary Marks, or any of them, or any words, symbols or terms confusingly similar, without first obtaining AEA DEV's specific written consent. If AEA DEV's consent to such use is given, you must in all instances comply with any conditions and restrictions we impose, including all procedures, policies, standards and specifications we may establish from time to time. The provisions of this subsection, without limitation, relate to your use of social media, including Facebook®, Twitter®, LinkedIn®, Living Social®, Groupon®, Instagram® or any other similar or comparable social media platform.

6.1.4.3 You will execute any documents deemed necessary by AEA, AEA DEV, or AEA DEV's counsel, to obtain protection for the Marks or to maintain their continued validity and enforceability. You will comply with AEA DEV's requests and applicable law in filing, maintaining and canceling any requisite trade, assumed or fictitious name registration. If you fail to do so, AEA DEV may execute any such documents in your name and on your behalf, and you irrevocably appoint and designate us as your attorney-in-fact to do so. If AEA DEV provides you with any contracts, agreements, forms, or other documents that contain any of the Marks, you will not alter or modify the contracts, agreements, forms, or documents without our prior written consent.



6.1.4.4 You will not, directly or indirectly, contest the validity of the Marks, or AEA's affiliate's ownership of the Marks.

6.1.5 If litigation involving the Marks is instituted or threatened against you, you will promptly notify AEA DEV and will cooperate fully in defending or settling such litigation.

6.1.6 You will promptly notify AEA DEV of any infringement of, or challenge to, the Marks. AEA DEV and/or its affiliate will, in its sole discretion, take such action as we and/or our affiliate deems appropriate. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims (including costs and reasonable attorneys' fees) for any alleged infringement under Federal or state trademark law arising solely from your use of the Marks in accordance with this Agreement, or as otherwise set forth by us in writing, if you have promptly notified AEA DEV of such claim. If AEA DEV and/or its affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Marks, you must execute all documents and do such acts and things as may, in the opinion of AEA DEV's counsel, be necessary to carry out such defense or prosecution. AEA DEV has the right to require, in its sole discretion, that you discontinue, modify or substitute any of the Marks in connection with any pending or threatened litigation involving your use of such marks so long as we indemnify you from your out-of-pocket costs incurred to effectuate such change.

6.2 Acknowledgments. You expressly understand and acknowledge that:

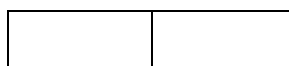
6.2.1 AEA's affiliate is the owner of all right, title and interest in and to the Marks and only AEA's affiliates have the right and interest in the goodwill associated with and symbolized by the Marks.

6.2.2 Your use of the Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Marks, except the license granted by this Agreement. Any and all goodwill arising from your use of the Proprietary Marks will inure solely and exclusively to AEA and/or its affiliate's benefit, and upon expiration or termination of this Agreement and the license granted by this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System, or the Marks.

6.2.3 AEA DEV has the right, at any time, by giving notice to you, to completely change, delete from, and/or make changes in the Proprietary Marks in our unrestricted discretion. You must, at your expense, adopt and use any additions, deletions and changes to the Marks that AEA requires. If AEA DEV decides at any time in its sole discretion to modify or discontinue the use of any Mark or use additional or substitute Marks, you must comply with AEA DEV's directions within a reasonable time after we give you notice. AEA DEV has no obligation to reimburse you for any expenses you incur in connection with the modification or discontinuance of any Marks, including your direct costs of changing signs, loss of revenue or costs of promoting any new or modified Mark.

## 7 CONFIDENTIAL INFORMATION

7.1 Compliance with Operations Manual. To protect AEA's reputation and goodwill and to maintain high standards of operation under Amazing Explorers Proprietary Marks, you will conduct your business in accordance with the standards, methods, policies, and procedures specified in the Manual, one copy of which you acknowledge having received on loan from AEA DEV for the term of this Agreement. The "Manual" means AEA's confidential operations manual(s), which may consist of printed manuals, computerized documents or software, information provided on the Internet or an



extranet, audiotapes, videotapes or any other medium periodically for use with the System and designated as part of the Manual, including any amendments. The Manual may contain information and specifications concerning the System standards and any other information and specifications concerning system Standards and any other information AEA DEV provides periodically to System franchisees.

7.2 Confidentiality. You will treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Academy, and the information contained in the Manual as confidential. You will use all reasonable efforts to keep such information confidential. You will not during the Term of this Agreement or thereafter communicate, divulge, or use for the benefit of any other person, persons, partnership, association, limited liability company or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised that may be communicated to you or of which you may be apprised by virtue of your operation of the Franchised Academy. You will divulge to your employees only the necessary confidential information they must have access to in order to operate the Franchised Academy. All information, knowledge, know-how and techniques which AEA DEV designates as confidential will be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to disclosure of that information by us, or which, at or after the time of disclosure by AEA DEV to you, the information became or later becomes a part of the public domain through lawful publication or communication by others.

7.3 Covenants. As a condition of employment, you will require all Franchisee Trainees, any employees who attend AEA DEV's Initial Training or Additional Training programs, your Director, manager(s) and any personnel having access to any of AEA's confidential information, will execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you at the Franchised Academy. The covenants will be in the form attached to this Agreement as Exhibit H, which form provides AEA DEV with the independent right to enforce the covenants. You will provide us with a copy of all executed covenants within five days after hiring any such Director, managers and/or employees.

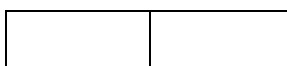
7.4 Injunctive Relief. You acknowledge that any failure to comply with the requirements of this Article 7 will cause us irreparable injury, and you agree to pay all court costs and reasonable attorney's fees incurred by us in obtaining specific performance of, or an injunction against violation of, the requirements of this Article 7.

7.5 Modifications, Revisions, Additions. AEA DEV may, from time to time, revise, modify or make additions to the contents of the Manual, and you expressly agree to comply with each new or changed standard and/or specification. Without limiting the generality of the foregoing, AEA DEV may update and change the Manual periodically to reflect changes in the System standards. We may notify you of operating changes by e-mail, facsimile, Internet transmission, extranet, or by any other means. We may require you to access an extranet or comparable system daily to check for operational and other changes. If you fail to do so as designated by AEA DEV, you will nevertheless be bound by any changes you would have received had you checked as required.

## **8 DESIGN & CONSTRUCTION OF FRANCHISE ACADEMY**

### **8.1 Constructions Requirements**

8.1.1 Plans and Specifications. AEA DEV will provide you with AEA's then-current generic, prototypical plans for a typical Academy (paper or digitally in PDF format), which will include a sample layout for the interior of a typical franchised location. You acknowledge that such plans and specifications will not contain the requirements of any federal, state, or



local law, code, or regulation (including, without limitation, those concerning the Americans with Disabilities Act [the “ADA”] or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor will such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build the Franchised Academy. It is your sole and absolute responsibility to construct the Franchised Academy in accordance with all applicable laws, including the ADA and local laws, rules and regulations governing public accommodations.

8.1.2 Leased Premises. If you plan to occupy the premises for the Academy under a lease or sublease, you will, before the execution of the lease or sublease, submit it to AEA DEV for its review and approval, which will not be unreasonably withheld. To comply with our lease requirements for the premises, your lease or sublease, or rider to the lease or sublease, must contain the lease terms and conditions specified by us which may include, without limitation, those described in the Site Selection Addendum (Exhibit FA II) and a Collateral Assignment of Lease (Exhibit G) of the Franchise Disclosure Document).

8.1.3 Adaptation of Plans and Specifications. You will, at your sole cost and expense, employ architects, designers, engineers or others as may be necessary to complete, adapt, modify or substitute the sample plans and specifications to AEA DEV prior to commencing construction of the Franchise Academy. We will review such plans and specifications and will approve or provide comments on the plans and specifications to you. AEA DEV’s review and approval of plans will be limited to review of such plans to assess compliance with our design standards for Amazing Explorers Academy®, including such items as trade dress, presentation of the Marks, and the provision of services and materials that are central to the operation of Amazing Explorer Academies. The review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws are the sole responsibility of Franchisee.

8.1.4 AEA DEV Approval. You will not commence construction of the Franchised Academy until AEA DEV approves, in writing, the final plans and specifications to be used in constructing the Franchised Academy. Once approved, the final plans may not then be changed or modified without our prior written permission. Any change made without our prior written permission will constitute a default and AEA DEV may withhold its authorization to open the Franchised Academy for business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

8.1.5 Alterations and Modifications. If AEA DEV determines that the Franchised Academy is not being built, or was not built, in full accordance with the final plans, we have the right to require you to cause to be made all alterations or modifications of the Franchised Academy that we deem necessary. We may consult with you, to the extent we deem necessary, on the construction and equipping of the Franchised Academy, but it will be and remain your sole responsibility to diligently design, construct, equip and otherwise ready and open the Franchised Academy.

8.1.6 Zoning and Permits. You will be responsible, at your expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy, and Franchised Academy clearances, which may be required by governmental authorities for the Franchised Academy.

8.1.7 Insurance Coverage. You will obtain and maintain in force, during the entire period of such construction, such insurance policies and for such amounts as AEA DEV may designate in its sole discretion.



8.1.8 Licensed Contractors. You will use licensed general contractors, designers and architects in performing all construction work at the Franchised Academy, including any remodeling or renovations. AEA DEV expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors, or any other persons or entities AEA DEV may refer to you. AEA DEV is not responsible for delays in the construction, equipping or decoration of any Franchised Academy or for any loss resulting from the Franchised Academy design or construction. You acknowledge that we have no control over the landlord or developer and numerous constructions and/or related problems that could occur and delay the opening of the Franchised Academy.

8.1.9 AEA DEV Access to Academy and Progress Reports. AEA DEV will have access to the Franchised Academy at all times during the Term, including while work is in progress, and may require alterations or modifications of the construction of the Franchised Academy that we deem necessary.

8.1.10 Inspection; Approval. You will promptly notify AEA DEV of the date of completion of the construction of the Franchised Academy and, within 10 days after notification, We will have the right to conduct a final inspection of the Franchised Academy. You will not open the Franchised Academy for business without our express written authorization. Our authorization to open may be conditioned upon your strict compliance with the specifications of the approved final plans and with the standards of the System.

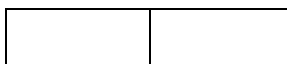
8.1.11 Completion and Opening Requirements. You will complete construction of the Franchised Academy (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the plans approved in writing by AEA DEV at your expense and open the Franchised Academy no later than 24 months after the date on which you enter into a valid and binding lease agreement or purchase agreement, as applicable, for the Approved Academy Location (the "Required Opening Date").

8.1.12 Opening Notice. In connection with the opening of the Franchised Academy, you will provide at least 30 days' prior notice to AEA DEV of the date on which you propose to open the Franchised Academy for business.

8.1.13 Itemization of Costs. Not later than 60 days after the Franchised Academy opens for business, you will furnish to AEA DEV an itemization of all costs incurred by Franchisee in developing and opening the Franchised Academy, including construction, equipment, fixtures and signs.

## 8.2 Installation of Equipment, Furnishings, Fixtures and Signs / Decor.

8.2.1 You will install and use in and about the Franchised Academy only the equipment, fixtures, furnishings, interior and exterior signage, and other personal property which strictly conforms to AEA's appearance, uniform standards, specifications and procedures and the System, as may be revised from time to time in our sole discretion. Such items are sometimes referred to herein collectively as "Equipment and Furnishings." You will purchase and install all Equipment and Furnishings only from those suppliers we designate or approve in our sole discretion. All furniture, fixtures and equipment will be specified by and supplied through us. AEA DEV has the right to retain any rebates or incentives offered by such vendors or suppliers. We reserve the right to be one of, or the sole, supplier of any Equipment and Furnishings and may derive revenue, benefits, or other material consideration from such



purchases. We have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with AEA's Standards and Specifications.

8.2.2 You agree that all décor of the Franchised Business must be previously approved by AEA DEV and must comply with AEA's standards as described in the Manual or in other written communications we provide to you, which may be periodically revised. AEA owns certain copyrights in and to certain forms of art or other visual media AEA DEV requires you to display in your Franchised Academy. These items include pictures, drawings, photographs and merchandise that AEA DEV directs you to display (the "Art"), as well as all intellectual property rights in and to the Art. You will not, without our prior written consent, allow any of the Art to become a fixture of your Franchised Academy and you will not display or use the Art in any other business. Your failure to maintain your Franchised Academy's décor in compliance with our specifications and standards described in the Manual or otherwise, constitutes a material breach of this Agreement.

### 8.3 Initial Inventory Package, Equipment, Furniture and Supplies

8.3.1 After you sign this Agreement and before you open your Franchised Academy, AEA DEV will provide you, at no cost, lists of the start-up inventory, furniture, fixtures, software, teaching materials, equipment and supplies that we require you to obtain before you open. We will also provide you with a list of any designated or approved suppliers.

8.3.2 Before you open your Franchised Academy, you must purchase the Initial Inventory Package from the supplier designated by us, which supplier may be AEA DEV and/or our affiliate. We do not provide any warranty or service guaranty of any item, including, without limitation, any inventory item.

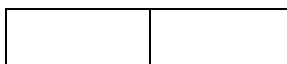
8.3.3 Unless AEA DEV designates otherwise in writing, you will establish independent commercial relationships with our approved or designated suppliers for specific items. You will establish independent commercial relationships with other suppliers for the goods and services for which we only provides specifications. Our list of approved suppliers and specifications for goods and services are included in the Operations Manual or in other materials we give you from time to time.

## 9 **REQUIRED EQUIPMENT, PRODUCTS, PURCHASES & SUPPLIES**

9.1 Equipment, Fixtures and Furnishings. You will, at your expense, purchase or lease, install and use in the Franchised Academy only such equipment, fixtures, furnishings, décor items, interior and exterior signage and other personal property which AEA DEV designates or requires, all of which must conform to the Manual and AEA's standards, specifications and other publications AEA issues from time to time. You will not install or permit to be installed at the Franchised Academy any item that is not specifically approved or designated by us. We have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with this Agreement and AEA's standards and specifications. You will not install or permit to be installed at the Franchised Academy:

9.1.1 any computer terminals, videos, books, games, vending machines, entertainment devices or similar items not specifically approved or designated by AEA DEV; or

9.1.2 any fixtures, furnishings, equipment, décor items, signs or other items that do not comply with AEA's standards without our prior written consent.



9.2 Services, Materials, Products. You must offer for sale or otherwise use in the Franchised Academy all services, products, materials and items AEA DEV requires, including all textbooks, videos and educational materials and food products designated by us. These services, products, materials and items must be used in manner, quantities and style we require and in accordance with Sections 9.5 and 9.6 of this Agreement. You will not offer for sale any service, material, item, or product that is not specifically approved by us, or that is disapproved for sale at the Franchised Academy in our sole and absolute discretion. You may not deviate from AEA's Standards and specifications in any way without first obtaining our written consent, which may be granted or withheld in our sole and absolute discretion. Neither AEA DEV nor its affiliates make any express or implied warranties regarding the goods and services you must purchase, and we and our affiliates exclude (and expressly disclaim) all implied warranties of merchantability and fitness for a particular purpose, except as set forth in a particular written warranty, if any, provided regarding a particular item or service.

9.3 Propriety Items. AEA has developed its unique proprietary methods of teaching, video instruction programs and other learning methods and tools ("Proprietary Items") and may continue to develop and own proprietary products. To protect its trade secrets and to monitor the manufacture, packaging, and processing we have authorized a limited number of suppliers to sell Proprietary Items. AEA DEV or our affiliate will (i) manufacture, supply and sell Proprietary Items to our franchisees at our cost plus a reasonable profit, or (ii) disclose the creation and production of the Proprietary Items to a limited number of suppliers who will be authorized by us or our affiliates to manufacture Proprietary Items to AEA's precise specifications and sell Proprietary Items to our franchisees. You will purchase and use Proprietary Items only from approved AEA suppliers.

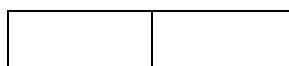
9.4 Supply of Designated or Approved Items. You will maintain in sufficient supply and at all times the items designated or approved by AEA DEV, including videos, audio tapes, books, materials, supplies, products, merchandise and Equipment and Furnishings in the quantities designated by us. In no event will you maintain less than the level of supply necessary to meet your students' needs. We have the right to designate minimum quantities for all items you are required to provide and/or carry at the Franchised Academy.

9.5 Approved Suppliers.

9.5.1 Approved Suppliers. You will purchase all services and items, including, without limitation, products, materials (including textbooks, videos, audio tapes and materials), inventory, services, signs, Equipment and Furnishings, fixtures, and supplies only from distributors and suppliers that we have approved. We will provide you with a list of approved suppliers, which we have the right to change at any time in our sole and absolute discretion. We have the right to revoke its approval of any approved supplier at any time. If a supplier is disapproved, you will immediately cease from purchasing or acquiring any items from any such supplier. AEA DEV reserves the right to become an approved vendor, or the only approved supplier for any item, product or service in the future.

9.5.2 Supplier Contracts. AEA DEV may require you to enter into, and strictly comply with the terms of agreements and contractual arrangements directly with System suppliers in the form(s) designated by us (each a "Supplier Contract"). You agree to immediately sign and comply with all such requirements. You acknowledge that the Supplier Contracts may change over time and new Supplier Contracts may be designated in the future.

9.5.3 Proposal of Additional Suppliers. If you wish to purchase any items, materials, products, Equipment and Furnishings, merchandise or supplies from a supplier who is not on AEA DEV's approved list, you may request our approval of the supplier or distributor. The





following procedures will apply in the event you wish to propose an alternate supplier or distributor:

9.5.3.1 To be approved: (i) the item, product or service offered by the proposed supplier or distributor must conform in every respect to AEA's standards and specifications. The supplier or distributor must have a good business reputation and be able and willing to provide sufficient quantities of the product or service to you; and (ii) the proposed supplier or distributor must provide us with any information AEA DEV requests in order to analyze the supplier's or distributor's suitability and the composition and conformity of the product or service to AEA's standards. This evaluation may include a sampling of the product or service at either the supplier's/distributor's or our place of business, as we may designate. AEA DEV expects that the cost of testing will range from \$500 to \$2,000 depending on the complexity of the products or services. You or the supplier will be responsible for all costs and expenses we incur in the testing and approval process.

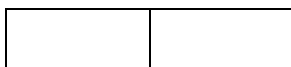
9.5.3.2 We cannot predict with any certainty how long our evaluation will take; however, we will attempt to complete the evaluation within a reasonable time, generally not to exceed 60 days. Upon the completion of the evaluation, we will inform you whether we will approve or disapprove the proposed supplier or distributor. If AEA DEV approves the supplier or distributor, the supplier or distributor will be added to our approved list, however, our approval of a supplier or distributor relates only to the item or product line evaluated and specifically approved by us.

9.5.3.3 AEA's standards, specifications and other criteria for supplier or distributor approval have been developed through the expenditure of extensive work and time and are considered confidential information. Therefore, we have no obligation whatsoever to make its standards and specifications or our other criteria for supplier or distributor approval available to Franchisee or proposed or approved suppliers.

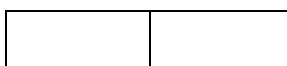
9.5.3.4 The proposed supplier or distributor may be required to sign a Confidentiality Agreement and must agree to provide AEA DEV with reports concerning all purchases by you and other franchisees.

9.5.4 Other Purchases. All inventory, products, materials and other items and supplies used in the operation of the Franchised Academy that are not specifically required to be purchased in accordance with the Approved Suppliers list must nonetheless conform to the specifications and quality standards we have established.

- 9.6 Right to Derive Revenue & Consideration. You acknowledge and agree that AEA DEV, and/or our affiliates reserve the right to derive income, consideration, payments and other material benefits because of your purchase and/or lease. We may derive income from any system franchisee's purchase and/or lease of any item and/or service, including, without limitation, equipment and furnishings, products, materials, services and other items from us or any supplier, including approved suppliers, and designated suppliers. This income may be derived in any form, including as a rebate from suppliers or distributors based on the quantity of System franchisee purchases. AEA DEV may use these benefits for any purpose we deem appropriate. We are not obligated to remit any benefits to you and reserves the right to retain all such benefits. We do not guarantee the availability of independent sources of supply for any particular item, equipment or furnishings, product, material or service required to establish or operate the Franchised Academy.



- 9.7 Purchasing Programs. AEA DEV will have the right, in its discretion, to designate any geographical area for purposes of establishing a purchasing program (“Purchasing Program”). If a Purchasing Program applicable to the Franchised Academy has been established at the time Franchisee commences operations, or is established during the Term, you will immediately participate in the Purchasing Program, unless prohibited by applicable state and/or federal laws, rules or regulations.
- 9.8 Communication and Information Systems. To ensure the efficient management and operation of the Franchised Academy and the transmission of data to and from AEA DEV, you will, at your own expense, install, prior to opening the franchise business (and will maintain and utilize during the term of this Agreement), the Communication and Information Systems specified by the us from time to time. You must use the computer programs and software designated by us. The database and programming are proprietary and confidential and remains the intellectual property of AEA.
- 9.9 Hardware and Software. As used in this Agreement, the term “Communication and Information System” will mean: the hardware (including, without limitation, one or more computers and/or other computer components); software designed for the teaching, management and operation of the Franchised Academy, as well as reporting and sharing information with AEA DEV; and communication systems (including, without limitation, digital or analog modems, satellite, cable, Wi-Fi, internet and other systems).
- 9.9.1 You will lease and/or purchase its Communication and Information System only from such supplier or suppliers that AEA DEV has approved in writing pursuant to the provisions of Section 9.5 above. Franchisee will not install, or permit to be installed, any devices, software or other programs not approved by us for use with the Communication and Information System.
- 9.9.2 AEA DEV may from time to time develop or authorize others to develop proprietary software programs for use in the System, which you may be required to purchase, license and use in the operation of the Franchised Academy. You agree that you will execute any license, sublicense, or maintenance agreement required by AEA DEV or any other approved licensor or Approved Supplier of such proprietary software programs.
- 9.9.3 You will upgrade and update your Communication and Information System in the manner, and at the time, specified by AEA DEV in writing, in accordance with Section 10.4 below.
- 9.9.4 You will have the sole and complete responsibility for the manner in which Franchisee’s Communication and Information System interfaces with other systems, including those of AEA DEV and other third parties, as well as any and all consequences that may arise if your Communication and Information System is not properly operated, maintained, and upgraded.
- 9.9.5 You will: (a) promptly enter into its Communication and Information System and maintain all information required to be entered and maintained by AEA DEV; (b) provide to us such reports as we may reasonably request from the data so collected and maintained; and (c) always permit us to access your Communication and Information System via modem or other means specified by us from time to time. You will cooperate with us and will execute all documents required by us to permit access to your Communication and Information System and its data. The reporting requirements of this Section will be in addition to and not in lieu of the reporting requirements in Article 10 below.



9.9.6 AEA DEV has the right to use all data collected or provided by you, downloaded from your Communication and Information System, and otherwise collected from your system, in any manner that we deem appropriate in the operation of the System. We have the unlimited right to disclose or distribute such information to our other franchisees or to disclose of such information to prospective franchisees by inclusion in ours franchise disclosure document, or otherwise, without compensating you for the use of the information.

9.9.7 Prior to opening the Franchised Academy and during the term of this Agreement, you will always obtain and maintain a standard e-mail account capable of receiving and sending attached files of a size specified by us in our Manuals or otherwise communicated to Franchisee from time-to-time. You will also obtain a high-speed cable or telephone Internet connection via a commercial Internet service provider.

9.9.8 AEA DEV has the right, but not the obligation, to establish a website (as described in Section 14.5 below) or other electronic system providing private and secure communications (e.g., an extranet) between us, you, other franchisees, and other persons and entities as determined by us, in our sole discretion. You will establish and maintain access to the extranet in the manner specified by us and will from time to time execute such agreements and/or acknowledge and agree to comply with such policies concerning the use of the extranet as we may prepare.

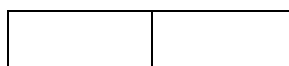
9.9.9 Security Interest. You grant AEA DEV a security interest in and to all your inventories, supplies and equipment and any items sold by us to you in order to secure the payment of any of your obligations to us. You will execute all documents required to effectuate and perfect our security interest, and if you do not do so, we may execute the documents in your name and on your behalf, and you irrevocably designate us as your attorney-in-fact to do so.

## 10 GENERAL OPERATING STANDARDS & DUTIES OF FRANCHISEE

10.1 You must maintain our high standards with respect to teaching methods, programs, facilities, services, products, and quality. Without limiting the generality of the foregoing, you will construct, open, maintain and operate the Franchised Academy for the entire term of this Franchise Agreement in accordance with the standards and specifications set forth in this Agreement, in AEA's Manual and any other written publication or policy issued by us. You agree to operate the Franchised Academy in accordance with the System and only for the purpose designated in this Agreement, the Manual and other publications we issue from time to time.

### 10.2 General Operational Obligations.

10.2.1 Quality Standards. All programs, services, materials, items and goods offered, provided, sold or used at the Franchised Academy will meet AEA's standards and specifications. You will offer: a) all the services and programs we prescribe; b), only those programs that meet AEA's standards and specifications; c) only those services and programs which have been approved by us expressly in writing through the Manual or otherwise; and d) AEA's proprietary Enrichment and STEAM Curricula. All AEA Academies require accreditation by an AEA approved accreditation agency within your territory. Teachers must be credentialed, fingerprinted and CPR certified. Each AEA DEV facility reserves the right to require random drug testing of employees as allowed by law. You must comply with all applicable childcare licensing statutes and regulations and other laws enacted by your state and local government regarding the protection of children and the operation of childcare facilities. You will not deviate from these methods, techniques, standards or specifications



without our prior written consent. You will discontinue offering all items, services, programs, and/or materials disapproved by us immediately upon receipt of written notice from AEA DEV.

10.2.2 Hours of Operation. You will keep the Franchised Academy open and in normal operation for such minimum hours and days as AEA DEV may specify in its sole and absolute discretion unless you obtain written permission to do otherwise. You will use the Approved Academy Location solely for the operation of the Franchised Academy and no portion of the premises may be assigned, subleased, or otherwise transferred except as part of a sale of the Franchised Academy that is approved by us in writing. You will operate the Academy in strict conformity with such methods, standards and specifications as we may prescribe from time to time.

10.2.3 Supervision. The Franchised Academy must always be under the direct, on-premises supervision of a Director, unless AEA DEV has given its prior written approval otherwise. Franchisee's Director/Owner must devote his/her entire work time to the management of the Franchised Academy. You will have exclusive control over, and assume full responsibility for, all labor relations, including hiring, firing, disciplining, and compensation and work schedules of your employees.

10.2.4 Staff. You will employ and maintain a competent, conscientious, trained staff. You acknowledge that it is your responsibility to ensure that all directors, managers and employees follow AEA DEV's standards and specifications. You will comply with such dress code as we may prescribe.

10.2.5 Customer Relations. You will take such steps as are necessary to ensure that you and your employees preserve good customer relations and render competent, prompt, courteous and knowledgeable service. You will handle all customer complaints, gift certificates, promotional certificates, refunds and other adjustments in a manner that will not detract from the name and goodwill of AEA, and as may be prescribed in writing by us.

10.2.6 Telephone. You will maintain a telephone number for the operation of the Franchised Academy and will execute a conditional assignment of all telephone numbers used in connection with the Franchised Academy in the form attached as Exhibit I to this Agreement.

10.2.7 Inspections. You will permit AEA DEV and its agents to enter the Franchised Academy premises at any time to conduct inspections of your operations. You will cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request. Upon notice from us or our agents, and without limiting our other rights under this Agreement, you will take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, in addition to any other rights or remedies available to us under this Agreement or applicable law, AEA DEV has the right and authority (without, however, any obligation to do so) to correct such deficiencies and to charge you a reasonable fee for our expenses in so acting, payable by Franchisee upon demand. We may confer with your employees and supplier regarding the operation of your Franchised Academy.

10.3 Maintenance, Repairs, Renovations and Refurbishment.

10.3.1 Repair and Maintenance of the Franchised Academy. You will repair and maintain the Franchised Academy (including adjacent public areas and parking lots) in a clean, orderly



condition and in good repair and in accordance with the System, the Manual and this Agreement.

**10.3.2 Remodeling of Franchised Academy.** We may require you to renovate or remodel the Franchised Academy (“Remodeling”) to improve the appearance and efficient operation of the Franchised Academy, comply with the prevailing brand image of System Academies, or comply with System standards. Without limiting the generality of the foregoing, any remodeling may include: (i) the incorporation of updated design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Academies using the System; (ii) the replacement of worn out or obsolete equipment, fixtures, furniture and signs; (iii) the substitution or addition of new or improved equipment, fixtures, furniture and supplies; (iv) redecorating of the interior of the Franchised Academy; and (v) reasonable structural modifications of the premises. You must complete all required Remodeling within the time prescribed by us. We will not require you to complete a Remodeling of the Franchised Academy during the first two years after the Effective Date, or during the last year of the Term except as required to qualify for a Successor Franchise Agreement. We also will not require you to complete a Remodeling more than once every five years. Notwithstanding the foregoing, we may, without any limitation, require you to (a) purchase or lease additional equipment that is required in a majority or all System Academies, specifically including, but not limited to, computer systems as defined in Section 10.4 below, (b) make any and all repairs necessary, or repaint to maintain the interior and exterior of the Franchised Academy in a clean and orderly condition satisfactory to us as required by Section 10.3.1, (c) complete any required renovations upon any transfer of the Franchised Academy, (d) make any changes related to modification of the Marks, and (e) make any changes to the signage we require.

**10.4 Computer & Security System.** You will purchase and maintain a computer system, as designated by AEA DEV, to be used in the operation of the Franchised Academy and for the reporting purposes from the supplier designated by us. You will comply with the following provisions relating to the Computer System:

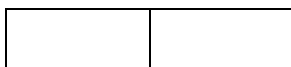
10.4.1 You will install an AEA approved security camera system with parent and corporate access and will upgrade it as designated by AEA DEV and at your sole cost and expense.

10.4.2 You will update and upgrade the Computer System as designated by AEA DEV. We may require you to enter into a separate maintenance and/or support agreement for your Computer System at any time, at your sole cost and expense.

10.4.3 You will record all sales at or from the Franchised Academy at the time of sale on the Computer System in accordance with our procedures.

10.4.4 You will comply with such requirements determined by AEA DEV from time to time regarding maintenance, training, storage and safeguarding of data, records, reports and other matters relative to the Computer System.

10.4.5 AEA DEV has the right to independently access any and all information on your Computer System at any time, without first notifying you. Without limiting the generality of the foregoing, you will, at your sole cost and expense permit us immediate access to your Computer System, electronically or otherwise, without prior notice to you. We have the right to use the information accessed on the Computer System in any manner we determine, including the right to use any and all such information in our Franchise Disclosure Document,



and to share financial statements, including profit and loss statements, with other System franchisees.

10.5      Pricing and Promotional Programs.

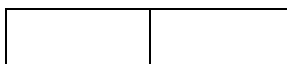
10.5.1 Pricing of Services. AEA DEV reserves the right, subject to compliance with applicable laws, to require you to offer all programs, services, and/or items at prices not to exceed the prices we publish from time to time, effective upon written notice to you. We reserve the right to prohibit you from charging prices lower than our published prices for any item, to the maximum extent allowed by applicable law. You will have sole discretion as to the prices to be charged to customers with respect to the offer and sale of all other goods and services.

10.5.2 Promotional Programs. You will participate in loyalty programs and all national, regional or local advertising and promotional activities we require. You understand that we may frequently implement promotions such as discount coupons, frequent customer cards, student promotions and other activities intended to enhance customer awareness and build traffic at Academies on a national, regional or local level. You understand that your participation in these programs is essential to their success and that your participation may entail some cost to you. You agree that we have no obligation to reimburse you for any costs you incur due to your mandatory participation in these special promotional programs. Without limiting the foregoing, we may directly, or through an affiliate or licensee, offer and/or sell any item, product or service through alternative channels of distribution, including the Internet, mobile applications and any other available technology. These items may include pre-paid on-line student registration fees. We may require you to, among other things, honor any and all student registrations purchased through any such means at your Academy. You will not use any deceptive or unethical practices in the conduct of any promotion of the Franchised Academy and will immediately desist from any activity that AEA DEV deems to be injurious to its reputation.

10.5.3 Development of AEA products. We may develop trademarked teaching and learning methods and systems, product lines consisting of T-shirts, apparel and other merchandise and products bearing the Marks ("Trademarked Products"). If we introduce Trademarked Products into the System, you will be required to carry an adequate supply and maintain a representative inventory of the Trademarked Products as required by the us manuals or otherwise communicated to you from time to time. You will maintain, carry and promote the Trademarked Products as designated by us to meet customer demand. You will purchase all Trademarked Products from us, our affiliate, or other designated sources that manufacture the Trademarked Products to AEA's specifications.

10.6      Compliance with Laws & Regulations. You will comply with all laws, regulations and requirements of federal, state, municipal, and other governmental entities and agencies (including, without limitation, Title VII of the Civil Rights Act, the ADA, the Age Discrimination in Employment Act, and any other federal, state or local employment laws relating to occupational hazards and health, consumer protection, trade regulation, employment discrimination, and sexual harassment), and to obtain and maintain any and all licenses, certificates and permits required by any governmental agencies or otherwise necessary to operate the Franchised Academy. You agree and acknowledge that you alone will be responsible for compliance with the obligations under this paragraph, and that AEA DEV has no obligation with respect these requirements.

10.7      Notification of Proceedings. You will notify AEA DEV in writing within 5 days after the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental agency, relating to your compliance with



health or safety standards at, or which may adversely affect the operation or financial condition of, the Franchised Academy.

10.8 Payments. You will promptly pay, when due, all taxes levied or assessed and all accounts and other indebtedness of every kind that you incur.

## 11 REPORTS & ACCOUNTING RECORDS

11.1 Monthly Sales Reports. You will prepare and submit to AEA DEV via electronic mail to the email address designated by us, or such other delivery method as specified by us, the monthly Enrollment & Sales reports. You will submit to us quarterly profit and loss statements on or before the 15<sup>th</sup> day of the month immediately following the expiration of each calendar quarter. We may require you to submit any and all reports, including the Monthly Sales reports and quarterly profit and loss statements electronically via email or by any other specified means.

11.2 Books & Records. You will maintain and preserve, for at least seven years from the date of preparation, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner we prescribe.

11.3 Additional Reports. Without limiting the foregoing, you will, at your expense, submit to AEA DEV in the form prescribed by us, and maintain readily available for our inspection, review, or auditing, any and all financial reports as required by our system standards, which we may modify periodically. Your current reporting obligations include the following:

11.3.1 a semi-annual internal balance sheet and profit and loss statement and an annual balance sheet and profit and loss statement reviewed by a certified public accountant within 60 days after the end of your fiscal year, certified by you or by the designated individual as accurately reflecting the results of operations and financial condition of the Franchise Academy.

11.3.2 an annual copy of your signed 1120 or 1120S tax form filed with the Internal Revenue Service (or any forms which take the place of those forms), all state and local sales and use tax reports you are required to file and, upon our written request, copies of all tax returns or reports filed by you for the periods specified in our notice.

11.3.3 copies of your operating reports to your landlord if required or provided pursuant to your lease agreement for the Approved Academy Location.

11.3.4 your state sales tax returns, and such portions of your federal and state income tax returns as reflect the operations of the Franchised Academy.

11.3.5 such other forms, reports, records, information, and data as we may reasonably designate.

11.4 Verification/Inspection/Use. You must verify and sign each report and financial statement in the form AEA DEV periodically requires. You give us the right to disclose information from your reports relating to your income, expenses and sales from the operation of the Franchised Academy to confirm that you are complying with your obligations under this Agreement and to formulate earnings and expense information for possible disclosure to prospective franchisees. We may also use information from your reports in ours solicitation of other franchisees or for similar purposes. We may require you to have your financial statements reviewed or audited by a certified public accountant at your cost and expense. We have the right as often as we want (including daily) to access any of your



computer or other electronic sales and student systems and to retrieve all information relating to the Franchised Academy's operations, or to program your computerized programs and computer systems to send such information automatically to us or our designee. You must take whatever actions we specify to ensure that we have continuous, real-time remote electronic access to any of your business systems to monitor and retrieve all information stored in the systems.

11.5 Inspection and Audit. AEA DEV or its designated agents will have the right, at all reasonable times, to examine and copy, at our expense, your books, records, and tax returns. We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that any payments have been understated in any report to us, then we have the right to immediately debit from your bank account or require you to immediately pay the amount understated, as well as interest from the date such amount was due until debited or paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any report of 2% or more, We may, in addition to repayment of moneys owed with interest, debit from your bank account or require you to reimburse AEA DEV for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies will be in addition to any other remedies we may have. Our right to audit and inspect your books and records will survive for two years following any termination or expiration of this Agreement. You will:

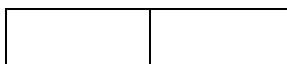
11.5.1 use only the chart of bookkeeping accounts prescribed by AEA DEV of our manuals or otherwise communicated to you.

11.5.2 purchase and install such equipment as we may require to automate the reporting of financial information and the payment of recurring fees by you pursuant to this Agreement, including, without limitation, Internet or extranet reporting and pre-authorization of electronic fund transfer or bank debit.

## 12 PERSONNEL

12.1 You will employ in the operation of the Franchised Academy only persons of high moral character and ability who maintain and exhibit traits of enthusiasm, cleanliness, neatness, friendliness, honesty and loyalty. You acknowledge that persons with those traits are necessary to promote and maintain student, parent and customer satisfaction and the goodwill of Amazing Explorers Academy®. You will always staff the Franchised Academy with a sufficient number of qualified personnel, who may be required to wear AEA-approved clothing during working hours. You will be the employer of all employees of the Franchised Academy and will have the sole right to hire, discipline, discharge and establish wages, hours, benefits, employment policies and other terms and conditions of employment. AEA DEV has no responsibility for the terms and conditions of employment of Franchisee's employees. Franchisee will engage in no discriminatory employment practices and will in every way comply with all applicable laws, rules and regulations of federal, state and local governmental agencies.

12.2 If Franchisee is other than an individual, prior to beginning the initial training program described in Section 13.1, you will designate, subject to our reasonable approval, an individual (the "Director") who will be responsible for general oversight and management of the operations of the Franchised Academy on your behalf. We have the right to rely upon the Director as having decision-making authority and responsibility regarding all aspects of the Franchised Academy. If the person designated as the Director dies, becomes incapacitated, leaves your employ, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Academy, you will promptly designate a new Director, subject to our reasonable approval.





12.3 Prior to beginning the initial training program described in Section 13.1, you will inform AEA DEV in writing whether you (or, if Franchisee is not an individual, the Director) will assume full-time responsibility for the supervision and operation of the Franchised Academy.

## 13 TRAINING

### 13.1 Initial Training Program

13.1.1 Training Completion Deadline. The Franchisee Training Team will attend and successfully complete, to our satisfaction, an initial training program prescribed by us before the opening of the Franchised Academy (“Initial Training”). Each member of your Training Team who successfully completes the Initial Training Program in accordance with the foregoing will be deemed a “Trained Manager.” The Franchisee Training Team must complete the Initial Training no later than 30 days before the Franchised Academy opens for business. You will not be permitted to open the Franchised Academy until the Initial Training is completed in accordance with this Agreement.

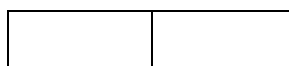
13.1.2 Responsibility for Costs & Expenses. There is no fee payable to us for Initial Training for your Trainees. You will be responsible for the costs set forth in Section 13.1.3 and 13.2 below. Additionally, any persons subsequently employed by you in the position of Franchisee Director or as other Director must also attend and complete Initial Training to our satisfaction before commencing his or her management duties. The Franchised Academy will always be operated under the management and supervision of an individual who has successfully completed Initial Training to our satisfaction.

13.1.3 Location of Training. All training programs will be at such times and places as may be designated by us. You will be responsible for all costs and expenses incurred in connection with any such courses, seminars, and programs (including, without limitation, the costs of employee wages, transportation, lodging and meals). If AEA DEV determines it is acceptable to conduct such training at the Franchised Academy, Franchisee will reimburse us for the reasonable out-of-pocket expenses incurred by our training instructor(s), including but not limited to travel expenses, food and lodging, and auto rental.

### 13.2 Additional Training

13.2.1 If you request additional training or retraining for any of the Franchisee Trainees any time after you complete Initial Training, AEA DEV may provide it, at our sole discretion, at a location and time convenient for us. If we agree to provide additional training at your location, you will pay us in advance our standard \$500 fee per day. If we are offering training courses at our facilities, there may be a fee established for each course. All hourly and course fees are subject to periodic change. The fee at your location does not include our expenses. You will be responsible for all expenses our personnel incur in addition to our daily fee plus all reasonable out-of-pocket expenses incurred by our training instructor(s), including, without limitation, travel expenses, food and lodging and auto rental.

13.2.2 AEA DEV may require, in our sole and absolute discretion, any one or all your Trainees, including any replacement trainees, attend and successfully complete any periodic refresher training courses, as well as retraining courses to correct any problems or deficiencies we become aware of in the operation of the Franchised Academy (“Additional Training”). All such persons will attend Additional Training at your expense and at the times and locations we designates. If we elect to provide Additional Training at your location, you will pay us in advance its \$500 fee (the “Training Fee”), plus all reasonable out-of-pocket expenses incurred



by our training instructor(s), including, without limitation, travel expenses, food and lodging and auto rental. If we require Additional Training at ours facilities, you will pay us in advance all Training Fees. You will also be responsible for all costs of attendance for your staff including travel expenses, meals and lodging, and auto rental fees.

13.2.3 We reserve the right in our discretion to provide elements of any training required or contemplated under this Agreement via the Internet, otherwise online, remotely, via audio or video conferencing, or in any other manner that may be reasonable or appropriate under the circumstances.

**14 ADVERTISING & PROMOTION**

14.1 Acknowledgment. You understand and acknowledge that advertising, marketing and promotional activities are essential to the furtherance of the goodwill and public image of AEA and the System and the success of the Academy. Recognizing the value of advertising, and the importance of the standardization of advertising programs, you agree as follows:

14.1.1 General Requirements. AEA DEV has the right to develop and create advertising and sales promotion programs designed to promote and enhance the System and Academies operating under the System. You will participate in all advertising and sales promotion programs established by us in strict accordance with our terms and conditions. You will place or display at the Franchised Academy only such signs, emblems, lettering, logos, displays, advertising and marketing materials we approved in advance. You will conduct all advertising in a dignified manner and will conform to such standards and requirements as we may specify. You will not use any advertising or promotional plans or materials unless and until you have received written approval from us. For all advertising and promotional activities, you will submit samples of such plans and materials to us for our prior approval. If you do not receive written approval from us within 15 days of the date of receipt by us of such samples or materials, AEA DEV will be deemed **not** to have approved them.

14.1.2 Advertising Fund. AEA DEV will establish a separate account for advertising contributions (the “Fund”) and will maintain separate bookkeeping accounts for the Fund:

14.1.2.1 Use of Funds. All sums paid by Franchisee to the Fund will be maintained in a separate account . The Fund will not be used to defray any of AEA DEV expenses, except for such reasonable salaries, overhead, and administrative, accounting, legal (including, without limitation, the defense of any claims against us or our designee regarding the management of the Fund) and other costs, if any, as we may incur in activities reasonably related to the administration or direction of the Fund or advertising programs for franchisees and the System. The costs may include enforcing contributions to the Fund required under this Agreement and the costs of preparing a statement of operations. The Fund and any earnings will not otherwise inure to our benefit. We will prepare and furnish to Franchisee upon request an annual accounting of the receipts and expenditures of the Fund.

14.1.2.2 Purpose. You agree and acknowledge that the Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of all franchises within the System or within a region, and that we are not obligated in administering the Fund to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular Franchisee benefits directly or pro rata from the placement of advertising. We do not warrant or represent that any or all of



the advertising or promotional materials or campaigns will be successful or will achieve any particular result.

14.1.2.3 Fund's Costs. The Fund will be used to meet any and all costs of maintaining, administering, researching, directing, producing and preparing advertising and/or promotional activities or products on a national, regional and local basis, including without limitation, the costs of preparing and conducting advertising campaigns in various media: direct mail, billboard, newspaper, television, website, social media or radio advertising; producing promotional seminars; conducting marketing surveys and other public relations activities; employing advertising agencies to assist with any programs; developing learning programs; printing; creating advertising, developing promotional seminars; and developing and providing promotional and other marketing materials for franchisees in the System.

14.1.2.4 Required Fund Contribution. You will contribute \$5 each month per student capacity.

14.1.2.5 Yearly Expenditures. It is anticipated that all contributions to and earnings from franchisee and AEA DEV contributions for advertising will be expended for advertising and promotional purposes during the taxable year in which the contributions are made. If, however, excess amounts remain in the advertising account at the end of the taxable year, all expenditures in the following taxable year will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions

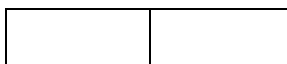
14.1.3 EFT. You will contribute to the Fund by pre-authorized electronic debit to your bank or other financial institution account pursuant to Section 4.2 and 4.3, Electronic Transfer.

14.1.4 AEA DEV Contributions. AEA DEV will make contributions for each of its company-owned Academies (if any) on the same basis as assessments required of comparable franchisees within the System.

14.1.5 Territorial Advertising Restriction. There are no territorial advertising restrictions. You are not required to obtain our prior written authorization to use or circulate an advertisement outside of the area in which your Academy is located, provided that we have approved the form and content of the advertising materials you propose to use in any such advertisement prior to use and/or circulation.

14.1.6 Use of Proprietary Marks in Advertising. All advertising will prominently display the Proprietary Marks and will comply with AEA's standards for use of the Marks. You will obtain our prior written approval before using any of the Marks on any item, including signs, stationery, business cards, forms and other supplies. All such items must also be in full compliance with our standards and specifications.

14.1.7 Grand Opening Advertising. You will conduct a Grand Opening Advertising Campaign and expend \$25,000 to \$30,000 in the manner AEA DEV specifies or approves (the "Grand Opening Advertising Expenditure"). We may designate an approved supplier of local advertising and marketing services and may require you to engage such supplier's services in connection with the Grand Opening of the Franchised Academy. We may require you to expend the Grand Opening Advertising Expenditure in accordance with any such approved or designated supplier's Grand Opening advertising program. You will prepare and submit to us a written plan detailing the grand opening advertising campaign no later than 30 days before



the Franchised Academy's scheduled grand opening. Within four months following the date the Franchised Academy opens for business, you must furnish us such evidence that AEA may reasonably require verifying your compliance with the Grand Opening Expenditure requirements.

14.1.8 Cooperative Advertising. AEA DEV encourages the formation and operation of franchisee cooperative advertising associations (each a "Co-op"). Each Co-op will coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. If a Co-op is formed for your region, you must participate in the Co-op or lose your right to vote as to decisions regarding advertising and marketing efforts and programs. In no event will you be required to be a member of more than one Co-op. You acknowledge that we have the right to require any Co-op to be organized and governed (a) in a form and manner approved in advance by us in writing, and (b) for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized promotional materials for use by the members in local advertising. You further acknowledge and agree that:

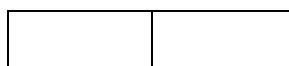
14.1.8.1 AEA DEV's approval. A Co-op may not use or furnish its members with any advertising or promotional plans or materials without our prior approval, pursuant to the procedures and terms as set forth in this Section.

14.1.8.2 Exemption. AEA DEV, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Co-op, and/or from the obligation to contribute to the Co-op (including a reduction, deferral or waiver of such contribution), upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption will be final.

14.2 Minimum Requirements Only. You understand and acknowledge that the required contributions and expenditures set forth in this Article 14 are minimum requirements only. You may, and are encouraged by us to, spend additional funds for advertising, marketing and promotion.

14.3 Internet Advertising. You will not establish a presence on, or market your Academy, using the Internet without first obtaining our written consent. You will comply with any conditions and restrictions we designate. You are strictly prohibited from promoting the Franchised Academy on any social or networking website, including Facebook®, LinkedIn®, Myspace®, Instagram®, Twitter®, Groupon®, LivingSocial® or any similar sites without our prior written consent in each instance. We may withhold or revoke its consent for any reason. You may not promote or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval, which we may withhold in our sole discretion. As a condition of granting any consent, we have the right to establish any requirement we deem appropriate.

14.4 Website. AEA DEV may (but is not required to) include in any AEA DEV website(s) a page containing information about your Franchised Academy. If we include such information on the website, we will have the right to require you to prepare the page, at your expense, using our designated template. We must approve all information before it is posted. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You will follow our designated intranet and Internet usage rules, policies and requirements, as they may be developed, changed or modified by us in our sole discretion at any time during the Term of this Agreement. AEA DEV retains the sole right to approve any linking to, or other use of, the website.



## 15 INSURANCE

15.1 Generally. You will procure, prior to the commencement of any operations under this Agreement, and will maintain in full force and effect at all times during the Term, at your expense, an insurance policy or policies protecting you and AEA DEV and its respective officers, directors, partners, and employees, against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Franchised Academy.

15.2 Minimum Requirements. Such policy or policies will be written by a responsible carrier or carriers acceptable to AEA DEV, with a financial rating of A- or better, and will include, at a minimum, the following (except as additional coverages and higher policy limits may reasonably be required by us from time to time) and/or such additional coverages and higher policy limits as may be required under the terms of the lease for the Franchised Academy:

15.2.1 Comprehensive General Liability Insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a similar business located in the area in which your Academy is located, but not less than:

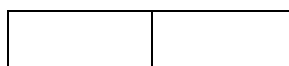
|                                                                               |                                                   |
|-------------------------------------------------------------------------------|---------------------------------------------------|
| Commercial General Liability                                                  | \$1,000,000 per occurrence/ \$2,000,000 aggregate |
| Workers' Compensation                                                         | \$100,000 or higher                               |
| Personal/Advertising Injury                                                   | \$1,000,000 per occurrence/ \$2,000,000 aggregate |
| Professional Liability                                                        | \$1,000,000 per occurrence/ \$2,000,000 aggregate |
| Sexual Abuse/Molestation                                                      | \$1,000,000 per occurrence/ \$2,000,000 aggregate |
| Hired/Non-owned auto                                                          | \$1,000,000 per occurrence/ \$2,000,000 aggregate |
| (if you have a vehicle used in connection with the operation of the business) |                                                   |
| Business Liability                                                            |                                                   |
| Contractual Indemnity                                                         |                                                   |

15.2.2 "All Risks" coverage for the full cost of replacement of the Franchised Academy, leasehold improvements and all other property in which AEA DEV may have an interest, with no coinsurance clause, a replacement cost clause attached, agreed amount endorsement equal to 100% of the value of the property.

15.2.3 Special Form Property Insurance for all equipment, supplies and products, extended coverage for theft, vandalism and malicious mischief for all equipment, supplies and other property used in the operation of the Academy (of not less than 100% of the replacement value of the same, except that an appropriate deductible clause will be permitted).

15.2.4 Employer's Liability, Workers' Compensation and any other insurance required by statute or rule of the state or locality in which your Academy is located, which at a minimum, must include \$1,000,000 Accident, \$1,000,000 Disease Per Employee, and \$1,000,000 Disease Policy Limit.

15.2.5 Employment Related Practices Insurance (inclusive of 3<sup>rd</sup> Party Coverage) including, but not limited to, \$500,000 per occurrence for each of the following: Sexual Harassment, Wrongful Termination, Discrimination, or Wrongful Failure to Employ or Promote; and such



other insurance as may be required by statute or rule of the state or locality in which the Franchised Business is located and operated.

15.2.6 AEA DEV does not require you to purchase a vehicle, but if you wish to use a vehicle in the operation of your Academy you must obtain "Automobile liability" insurance, including coverage of vehicles not owned by you, but used by employees in connection with the Franchised Business, with a combination of primary and excess limits of not less than \$1,000,000.

15.2.7 You may, with our prior written consent, elect to have reasonable deductibles in connection with the coverage required under Sections 15.2.1 and 15.2.2 above.

15.3 All Risk Insurance. In connection with any construction, renovation, refurbishment, or remodeling of the Academy, you will maintain Builder's All Risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to AEA DEV.

15.4 No Limitation. Your obligation to obtain and maintain the insurance policy or policies in the amounts specified will not be limited in any way by reason of any insurance which may be maintained by AEA DEV, nor will your performance of that obligation relieve you of liability under the indemnity provisions, including as set forth in Section 16.3 of this Agreement.

15.5 Franchisee's Negligence. All public liability and property damage policies will contain a provision that AEA DEV, although named as an insured, will nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents or employees by reason of your negligence or the negligence of your servants, agents, or employees.

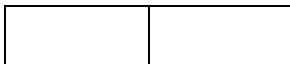
15.6 Additional Requirements. At least 30 days prior to the time any insurance is first required to be carried by you, and at least 30 days prior to the expiration of any such policy, you will deliver to AEA DEV a Certificates of Insurance evidencing the proper coverage with limits not less than those required under this Agreement. All Certificates will expressly provide that no less than 30 days' prior written notice will be given to us in the event of material alteration to or cancellation of the coverages evidenced by such Certificates. Further, Certificates evidencing the insurance required by Section 15 will name AEA,AEA DEV and the partners, subsidiaries, affiliates, directors, agents and employees as additional insureds, and will expressly provide that any interest of same therein will not be affected by any breach by you of any policy provisions for which such Certificates evidence coverage.

15.7 Failure to Procure/Maintain. Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by AEA DEV in the Manual or otherwise in writing, we have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges, together with a reasonable fee for our expenses, not to exceed 7% of the cost of insurance provided, in so acting, will be payable by you immediately upon notice. The foregoing remedies will be in addition to any other remedies we may have.

## 16 INDEPENDENT CONTRACTOR & INDEMNIFICATION

### 16.1 Independent Contractors/ No Fiduciary Relationship.

16.1.1 AEA DEV and Franchisee have no intention whatsoever to create a fiduciary relationship. The parties understand that no fiduciary or special relationship exists or is created by this Agreement. Franchisee will in all respects be an independent contractor, and nothing



in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

16.1.2 During the Term, Franchisee will hold itself out to the public as an independent contractor operating the business pursuant to a license from AEA DEV.

16.1.3 Franchisee agrees to take such action as may be necessary to represent it as an independent contractor, including, without limitation, exhibiting a notice in a conspicuous place at the Franchised Academy premises, the content of which AEA DEV reserves the right to specify providing that Franchisee is a Franchisee and Independent operator.

16.1.4 AEA DEV does not owe Franchisee any special duty other than to comply with its contractual duties under this Agreement.

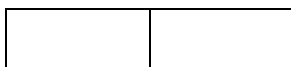
16.2 No Authorization. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on AEA DEV's behalf, or to incur any debt or other obligation in our name; and we will in no event assume liability for or be deemed liable under this Agreement because of any such action. we will not be liable because of any act or omission by Franchisee in the conduct of the Franchised Academy or for any claim or judgment arising therefrom against Franchisee or us. AEA DEV will have no liability or responsibility for any damages to any person or property directly or indirectly arising out of the Franchised Academy's operation.

16.3 Indemnification. Franchisee will save, defend, exonerate, indemnify and hold AEA DEV, AEA Franchising LLC, and our principals, affiliates, shareholders, members, managers, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against, and will reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any taxes described in Section 24 of this Agreement and any claims and liabilities directly or indirectly arising out of the Franchised Academy's operation or Franchisee's breach of this Agreement, except to the extent they arise as a result of our own gross negligence or willful misconduct. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including reasonable witness fees of accountants, arbitrators, attorneys and experts, costs of investigations and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the exclusive right to defend any such claim. This indemnity will continue in effect after the expiration or termination of this Agreement. Under no circumstances will AEA DEV or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate their or AEA DEV's losses and expenses to maintain and recover fully a claim against Franchisee.

## 17 FRANCHISEE'S BEST EFFORTS.

You will use your best efforts in the operation and promotion of your Amazing Explorers Academy. You will keep the Academy open for the hours stated in the AEA manual or otherwise in writing and as AEA DEV deems appropriate.

## 18 COVENANTS OF FRANCHISEE:



18.1 In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, the AEA System and our information regarding the operation, instruction, sales, promotional and marketing methods and techniques. Franchisee covenants that during the Term of this Agreement and any extensions and renewals, except as otherwise approved in writing by AEA DEV, neither Franchisee or Principals of Franchisee, nor any of its officers, directors, members, managers, shareholders, nor Franchisee's spouse nor the spouse of any of the aforementioned individuals, will, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company or corporation:

18.1.1 attempt to divert any business or customer of the Franchised Academy to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with AEA's Marks or the System; or

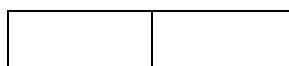
18.1.2 own, maintain, operate, engage in, provide any assistance to, or have any interest in any Competitive Business. The term "Competitive Business" means any business that: (a) offers educational childcare programs and facilities or (b) grants franchises or licenses to others to operate childcare facilities. The term Competitive Business does not include other Academies operated by Franchisee pursuant to a valid, binding franchise agreement by and between Franchisee and AEA DEV.

18.2 Post-Termination/Expiration Covenants. You covenant that, except as otherwise approved in writing by AEA DEV, you will not, for a continuous uninterrupted period commencing upon the expiration, transfer or termination of this Agreement (regardless of the cause for termination) and continuing for 5 years after termination, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons (including your spouse or any immediate family member, or the spouse or any immediate family member of any personal guarantor of this Agreement), partnership, limited liability company or corporation, own, maintain, operate, engage in, provide assistance to, or have any interest in any Competitive Business (as defined in Section 18.1.2). that is, or is intended to be, located (a) at the Approved Academy Location within a 30-mile radius of the Approved Academy Location, or within a 15-mile radius of any other Academy in existence or under construction at the time this Agreement is terminated, expired or transferred, as applicable. Franchisee further covenants that it will not engage in unfair competition with AEA DEV or any of our affiliates.

18.3 No Defense. Franchisee expressly agrees that the existence of any claims Franchisee may have against AEA DEV, whether or not arising from this Agreement, will not constitute a defense to the enforcement by AEA or AEA DEV of the covenants in this Article 18. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the enforcement of any of Franchisee's obligations under Article 18.

18.4 Irreparable Harm. Franchisee acknowledges that any violation of the terms of Article 18 would result in irreparable injury to AEA and AEA DEV for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of any of the terms of Article 18.

18.5 Covenant Agreements. Franchisee will require and obtain execution of a restrictive covenant agreement ("Non-Competition Agreement") in the form attached to the Disclosure Document as Exhibit H which includes covenants similar to those set forth in this Article 18 (including covenants applicable upon the termination of a person's relationship with Franchisee) from the Franchisee's Director and all of Franchisee's managers and any other personnel employed by Franchisee who have received or will receive training from us or will otherwise be privy to Confidential Information. Every





covenant required by this Section 18.5 will include a specific identification of AEA as a third-party beneficiary of such covenants with the independent right to enforce them.

18.6 Acknowledgment. Franchisee acknowledges and agrees that the length and term of the geographical restrictions contained in Article 18 are fair and reasonable and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. Franchisee agrees that Franchisee's full, uninhibited and faithful observance of each of the covenants contained in Article 18 will not cause any undue hardship, financial or otherwise, and that the enforcement of each of the covenants in this Article will not impair Franchisee's ability to obtain employment commensurate with Franchisee's abilities and on terms fully acceptable to Franchisee or otherwise to obtain income required for the comfortable support of Franchisee, Franchisee's family and the satisfaction of Franchisee's creditors. Franchisee agrees that its special knowledge of the business of a System franchisee (and anyone acquiring knowledge through Franchisee) would cause AEA and other System franchisees serious injury and loss if Franchisee (or anyone acquiring knowledge through Franchisee) were to use this knowledge to the benefit of a competitor or were to compete with AEA DEV or any AEA System franchisee.

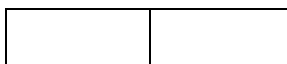
18.7 Extension of Covenant Period. If Franchisee violates the post-term covenant set forth in Section 18.2 above following expiration, termination or transfer of this Agreement, Franchisee acknowledges and agrees that the post-term covenant period of five years will be extended to commence on the date Franchisee first complies with such covenant to provide AEA DEV with the full benefit of the post-term covenant period uninterrupted by Franchisee's interference.

## 19 TRANSFER & ASSIGNMENT

19.1 Transfer by AEA DEV. We have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity.

19.2 Transfer by Franchisee. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and/or its current owners, and that AEA DEV has granted this franchise in reliance on you and/or your owners' business skill, financial capacity, and personal character. Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this franchise, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in this franchise or in your shares, membership interests or partnership interests if you are a corporation, limited liability company or partnership, will sell, assign, transfer, convey, or give away, any direct or indirect interest in this franchise, the Franchised Academy, or in any legal entity which owns this franchise (each a "Transfer") without the prior written consent of AEA DEV, which consent will not be unreasonable withheld or delayed. Notwithstanding the foregoing, AEA DEV's prior written consent will not be required for a transfer of less than a 5% interest in a corporation registered under the Securities Exchange Act of 1934 ("publicly held corporation"). Any purported, sale, assignment, encumbrance or transfer, by operation of law or otherwise, not having our written consent required by this Section 19.2, will be null and void and will constitute a material breach of this Agreement, for which AEA DEV may then terminate without opportunity to cure pursuant to Section 21 of this Agreement.

19.3 Ownership Changes. Without limiting the foregoing, Franchisee acknowledges that a transfer requiring AEA DEV's prior written consent will be deemed to occur upon any sale, resale, pledge, encumbrance, transfer or assignment of: (a) any fractional partnership ownership interest if Franchisee is a partnership; (b) any membership interest, if Franchisee is a limited liability company; or (c) any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, if Franchisee is a corporation. Any



new partner, shareholder, member or manager (as applicable) will be required to personally guarantee Franchisee's obligations under this Agreement.

19.4 Conditions for Approval. AEA DEV may condition its approval of any proposed Transfer upon satisfaction of the following occurrences:

19.4.1 All of Franchisee's accrued monetary obligations and all other outstanding obligations to AEA DEV and its subsidiaries and affiliates will have been satisfied.

19.4.2 Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between (a) Franchisee and AEA DEV or its subsidiaries or affiliates; and/or (b) any of Franchisee's owners and/or affiliates and AEA DEV or its subsidiaries and/or affiliates.

19.4.3 The transferor will have executed a general release under seal, in a form satisfactory to AEA DEV, of any and all claims against AEA and its subsidiaries and affiliates, and their respective officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances.

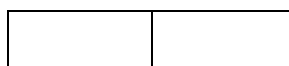
19.4.4 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as AEA DEV may request) will enter into a written assignment, under seal and in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and, if Franchisee's obligations were guaranteed by the transferor, the transferee will guarantee the performance of all such obligations in writing in a form satisfactory to AEA DEV.

19.4.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as AEA may request) will demonstrate to AEA DEV satisfaction that it meets our educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Academy (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the business.

19.4.6 At our option, the transferee will execute (and/or, upon our request, will cause all interested parties to execute), for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and such other ancillary agreements as we may require for the Franchised Academy, which agreements will supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement; provided, however, that the transferee will not be required to pay an initial franchise fee.

19.4.7 The transferee, at its expense, will upgrade the Franchised Academy to conform to our then-current standards and specifications, and will complete the upgrading and other requirements within the time specified by us.

19.4.8 The transferee will remain liable for all the obligations to AEA DEV in connection with the Franchised Academy prior to the effective date of the transfer and will execute any and all instruments reasonably requested by us to evidence such liability.



19.4.9 The transferee (or, if the transferee is a corporation, limited liability company or partnership, a principal of the transferee acceptable to AEA DEV) and the transferee's Director will, at the transferee's expense, complete any training programs then in effect for franchisees upon such terms and conditions as we may reasonably require.

19.4.10 Franchisee will pay a transfer fee in an amount equal to \$25,000, or such greater amount as is necessary to reimburse AEA DEV for its reasonable costs and expenses associated with reviewing the application to transfer, including, without limitation, legal and accounting fees. If Franchisee requests our approval of a transfer but does not make the transfer, Franchisee will pay us \$1,000. In the case of a transfer to a corporation or limited liability company owned by Franchisee for the convenience of ownership which takes place after the expiration of six months following the Effective Date of this Agreement, Franchisee will pay us a fee in the amount of \$1,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed transfer. If Franchisee wishes to transfer to a corporation or limited liability company owned by Franchisee for the convenience of ownership before the expiration of this six-month period, Franchisee will not be required to pay any transfer fee. The transfer fee set forth in this Section 19.4.10 will not apply in the event Franchisee transfers the Franchised Academy to AEA DEV.

19.4.11 Franchisee acknowledges and agrees that each condition that must be met by the transferee is necessary to assure such transferee's full performance of the obligations under this Agreement.

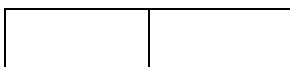
- 19.5 Right of First Refusal. Any party holding any interest in Franchisee or in the franchise granted by AEA DEV pursuant to this Agreement and who desires to accept any bona fide offer from a third party to purchase such interest or the Franchised Academy (including any sale of substantially all the assets of the Franchised Academy) will notify us in writing of each such offer and will provide such information and documentation relating to the offer as we may require.

19.5.1 Upon our request, Franchisee must provide us with any information about the business and operations of the Franchised Academy that we request.

19.5.2 AEA DEV has the right and option, exercisable within 30 days after receipt of such written notification and all information requested under subsection 19.5.1, to send written notice to the seller that we intend to purchase the seller's interest, or the Franchised Academy, as applicable, on the same terms and conditions offered by the third party and at the same price. If we do not provide written notice to the seller within the 30-day period, then we will be deemed to have not exercised the right of first refusal provided to it under this Section 19.5

19.5.3 If AEA DEV elects to purchase the seller's interest, closing on such purchase must occur within 30 days from the date of notice to the seller of our election to purchase. If we exercise our option, we will waive the transfer fee described in Section 19.4.10. Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

19.5.4 Our failure to exercise the option afforded by Section 19.5 will not constitute a waiver of any other provision of this Agreement, including all the requirements of Section 19.4 with respect to a proposed transfer, including, without limitation, the requirement that Franchisee obtains our prior written consent.



19.6 Consideration. If the consideration, terms, and/or conditions offered by a third party include assets not related directly to the Franchised Academy or otherwise are such that AEA DEV may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest in the Franchised Academy proposed to be sold for an amount reasonably allocable to that interest the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions allocable to the interest in the Franchised Academy, Franchisee and AEA will mutually designate an independent appraiser and such independent appraiser's determination will be binding.

19.7 Transfer to a Corporation or Limited Liability Company. If Franchisee is an individual, Franchisee has the right to assign Franchisee's rights under this Agreement to a corporation or limited liability company for the convenience of operation, provided that such entity is wholly owned by Franchisee. Such assignment will not be subject to AEA DEV's right of first refusal, as set forth in Section 19.5 of this Agreement provided that the corporation or limited liability company complies with Section 19.1 and it is newly organized and its business activities are confined to that of operating the Franchised Academy or operating other Academies under franchise agreements with us; and the corporation or limited liability company agrees in writing to assume all of your obligations under this Agreement pursuant to the terms of the Assignment and Assumption Agreement (FA-VI).

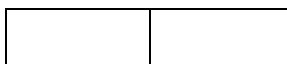
19.7.1 Each ownership certificate of Franchisee will have conspicuously endorsed upon its face the following legend "The transfer, sale or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with AEA DEV LLC.

## 20 DEATH OR MENTAL INCAPACITY OF FRANCHISEE

20.1 Death or Mental Incapacity. Upon the death or mental incapacity of any person with an interest in the franchise or in Franchisee (if Franchisee is a corporation, limited liability company or partnership), the executor, administrator, or personal representative of such person will transfer his or her interest to a third party approved by AEA DEV within six months after such death or mental incapacity (the "Transfer Period"). Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same conditions as an inter vivos transfer, and to the following conditions:

20.1.1 In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 20.1, the personal representative of the deceased person will have an additional period of up to six months from the date such individual is disapproved by AEA DEV (the "Extension Period") to dispose of the deceased's interest in the franchise.

20.1.2 Notwithstanding the foregoing, the following conditions will be met during the Transfer Period and any Extension Period: (i) the executor, administrator, or personal representative, as applicable, has provided AEA DEV with documentation reasonably satisfactory to us evidencing such person's authority to receive an assignment or to dispose of the deceased's interest in the franchise; (ii) the Franchised Academy remains open and operating in accordance with all terms and conditions of the Agreements at all times; and (iii) a Director who has been approved by us and who has completed the Initial Training to our satisfaction is designated to operate the Franchised Academy during the Transfer Period and/or Extension Period, as applicable, and iv) the executor, administration, or personal representative will executive a general release in the form acceptable to us.



20.1.3 AEA DEV will in no way assume any liability in connection with the legal authority of the deceased's executor, administrator, heir, beneficiary or personal representative to receive an assignment or to dispose of the deceased's interest in the franchise.

20.1.4 In the event a Director acceptable to AEA DEV has not been designated to operate the Franchised Academy during the Transfer Period and, if applicable, Extension Period, we have the right, at our option, to step in and we or a third party designated by AEA DEV, operate the Franchised Academy during such period. AEA DEV or its designee will be entitled to a reasonable fee for such services, in addition to compensation for all costs and expenses incurred in providing such services.

20.1.5 If the foregoing conditions are not satisfied, or if the deceased's interest in the franchise is not transferred or disposed of before the expiration of the Transfer Period or Extension Period, if applicable, AEA DEV has the right to immediately terminate this Agreement.

20.2 Non-Waiver of Claims. AEA DEV consent to a transfer of any interest in the franchise granted in this Agreement will not constitute a waiver of any claims we may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

## 21 **DEFAULT & TERMINATION**

21.1 Default and Termination. If Franchisee commits any act of default under this Agreement, and Franchisee fails to cure the default after any required notice and within the applicable cure period (or such longer period as applicable law may require), or AEA DEV does not within that time provide notice to Franchisee in writing of its intent not to terminate this Agreement, this Agreement will terminate without further notice to Franchisee effective immediately upon expiration of the cure period. Franchisee will be in default under this Agreement for any failure to comply with any provision of this Agreement or to carry out the terms of this Agreement in good faith and this Agreement will terminate automatically without any requirement of further notice by AEA DEV.

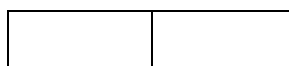
21.2 Material Acts of Default: The following acts are each a material act of default under this Agreement and will be good cause for termination:

21.2.1 The Franchised Academy does not open for business to the public by (a) 540 days from the Effective Date of this Agreement or (b) 180 days from the date Franchisee enters into a lease agreement or purchase agreement, as applicable, for the Approved Academy Location.

21.2.2 Franchisee fails to commence the design, construction, equipping and process of opening the Franchised Academy with due diligence, or otherwise in accordance with time established by AEA DEV at the time of execution of this Agreement.

21.2.3 Franchisee does not pay any moneys owed to AEA DEV or its affiliate(s) when due. Franchisee will have 5 days after receipt of written notice of termination from AEA DEV to cure a default in the payment of moneys or submissions of sales or financial reports.

21.2.4 Franchisee files a petition or application seeking any type of relief under United States Bankruptcy Code or any state insolvency or similar law, or a third party files a petition or application under United States bankruptcy laws or any state insolvency or similar laws seeking to have Franchisee adjudicated a bankrupt, and the petition is not dismissed within 90 days after it is filed. Subject to applicable law, this Agreement will terminate without notice



or cure period upon the occurrence of this act of default as if that date were the expiration date and Franchisee expressly and knowingly waives any rights that Franchisee may have under the provisions of the United States Bankruptcy Code and consents to the termination of this Agreement or any other relief which may be sought in a complaint filed by AEA DEV to lift the provisions of the automatic stay of the United States Bankruptcy Code. Additionally, Franchisee agrees not to seek an injunctive order from any court in any jurisdiction relating to insolvency, reorganization or arrangement proceedings which would have the effect of staying or enjoining this provision.

21.2.5 Franchisee becomes insolvent, a receiver or custodian (permanent or temporary) of Franchisee's property or any part thereof is appointed by a court of competent authority, or Franchisee makes a general assignment for the benefit of creditors. There will be no cure period for an act of default under this provision.

21.2.6 A final judgment against Franchisee remains unsatisfied of record for 30 days or longer (unless a supersedes or other appeal bond is filed), execution is levied against Franchisee's business or property at the Location, or a suit to foreclose any lien or mortgage against the Franchised Academy premises or any furniture, fixtures or equipment at the Franchised Academy is filed against Franchisee and not dismissed within 30 days. The cure period for an act of default under this provision is five days after notice by AEA DEV following expiration of any other period set forth in this Article 21.

21.2.7 Franchisee defaults in the performance of any term, condition, or obligation of payment of any indebtedness to Franchisee's suppliers or others arising out of the purchase or lease of equipment in connection with the Franchised Academy.

21.2.8 Franchisee will immediately remove and destroy all hazardous products. For purposes of the foregoing sentence, "hazardous situations" are those which have the potential to cause injury, illness or death, and "hazardous products" are products which are unfit for human consumption or which have the potential to cause injury, illness or death. There will be no cure period for an act of default under this provision.

21.2.9 Franchisee sells services, items and/or products at the Franchised Academy that are not approved by AEA DEV for sale at the Franchised Academy, or sells services, items and/or products that do not conform to the specifications established by us.. The cure period for an act of default under this provision is five days after notice by AEA DEV.

21.2.10 Franchisee fails to offer services, products and/or items for sale at the Franchised Academy that is/are required by us to be sold or offered for sale at the Franchised Academy. The cure period for an act of default under this provision is five days after notice by AEA DEV.

21.2.11 Franchisee fails to use at the Franchised Academy any furniture, fixtures, equipment or signage required by AEA DEV to be used at the Franchised Academy.

21.2.12 Franchisee uses at the Franchised Academy any furniture, fixtures, equipment or signage not approved by us for use at the Franchised Academy.

21.2.13 Franchisee fails to repair and maintain the Franchised Academy, or the furniture, fixtures, equipment or signage at the Franchised Academy to the standards required by AEA DEV.



21.2.14 Franchisee fails to operate the Franchised Academy in accordance with any of AEA's standards (other than those as to cleanliness, safety, health and sanitation) as to operating procedures, system and methods of operation.

21.2.15 Franchisee fails to obtain and maintain all insurance required under this Agreement, with all required terms and policy provisions as required by this Agreement. The cure period for an act of default under this provision is 10 days after notice by AEA DEV.

21.2.16 Franchisee violates any law, ordinance, rule or regulation of a governmental body or authority in connection with the operation of the Franchised Academy, and Franchisee fails to correct the violation within 20 days after notification by the governmental body or authority. The cure period for an act of default under this provision is five days from notice by AEA DEV after expiration of the 20 days from notification by the governmental body or authority; provided, however, that the five-day cure period will be stayed if there is a bona fide dispute as to the violation or the legality of the law, ordinance, rule or regulation at issue, and Franchisee takes action in an appropriate court or other forum to contest such violation or legality.

21.2.17 Franchisee loses its right to possession of the Franchised Academy or the Approved Academy Location. There will be no cure period for an act of default under this provision.

21.2.18 Franchisee abandons the franchise and franchise relationship with AEA DEV. It will be an abandonment of the franchise and franchise relationship with us if Franchisee ceases to do business at the Franchised Academy for a period of five consecutive days, or Franchisee otherwise communicates to us that Franchisee has permanently closed the Franchised Academy. There will be no cure period for an act of default under this provision.

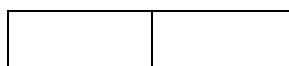
21.2.19 Franchisee fails to comply with the restrictions on Confidential Information, or any covenants set forth in Articles 7 and 18 of this Agreement, or if Franchisee misuses or make any unauthorized use of the Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated of AEA DEV or our rights. There will be no cure period for an act of default under this provision.

21.2.20 Franchisee sells, assigns, transfers, encumbers, or licenses any interest in this Agreement or in the franchise or Franchised Academy without the prior written consent of AEA DEV and otherwise as permitted under this Agreement. There will be no cure period for an act of default under this provision.

21.2.21 Franchisee violates any other obligation, provision or condition of this Agreement, not specifically identified in Article 21.

21.2.22 Franchisee commits three or more acts of default under this Agreement within any consecutive 12-month period, even if any of the three acts of default are cured by Franchisee. There will be no cure period under this provision, so that if two prior defaults occur within a 12-month period, this Agreement will immediately terminate upon the occurrence of a third act of default, and a notice of default delivered by AEA DEV.

21.2.23 Franchisee, or any individual with an ownership interest in Franchisee, is convicted in a court of competent jurisdiction of (i) an offense punishable by a term of imprisonment in excess of one year, or (ii) any offense for which a material element is fraud, dishonesty or moral turpitude. There will be no cure period for an act of default under this provision.



21.3 Cross Default. If Franchisee commits a default in the performance of any of the covenants, conditions or agreements contained in Franchisee's lease for the Approved Academy Location, any of the Finance Documents (if applicable), and/or any other agreement (each a "Related Agreement") between (a) Franchisee and AEA DEV or its subsidiaries or affiliates, or (b) any of Franchisee's Owners, Guarantors or affiliates, on the one hand, and AEA DEV or its subsidiaries or affiliates, on the other hand, Franchisee will also be in default under this Agreement. Unless the default under such lease or other agreement is cured within the lesser of (a) 30 days after written notice of default by AEA DEV under this Agreement, or (b) the applicable cure period for the default under the lease or Related Agreement, we have the right to terminate this Agreement pursuant to this Section 21, in addition to ours rights, if any, under such other agreement(s). Franchisee specifically agrees that all the foregoing remedies will be available to AEA because of Franchisee's failure to perform all obligations required on Franchisee's part pursuant to Franchisee's lease agreement or any Related Agreement, or any breach or default by Franchisee or franchise owner.

## 22 POST-TERM OBLIGATIONS

22.1 Obligations upon Termination or Expiration. Upon termination or expiration of this Agreement for any reason, the following will apply:

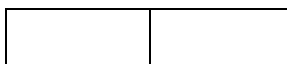
22.1.1 Option to Purchase Academy. AEA DEV will have the option to purchase the Franchised Academy, including the leasehold interest. The purchase price will be determined by either: (i) agreement in writing between AEA DEV and Franchisee within 30 days of the earlier of (a) the date of termination, if terminated by AEA DEV, or (b) the date of receipt by AEA DEV of written notice of termination, if terminated by Franchisee, or (ii) two independent appraisers, one appointed by us and the other appointed by Franchisee.

22.1.2 Appraisal. If the purchase price is determined by appraisal, the two appraisals will be averaged to determine the purchase. In the event the two appraisals differ by more than 10%, then, unless AEA DEV and Franchisee agree in writing to a purchase price within 30 days after receipt of the second appraisal, the two appraisers will select a mutually agreeable third appraiser who will solely determine the purchase price. You and AEA DEV will share equally the fees and expenses of the third appraiser. We have the right to offset against the purchase price your share of the third appraiser's fees if you fail to pay such fees within 5 business days after your receipt of the appraiser's invoice.

22.1.3 Exclusions. If the purchase price is determined by appraisal, the appraisers will exclude from the determination any value with respect to: (a) any trademark, service mark or other commercial symbol used in connection with the operation of the Franchised Academy, and (b) any goodwill or "going concern" value.

AEA DEV may also exclude from the purchase price the assets purchased under this Agreement for cash or its equivalent and any equipment, signs, inventory, materials, and supplies that are not reasonably necessary (in function or quality) to the Franchised Academy's operation or that we have not approved as meeting standards for the Franchised Academy, and the purchase price will reflect such exclusions.

22.1.4 Timing. We will have 60 days from the date the purchase price is determined to elect to purchase the Franchised Academy. If we elect to purchase the Franchised Academy, the purchase will be consummated within 5 days of AEA DEV written election. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners or guarantors owe to us, including attorneys' fees.





22.1.5 Instruments. At the closing, you agree to deliver instruments transferring i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interest acceptable to AEA DEV, if any) with all sales and other transfer taxes paid by you; and (ii) all licenses and permits of the Franchised Academy which may be assigned or transferred; and (iii) the leasehold interest in the Franchised Academy premises and improvements thereon.

22.1.6 Title. If you cannot deliver clear title to all the purchased assets, or if there are other unresolved issues, the closing of the sale will, at AEA DEV's election, be accomplished through an escrow arrangement with an independent escrow agent selected by us.

22.1.7 Option to Lease the Location. If AEA DEV elects not to exercise the option to purchase or lease the location provided in this Article 22, You will promptly make all modifications or alterations to the premises (including, without limitation, the changing of the telephone number) as may be necessary to distinguish the appearance of the premises from that of other Amazing Explorers Academies and will make such specific additional changes as we may reasonably request for that purpose. If you fail or refuse to comply with the requirements of Article 22, we will have the right to enter upon the premises, without being liable of trespass or any other or tort, for the purpose of making or causing to be made the required changes, at the expense of Franchisee, which expense Franchisee will pay upon demand.

## 22.2 Additional Obligations Upon Termination or Expiration of Franchise Agreement:

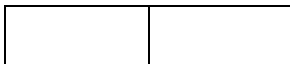
22.2.1 All your rights privileges and licenses granted by AEA DEV to you will immediately cease, be null and void, and of no further force and effect, and all such rights, privileges and licenses will immediately revert to us.

22.2.2 You will cease to be an authorized Amazing Explorers Academy franchise owner and will immediately, at your own expense, remove all signs, obliterate or remove all letterheads, labels or any other item or form of identification that would in any way link or associate Franchisee, its goods and/or services with AEA or AEA DEV. You will immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System.

22.2.3 You will immediately cancel any assumed name of Franchisee or equivalent registration that contains any Mark, and Franchisee will furnish AEA DEV with evidence satisfactory to us of compliance with this obligation within 5 days after termination or expiration of this Agreement.

22.2.4 You will, at AEA DEV 's option, assign or sublease to us, or our designee, any interest which you have in any lease for the Franchised Academy. If we do not require you to assign the lease to us or our designee, you will make all modifications, changes and alterations to the interior and exterior of the premises at which the Franchised Academy was operated, as designated by us so as to de-identify the premises from the System.

22.2.5 You will not use any reproduction, counterfeit, copy, or colorable imitation of the Marks that is likely to cause confusion, mistake or deception, or that is likely to dilute AEA's rights in and to the Marks, and will not use any trade dress or designation of origin, description, or representation that falsely suggests or represents an association or connection with AEA;



22.2.6 You will promptly pay all sums owing to AEA DEV. In the event of termination for any default of Franchisee, such sums will include all damages, costs and expenses, including reasonable legal fees, incurred by us because of the default, which obligation will give rise to and remain, until paid in full, a lien in our favor against all the personal property, furnishings, equipment, signs, fixtures and inventory owned by Franchisee and on the Approved Location at the time of default.

22.2.7 Without limiting any of your obligations under this Agreement, you agree that if you continue to operate or subsequently begin to operate any business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks or the Trade Dress, either in connection with such other business or the promotion of that business, which is likely to cause confusion, mistake, or deception, or which is likely to dilute AEA's rights in and to the Marks and Trade Dress.

22.2.8 You will comply with the covenants set forth in Articles 7 and 18 of this Agreement.

22.2.9 You and your owners and guarantors agree to execute general releases, in form satisfactory to AEA DEV of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

22.2.10 You will furnish to AEA DEV within 30 days after the effective date of termination or expiration, evidence satisfactory to US of Franchisee's compliance with all obligations under Section 22.1.

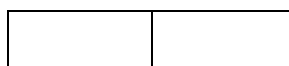
22.3 AEA DEV Rights and Remedies in Addition to Termination. If Franchisee will be in default under the terms of this Agreement, in addition to AEA DEV right to terminate this Agreement, and without limiting any other rights or remedies to which we may be entitled at law or in equity, AEA DEV will have the right to take any of the following actions:

22.3.1 AEA DEV may enter upon the premises of the Franchised Academy and exercise complete authority with respect to the operation of the Franchised Academy until AEA determines, in its sole discretion, that Franchisee has cured the default and that there is compliance with the terms of this Agreement.

22.3.2 Franchisee agrees that our designated representative may operate and control the Franchised Academy, and that Franchisee will pay us for its labor costs, travel expenses, lodging and other expenses reasonably incurred by AEA DEV in sending a representative to enforce compliance with the terms of this Agreement; or

22.3.3 AEA DEV may petition any court of competent jurisdiction to appoint a receiver for the business or assets of Franchisee, and Franchisee agrees that it will not contest any proceeding or petition for the appointment of a receiver.

22.4 Payment of Liquidated Damages by Franchisee upon Abandonment or Discontinuance of Franchise. If Franchisee abandons or discontinues the franchise for any reason prior to the expiration of the term of this Agreement, Franchisee will pay to AEA DEV as liquidated damages and not as a penalty, and in addition to but not in limitation of any other rights and remedies to which we are entitled, an amount equal to the average monthly Royalty payments due us during the 36 full calendar months during which the Franchised Academy was open and operating immediately before the termination date. If the Franchised Academy has not been open and operating for 36 months before the termination date, liquidated damages will be equal to the average monthly fees due to AEA DEV for all months during which the Franchised Academy was open and operating multiplied by 36. If there



are less than 36 months remaining on the Term, the liquidated damages will be calculated by multiplying the amount calculated above by a fraction, the numerator of which is the number of calendar months (including partial months) remaining on the term, and the denominator of which is 36.

**22.5 WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.**

22.6 Punitive Damages. AEA DEV and Franchisee agree to waive, to the fullest extent permitted by law, the right to or claim of any multiple, punitive, or exemplary damages against the other and agree that, in the event of a dispute between them, each will be limited to the recovery of actual damages sustained by it.

22.7 Limitation of Claims. Any and all claims arising out of or relating to this Agreement or the relationship between AEA, AEA DEV and Franchisee will be barred unless an action is commenced within one year from the date Franchisee or AEA DEV knew or should have known of the facts giving rise to such claims except for:

22.7.1 claims against Franchisee concerning the underreporting of Sales and corresponding underpayment of Royalty and Advertising Fees,

22.7.2 claims between AEA, AEA DEV and the Franchisee will be barred unless an action is commenced within one year from the date Franchisee or AEA DEV knew or should have known of the facts giving rise to such claims.

**23 LEGAL ENTITY OWNERSHIP**

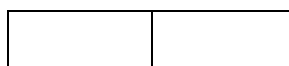
23.1 Corporation or Limited Liability Company. If Franchisee is a corporation or limited liability company, the following requirements will apply:

23.1.1 Franchisee will be newly organized, and its charter will at all times provide that Franchisee's activities are confined exclusively to operating the Franchised Academy.

23.1.2 If Franchisee is a corporation, copies of Franchisee's Articles of Incorporation, Bylaws, and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement will be promptly furnished to AEA DEV. If Franchisee is a limited liability company, copies of Franchisee's Certificate of Organization, Operating Agreement and other governing documents, any amendments thereto, including any resolutions authorizing entry into this Agreement will be promptly furnished to AEA DEV.

23.1.3 Franchisee will maintain stop-transfer instructions against the transfer on Franchisee's records of any equity securities or membership interests; and each stock certificate or membership interest, as applicable, will have conspicuously endorsed upon its face a statement in a form satisfactory to AEA DEV that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 23.1.3 will not apply to a publicly-held corporation.

23.1.4 Franchisee will maintain a current list of: (i) all owners of record and all beneficial owners of any class of voting securities, if Franchisee is a corporation; or (ii) all members or



beneficial owners of any interest, if Franchisee are a limited liability company, and Franchisee will furnish the list to AEA DEV.

23.1.5 All shareholders, if Franchisee is a corporation, or all members and managers, if Franchisee is a limited liability company, will jointly and severally guarantee Franchisee's performance under this Agreement and will bind themselves to the terms of this Agreement; provided, however, that the requirements of this Section 23.1.5 will not apply to a publicly held corporation.

23.1.6 Each ownership certificate of Franchisee will have conspicuously endorsed upon its face the following legend: "The transfer, sale or pledge of these share or ownership interest is subject to the terms and conditions of a Franchise Agreement with AEA DEV LLC.

23.2 Partnerships. If Franchisee is a partnership, Franchisee will comply, except as otherwise approved in writing by AEA DEV, with the following requirements throughout the Term:

23.2.1 Franchisee will furnish us with its partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto.

23.2.2 Franchisee will prepare and furnish to AEA DEV, upon request, a list of all general and limited partners.

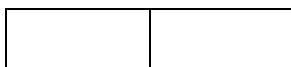
## 24 COMPLIANCE WITH LAWS, TAXES & PERMITS

24.1 Compliance with Laws. Franchisee will comply with all applicable federal, state, and local laws, rules, and regulations, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

24.2 Prompt Payment. Franchisee will promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business franchised under this Agreement.

24.3 Bona Fide Dispute. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event will Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Academy, or any improvements thereon.

24.4 Notice of Action. Franchisee will notify AEA DEV in writing within five days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Academy.



## 25 WAIVERS & NOTICES

25.1 Approvals and Consents. Whenever this Agreement requires the prior approval or consent of AEA DEV, Franchisee will make a timely written request to AEA DEV, and such approval or consent must be obtained in writing. We may grant or withhold our approval or consent in our sole and absolute discretion.

25.2 Warranties. AEA DEV makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or because of any neglect, delay, or denial of any request therefor.

25.3 No Waiver. AEA DEV will not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant of this Agreement or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of any custom or practice at variance with the terms of this Agreement; AEA DEV's failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by Franchisee with respect to the obligations of this Agreement, including, without limitation, any System standard; our waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Academies; the existence of other franchise agreements for Academies which contain different provisions from those contained in this Agreement; or our acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or accord and satisfaction. AEA DEV is authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect. Acceptance by AEA DEV of payments due under this Agreement from any person or entity will be deemed to be acceptance from such person or entity as Franchisee's agent and not as recognition of such person or entity as Franchisee's assignee or successor.

25.4 Notices. Any and all notices required or permitted under this Agreement or the Manual will be deemed so delivered: (a) at the time delivered, if by hand; (b) one business day after being placed on the hands of a commercial courier service for next business day delivery; or (c) three business days after placement in the United States Mail by registered or certified mail, return receipt request postage prepaid, and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. AEA DEV may send any notice to Franchisee at the Approved Academy Location. Franchisee must send a copy of any notice to AEA DEV. Notwithstanding the deemed delivery dates above, any required payment or report which we do not actually receive during regular business hours on the date due will be deemed delinquent. AEA DEV current address for notices:

Master Developer: Marcello Spinelli, Co-Founder  
AEA DEV LLC  
6555 Sanger Road  
Orlando FL 32827  
ms@aeexplorers.com  
Telephone: 646-707-2770

Franchisee : Address, Telephone & E-Mail  
(TO BE COMPLETED FOR FRANCHISEE)

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25.5 Force Majeure. Neither Franchisee nor AEA DEV will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisee's or AEA DEV's failure to perform any obligation results from:

25.5.1 transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;

25.5.2 acts of God.

25.5.3 fires, strikes, embargoes, wars or riots; or

25.5.4 any other similar event or cause beyond the control of the affected party.

25.5.5 Any delay resulting from any of the causes in this Article 25 will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed at the time of such occurrence or payment of royalties due on any sales after the force majeure period.

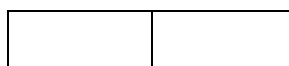
25.6 Withholding of Payments Prohibited. Franchisee agrees that it will not set off or withhold payment of any amounts Franchisee owes on the grounds of AEA DEV's alleged nonperformance of any of Franchisee's obligations under this Agreement or for any other reason.

## 26 SEVERABILITY & CONSTRUCTION

26.1 Severable. Except as expressly provided to the contrary in this Agreement, each section, part, term, provision, and covenant of this Agreement, and any portion of each, will be considered severable. If, for any reason, any such section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants will be deemed not to be a part of this Agreement.

26.2 No Third-Party Beneficiaries. Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Franchisee, AEA DEV's officers, directors, and employees, and such of Franchisee's and our respective successors and assigns as may be contemplated (and, as to Franchisee, permitted) by Section 19, any rights or remedies under or because of this Agreement.

26.3 Maximum Duty. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be



unreasonable and unenforceable in a final decision to which AEA DEV is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

26.4 Captions. All captions in this Agreement are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision hereof.

26.5 References. All references herein to the masculine, neuter, or singular will be construed to include the masculine, feminine, neuter, or plural, where applicable; and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee will be deemed jointly and severally undertaken by all those executing this Agreement on Franchisee's behalf.

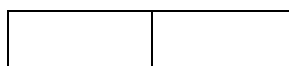
26.6 Additional Requirements. All instructions, requirements, prescriptions or specifications to be provided by AEA to Franchisee, as required under this Agreement, may be provided to Franchisee in the Manual or otherwise in writing, or in such manner as AEA DEV may deem suitable.

## 27 GOVERNING LAW, MEDIATION, ARBITRATION & WAIVERS

27.1 Governing Law & Venue. This Agreement will take effect upon its acceptance and execution by AEA DEV. Except to the extent governed by the United States Arbitration Act (9 U.S.C. §§ 1, et. seq.) and the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), this Agreement, the franchise and all claims arising from or in any way related to the relationship between AEA DEV, and/or any of its affiliates, on the one hand, and you, and any of your owners, guarantors and/or affiliates, on the other hand, will be interpreted and construed under the laws of the state of Florida, which laws will prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of AEA DEV and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

27.1.1 In the event the arbitration clause set forth in Section 27.3 is inapplicable or unenforceable, and subject to AEA DEV 's right to obtain injunctive relief in any court of competent jurisdiction, the following provision will govern: The parties hereby expressly agree that the United States District Court for Middle District of Florida, or if such court lacks subject matter jurisdiction, the State Court in Orange County, Florida, will be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. You acknowledge that this Agreement has been entered into in the State of Florida and that you are to receive valuable and continuing services emanating from AEA DEV 's headquarters in Orange County, Florida. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

27.2 Mediation. The parties have reached this Agreement in good faith and in belief that it is advantageous to each of them. In recognition of the enormous strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action by AEA DEV under Section 27.4 of this Agreement, before beginning any legal action or arbitration, the parties agree to mediate any dispute, controversy or claim between you and/or any of your owners, affiliates, officers, directors, shareholders, guarantors, employees, owners or members (each a "Franchisee Related Party"), on the one hand, and AEA DEV, and/or any of its affiliates, officers, directors, shareholders, members, guarantors, employees, representatives, independent contractors or owners (each a "AEA DEV Related Party"), on the other hand, including, without limitation,



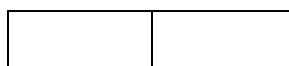
in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) any lease or sublease for your Franchised Business; (c) any loan or other finance arrangement between AEA DEV and its affiliates and you; (d) the parties' relationship; (e) events occurring prior to the entry into this Agreement; (f) the Academy; or (g) any System standard, in accordance with the procedures set forth in this Section 27.2, inclusive of all subparts. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. The Mediation will be conducted in accordance with the following provisions:

27.2.1 Initiation Procedure. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Dispute Notice"). The Dispute Notice will specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other relief such party claims and must identify one or more persons with authority to settle the dispute for the Initiating Party. The party (or parties as the case may be) receiving a Dispute Notice (the "Responding Party") will issue a written response (the "Response") to the Initiating Party within ten (10) days after receipt of the Dispute Notice identifying one or more persons with authority to settle the dispute on the Responding Party's behalf (the "Authorized Persons").

27.2.2 Direct Negotiations. Upon receipt of a Dispute Notice and the issuance of the Response, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice and the Response. If the parties have been unable to resolve any such dispute(s) outlined in a Dispute Notice or a response thereto within twenty (20) days after the Initiating Party's receipt of the Response, either party may initiate a mediation procedure in accordance with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties will take place in Orlando, Florida, or the city of AEA's then-current corporate headquarters, as AEA DEV designates.

27.2.3 Selection of the Mediator. The Authorized Persons will have seven (7) days from the date on which one party gives notice that he, she, or it is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 27.2 to supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking will be appointed as mediator. If the highest-ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

27.2.4 Time and Place for Mediation. In consultation with the parties, the mediator will promptly designate a mutually acceptable time and place for the mediation.





Unless the circumstances make it impossible, the time may not be later than thirty (30) days after the selection of the mediator.

27.2.5 Exchange of Information. If either party to this Agreement believes he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator if required.

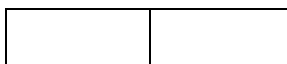
27.2.6 Summary of Views. At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator and to the other party a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

27.2.7 Representatives. In the mediation, an Authorized person must represent each party and each party may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

27.2.8 Conduct of Mediation. The mediator will advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator will give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator will assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

27.2.9 Termination of Procedure. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

27.2.10 Fees of Mediator; Disqualification. The parties equally share the fees and expenses of the mediator. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved.



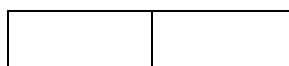
27.2.11 Confidentiality. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and will be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

27.3 Arbitration. Except as provided in Section 27.4, and if not resolved by the negotiation and mediation procedures described under Section 27.2 above, any dispute, controversy or claim between you and/or a Franchisee Related Party, on the one hand, and AEA DEV and/or any AEA DEV Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the entry into this Agreement; (d) any lease or sublease for your Academy; (e) any loan or other finance arrangement between AEA DEV or its affiliates and you; (f) the parties' relationship; (g) your Academy; (h) any System Standard; (i) any claim based in tort or any theory of negligence; (j) or the scope of validity of the arbitration obligation under this Article; will be determined in Florida by the AAA. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator. The arbitrator will be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. The arbitration will be conducted in accordance with the following provisions:

27.3.1 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred.

27.3.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of, claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 27.1.1. The arbitration must take place in Orlando, Florida, or at AEA DEV's then-current office, as AEA DEV designates.

27.3.3 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or AEA DEV. The arbitrator may not under any circumstance (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to determine any procedural matters as would a court of



competent jurisdiction be permitted to make in the state in which the main office of AEA DEV is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to, any decision as to whether Section 27.3 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

27.3.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

27.3.5 The arbitrator will have subpoena powers limited only by the laws of the State of Florida.

27.3.6 The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the State of Florida.

27.3.7 All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Florida.

27.3.8 Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

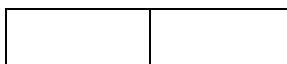
27.3.9 The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

27.3.10 AEA DEV reserves the right, but has 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 will not be deemed to have waived or relinquished its right to seek recovery of those costs against you.

#### 27.4 Exceptions to Arbitration and Mediation.

27.4.1 Notwithstanding the provisions of Sections 27.2 and 27.3 of this Agreement, AEA DEV shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) your, and/or any Franchisee Related Party's use of the Marks; (b) the covenants under Article 18 of this Agreement, including your covenants not to compete and confidentiality covenants; (c) your obligations upon termination or expiration of the franchise; (d) and/or transfer or assignment of you or the Franchised Business. If AEA DEV secures any such injunction or order of specific performance, you agree to pay us an

27.4.2 amount equal to the aggregate of our costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs,



other litigation expenses, travel and living expenses and any damages incurred by AEA DEV as a result of the breach of any such provision.

27.4.3 Further, at the election of AEA DEV, or its affiliate, the mediation and arbitration provisions of Sections 27.2 and 27.3, inclusive of all subparts, will not apply to: (a) any claim by AEA relating to your failure to pay any fee due to AEA DEV under this Agreement; (b) any claim by us relating to your failure to comply with the covenants set forth in Article 18 of this Agreement; and/or (b) any claim by us or our affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

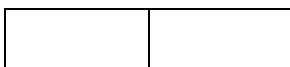
27.5 Survival. The provisions of Article 27 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

27.6 Waiver of Rights. THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:

27.6.1 Jury Trial. **The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 27.3 is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.**

27.6.2 Damage Waiver. Franchise and AEA DEV EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; **except that** this waiver and limitation will not apply with respect to (a) your obligation to indemnify AEA DEV pursuant to any provision of this Agreement, and/or (b) any claims AEA DEV brings against you and/or your guarantors and/or Owners for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your covenants under Article 18, including your in-term and post-term non-competition covenants, and/or any cause of action under the Lanham Act, and AEA DEV will be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

27.6.3 AEA DEV AND FRANCHISEE EXPRESSLY AGREE THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM WILL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that AEA may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.



27.6.4 Franchisee expressly waives any and all rights, actions or claims for relief under the Federal Act entitled “Racketeer Influenced and Corrupt Organizations,” 18 U.S.C. Section 1961, *et seq.*

27.7 Limitation of Action.

27.7.1 Except for claims arising from your non-payment or underpayment of amounts you owe to AEA DEV, or claims related to your unauthorized use of the AEA Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought will be barred, whether as a claim, counterclaim, defense or setoff.

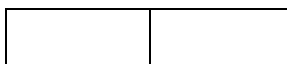
27.7.2 You hereby acknowledge and agree that you may not maintain any action against AEA, AEA DEV or any AEA DEV Related Party unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures described in Article 27, and (c) you file an arbitration within one (1) year after the notice is delivered.

27.8 Cumulative Rights. No right or remedy conferred upon or reserved to AEA DEV or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

27.9 Injunctive Relief. You recognize that you are a member of a franchise system and that your acts and omissions may have a positive or negative effect on the success of other businesses operating under the Proprietary Marks and in association with the System. You acknowledge that failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to AEA DEV and to some or all the other franchisees of AEA DEV. For this reason, you agree that if AEA DEV can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of this Agreement, AEA DEV will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage. Without limiting the generality of the foregoing, nothing herein contained will bar AEA DEV’s right to obtain injunctive relief, without posting bond or security, against conduct or threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders, preliminary and permanent injunctions, and orders of specific performance enforcing the provisions of this Agreement. Additionally, and without limiting the generality of the foregoing, AEA DEV and AEA will have the right to seek injunctive relief to prohibit any act or omission by you or your employees that constitute a violation of any applicable law, is dishonest or misleading to the public, or which may impair the goodwill associated with the Proprietary Marks, Trade Dress or System.

27.10 No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you and/or any Franchisee Related Party, on the one hand, and AEA and/or any AEA DEV Related Party, on the other hand, will be on such party’s individual claim and that the claim or claims subject to arbitration and/or litigation will not be arbitrated or litigated on a class-wide, associational or collective basis.

27.11 Post-Term Applicability. The provisions of Article 27 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.



27.12 Costs and Attorneys' Fee. AEA DEV will be entitled to recover from you all of our costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if we are the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your Owners or Guarantors, including, without limitation, any action (a) to enforce the terms of this Agreement, (b) for violation of this Agreement, (c) for violation of the Lanham Act or other state statute. Without limiting the generality of the foregoing, if AEA DEV incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to us or our affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, Franchisee agrees, whether or not AEA DEV initiates a formal arbitration or legal proceeding, to reimburse us for all of the costs and expenses that we incur including, without limitation, reasonable accounting, attorneys' and related fees and costs.

## 28 FRANCHISEE'S ACKNOWLEDGMENTS

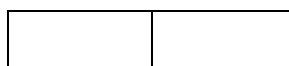
### 28.1 ACKNOWLEDGMENTS.

28.1.1 FDD ACKNOWLEDGMENT. YOU ACKNOWLEDGE THAT YOU RECEIVED OUR FRANCHISE DISCLOSURE DOCUMENT (THE "FDD") AT LEAST 10 BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED AND THAT YOU HAVE READ THE FDD. YOU ACKNOWLEDGE THAT THE FDD IS A DISCLOSURE DOCUMENT, NOT A CONTRACT, AND THAT THIS AGREEMENT EMBODIES THE ENTIRE CONTRACTUAL AGREEMENT BETWEEN THE PARTIES.

28.1.2 CONSULTATION WITH BUSINESS ADVISOR. YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTOOD THIS AGREEMENT, THE ATTACHMENTS TO THE AGREEMENT AND ALL AGREEMENTS RELATING TO THE AGREEMENT, IF ANY. YOU ACKNOWLEDGE THAT AEA DEV HAS ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT. YOU FURTHER ACKNOWLEDGE THAT AEA HAS ADVISED YOU TO SEEK FRANCHISE COUNSEL TO REVIEW AND EVALUATE THIS AGREEMENT.

28.1.3 NO RELIANCE. YOU ACKNOWLEDGE THAT YOU ARE RELYING SOLELY ON AEA DEV AND NOT ON ANY AFFILIATED ENTITY OR PARENT COMPANY RELATED TO AEA DEV REGARDING AEA'S FINANCIAL AND OTHER OBLIGATIONS UNDER THIS AGREEMENT, AND NO EMPLOYEE OR OTHER PERSON SPEAKING ON BEHALF OF, OR OTHERWISE REPRESENTING AEA DEV HAS MADE ANY STATEMENTS OR PROMISES TO THE EFFECT THAT ANY AFFILIATED ENTITIES OR PARENT COMPANIES GUARANTEE AEA'S PERFORMANCE OR FINANCIALLY BACK AEA.

28.1.4 INDEPENDENT INVESTIGATION. YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS, AND RECOGNIZE THAT, LIKE ANY OTHER BUSINESS, THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS. YOUR SUCCESS IN THIS BUSINESS IS NOT GUARANTEED, IS SPECULATIVE AND DEPENDS, TO AN IMPORTANT EXTENT, UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON. AEA DOES NOT REPRESENT OR WARRANT THAT THE AMAZING EXPLORERS ACADEMY WILL ACHIEVE A CERTAIN LEVEL OF SALES OR BE PROFITABLE, NOTWITHSTANDING AEA'S GRANT OF THIS



LICENSE OR APPROVAL OF THE APPROVED ACADEMY LOCATION. AEA DEV EXPRESSLY DISCLAIMS THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. BY SIGNING THIS AGREEMENT, YOU ACKNOWLEDGE THAT YOU HAVE ENTERED INTO IT AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE SYSTEM.

28.1.5 NO GUARANTEE OF PERFORMANCE. YOU UNDERSTAND THAT NEITHER AEA DEV, NOR ANY OF OUR REPRESENTATIVES AND/OR AGENTS WITH WHOM YOU HAVE MET, ARE NOT MAKING ANY GUARANTEES, EXPRESS OR IMPLIED, AS TO WHETHER OR NOT THE FRANCHISED BUSINESS WILL BREAK EVEN, BE SUCCESSFUL OR PROFITABLE. YOU ACKNOWLEDGE THAT THE AMAZING EXPLORERS ACADEMY® FRANCHISE OPPORTUNITY IS A NEWLY OFFERED OPPORTUNITY WITH NO TRACK RECORD OR OPERATING HISTORY, OTHER THAN AS EXPRESSLY DISCLOSED IN THE FDD. YOU ACCEPT ALL RISKS, INCLUDING THE RISK OF LOSS OF YOUR ENTIRE INVESTMENT. YOU ACKNOWLEDGE THAT NEITHER AEA NOR ANY OF ITS REPRESENTATIVES AND/OR AGENTS WITH WHOM YOU HAVE MET OR CORRESPONDED, HAVE, IN ANY WAY, REPRESENTED OR PROMISED ANY SPECIFIC AMOUNTS OF EARNINGS OR PROFITS IN ASSOCIATION WITH YOUR FRANCHISED ACADEMY OR ANY OTHER ACADEMY.

28.1.6 STANDARDS. YOU ACKNOWLEDGE THE IMPORTANCE OF THE HIGH STANDARDS OF QUALITY, SAFETY AND SERVICE OF THE AMAZING EXPLORERS ACADEMY AND THE NECESSITY OF OPERATING THE FRANCHISED ACADEMY IN STRICT COMPLIANCE WITH THE SYSTEM. YOU ACKNOWLEDGE THAT THE TERMS, CONDITIONS AND COVENANTS CONTAINED IN THE FRANCHISE AGREEMENT AND ALL RELATED DOCUMENTS ARE REASONABLE AND NECESSARY TO MAINTAIN THE UNIFORMITY OF STANDARDS OF QUALITY AND SERVICE AT THE ACADEMIES AND TO PROTECT AND PRESERVE THE GOODWILL OF THE PROPRIETARY MARKS.

28.1.7 NO PERSONAL LIABILITY. YOU AGREE THAT FULFILLMENT OF ANY AND ALL OF AEA DEV OBLIGATIONS WRITTEN IN THIS AGREEMENT OR BASED ON ANY ORAL COMMUNICATIONS WHICH MAY BE RULED TO BE BINDING IN A COURT OF LAW WILL BE AEA DEV SOLE RESPONSIBILITY AND NONE OF ITS AGENTS, REPRESENTATIVES, NOR ANY INDIVIDUALS ASSOCIATED WITH IT WILL BE PERSONALLY LIABLE TO YOU FOR ANY REASON.

28.1.8 OTHER AGREEMENTS. YOU ARE AWARE OF THE FACT THAT OTHER AE DEV A PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF THE AGREEMENT(S) AND CONSEQUENTLY FRANCHSOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

## 29 MISCELLANEOUS

29.1 Anti-Terrorist Activities and Representations. You acknowledge that it is AEA DEV's intent to comply with all anti-terrorism laws enacted by the U.S. Government, including, without limitation, the USA PATRIOT ACT or Executive Order 13324. You acknowledge that you are not now, nor have

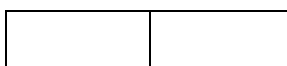


you ever been, a suspected terrorist or otherwise associated directly or indirectly with terrorist activity. At any time during the Term of this Agreement, if AEA DEV is prohibited from doing business with you under any anti-terrorism law enacted by the U.S. Government, then this Agreement may be terminated immediately. You further certify and warrant that neither you, nor any of your owners, principals, employees or associates (including all shareholders, members or partners (as applicable)), are (i) a person or entity designated by the U.S. Government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List"), as maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") <http://www.ustreas.gov/offices/enforcement/ofac/sdn>, with which a U.S. person or entity cannot deal with or otherwise engage in business transactions; (ii) a person or entity who is otherwise the target of U.S. economic sanctions and trade embargoes enforced and administered by OFAC, such that a U.S. person or entity cannot deal or otherwise engage in business transactions with you or your shareholders, members or partners; (iii) either wholly or partly owned or partly controlled by any person or entity on the SDN List, including, without limitation by virtue of such person being a director or owning voting shares or interests in an entity on the SDN List; (iv) a person or entity acting, directly or indirectly, for or on behalf of any person or entity on the SDN List; or (v) a person or entity acting, directly or indirectly, for or on behalf of a foreign government that is the target of the OFAC sanctions regulations such that the entry into this Agreement would be prohibited under U.S. law.

29.1.1 You will comply with and assist AEA DEV to the fullest extent possible in its efforts to comply with the Anti-Terrorism Laws (as defined below). You will not hire nor have any dealings with any person listed on the SDN List, as it may be modified from time to time. You are solely responsible for ascertaining what actions must be taken by you to comply with all Anti-Terrorism Laws. You specifically acknowledge and agree that your indemnification obligations under this Agreement pertain to your obligations under this Section 29.1. Any misrepresentation by you under this Section 29.1 or any violation of any Anti-Terrorism Laws by you, your owners, principals or employees, will constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with AEA or its affiliates. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT ACT, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, The United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

29.2 Representation. You represent to AEA DEV, as an inducement to AEA DEV entry into this Agreement, that all statements you have made and all materials you have submitted to AEA DEV in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. AEA DEV has approved of your purchasing of a franchise in reliance upon all your representations.

29.3 Entire Agreement. This Agreement, inclusive of all exhibits hereto, constitutes the entire, full and complete agreement and understanding between AEA DEV and Franchisee and supersedes any and all prior agreements, no other representations, promises, warranties or agreements have induced you to execute this Agreement with AEA DEV. Both parties acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, "side-deals," rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement supersedes all prior agreements, no other representations, promises, warranties, assurances, covenants, "side deals," rights of





first refusal, options or understandings having induced you to execute this Agreement. The Parties agree that, in entering into this Agreement, they are each relying on their own judgment, belief and knowledge as to any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed in this Agreement have been made to procure their agreement hereto. The parties further acknowledge that they have read, fully understand and fully agreed to the terms of this Agreement. Except for those permitted to be made unilaterally by AEA DEV hereunder, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations AEA DEV made in the franchise disclosure document AEA DEV furnished to you.

**29.4 Binding Provision. This Contract Contains a Binding Arbitration Provision. This Agreement Contains Express Waivers of (A) Any and All Rights to A Jury Trial, (B) any and All Rights to Participation in Class Action Arbitration and/or Lawsuits, (C) Your Right to Obtain Punitive, Multiple or Exemplary Damages, and (D) Your Right to Bring Any Claim or Action Later than One Year after The Discovery of the facts giving rise to Such Claims or Actions.**

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed, and delivered this Agreement on the day and year first above written.

**MASTER FRANCHISEE: AEA DEV LLC**

By: \_\_\_\_\_  
Print Name & Title: \_\_\_\_\_

**WITNESS:**

**FRANCHISEE:**

\_\_\_\_\_  
Print Name  
\_\_\_\_\_

By: \_\_\_\_\_  
Print Name & Title \_\_\_\_\_

|  |  |
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## EXHIBIT FA-1

### APPROVED LOCATION AND PROTECTED TERRITORY ADDENDUM

1. The Approved Location for the Franchised AEA Academy is: \_\_\_\_\_  
\_\_\_\_\_ and the protected area is  
\_\_\_\_\_
2. The Protected Territory referenced in Section 1.1 and 5.1 of the Franchise Agreement to which this Exhibit is attached consists of the following geographical area in the State of \_\_\_\_\_
3. This Exhibit FA-I is to be attached to, incorporated in and made a part of the Franchise Agreement.

The parties are signing this Agreement on the dates written below.

**MASTER FRANCHISEE: AEA DEV LLC**

By: \_\_\_\_\_  
Print Name & Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Print Name & Title: \_\_\_\_\_

**EXHIBIT FA-II**  
**SITE SELECTION ADDENDUM**

AEA DEV LLC (“AEA DEV”) and \_\_\_\_\_ (“Franchisee”) have entered into a Franchise Agreement (the “Franchise Agreement”), on the \_\_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_ and desire to supplement its terms as described in this Addendum.

THEREFORE, the parties agree as follows:

1. Within six months after the execution of the Franchise Agreement, Franchisee will submit to AEA DEV, in a form specified by AEA DEV, a completed site approval package (the “SAP”), which must include a site approval form prescribed by us, an option contract, letter of intent, or other evidence, satisfactory to AEA DEV, that describes Franchisee’s favorable prospects for obtaining the site, photographs of the site, demographic statistics, and such other information or materials as we may reasonably require. Franchisee acknowledges that time is of the essence. AEA DEV will approve or disapprove the proposed site for the Franchised Academy by notifying Franchisee in writing within 30 days after our receipt of the complete SAP from Franchisee. AEA DEV will not unreasonably withhold approval of a site that meets its site selection guidelines.
2. AEA DEV may not establish or license another to establish an Amazing Explorers Academy within the Site Selection Territory until we approve a location for the Franchised Academy, or until the expiration of the Site Selection Period, whichever occurs first. If Franchisee fails to acquire or lease a site for the Franchised Academy within the Site Selection Period, AEA DEV, may, at any time prior to Franchisee acquiring a site approved by us, terminate this Agreement. Franchisee’s failure to acquire or lease a site for the Franchised Academy within the Site Selection Period will constitute a material default under this Addendum and under Section 21 of the Franchise Agreement.
3. Within twelve months after the execution of the Franchise Agreement (the “Site Selection Period”), Franchisee will secure (acquire or lease), at Franchisee’s expense, a location for the Amazing Explorers Academy® franchised under the Franchise Agreement (the “Franchised Academy”) at a site approved by AEA DEV as provided in this Addendum. The location must be within the following area: (the “Site Selection Territory”). The Site Selection Territory is described solely for the purpose of selecting a site for the Franchised Academy.
4. AEA DEV will furnish Franchisee with the following:
  - a. Site selection guidelines, including AEA DEV’s minimum standards for a location for the Franchised Academy, and such site selection counseling and assistance as AEA DEV may deem advisable.
  - b. Such on-site evaluation as AEA DEV may deem advisable in response to Franchisee’s requests for site approval; provided, however, that we will not provide on-site evaluation for any proposed site before it receives a completed SAP for the site prepared by Franchisee pursuant to Section 2 above. If we deem on-site evaluation necessary and appropriate, we will, at no charge to Franchisee, conduct: (a) up to two on-site evaluations, if the Franchised

Academy is the first Amazing Explorers Academy® to be developed by Franchisee; or (b) one on-site evaluation, if Franchisee has opened an Amazing Explorers Academy prior to the Franchised Academy. For each additional on-site evaluation thereafter, Franchisee will reimburse AEA DEV for our reasonable expenses, including, without limitation, the costs of travel, lodging, wages and meals.

5. After we approve the location for the Franchised Academy in accordance with Section 2 hereof and the lease is secured or acquired by Franchisee, the location will constitute the “Approved Location” under the Franchise Agreement. If Franchisee fails to secure (acquire or lease) a site for the Franchised Academy within ninety days after Franchisee’s receipt of our notice of approval, AEA DEV may withdraw its approval of the proposed location.
6. If Franchisee occupies the premises of the Franchised Academy under a lease or sublease, Franchisee will, prior to the execution thereof, submit the lease or sublease to AEA DEV for its written approval. Our approval of the lease or sublease may be conditioned upon the inclusion of such provisions as we may reasonably require, including, without limitation:
  - a. a provision that restricts the use of the premises solely to the operation of the franchised business.
  - b. Lessor’s consent to Franchisee’s use of such Proprietary Marks and signage as AEA DEV may prescribe for the Franchised Academy.
  - c. a provision that gives AEA DEV, if Franchisee fails to timely pay any amounts due to us or to lessor, the right to pay the amounts to and to charge and collect from Franchisee all resulting costs and expenses incurred by, and penalties imposed on, AEA DEV.
  - d. a provision that prohibits Franchisee from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without our prior written consent.
  - e. a provision that gives AEA DEV the right, but not the obligation, to enter the premises or make modifications necessary to protect the Proprietary Marks or the Amazing Explorers Academy® System or to cure any default under the Franchise Agreement.
  - f. a provision that reserves to AEA DEV the right, but not the obligation, to assume Franchisee’s leasehold interest, with the right to sublease, upon termination or expiration of the lease or of the Franchise Agreement, without any assessment of additional fees, penalties, or rent acceleration.
  - g. a provision that requires the lessor to provide AEA DEV with copies of all notices (including those relating to default by Franchisee) given to Franchisee under the lease.
  - h. a provision that restricts the lease from being modified in a manner that could materially affect AEA DEV’s rights with respect to the lease, without our prior written consent.
  - i. a provision that modifies the term of the lease so that it is coterminous with the Franchise Agreement.
7. Approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Academy or for any other purpose. Our

approval of the site indicates only that we believe the site complies with acceptable minimum criteria established by AEA DEV solely for its purposes as of the time of the evaluation. Both parties acknowledge that the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval of a site by AEA DEV, demographic and economic factors (such as competition from other similar businesses) included in or excluded from the criteria used by us could change, thereby altering the potential of a site such factors are unpredictable and are beyond our control. AEA DEV is not responsible for an AEA DEV-approved site's failure to meet Franchisee's expectations for revenue or operational criteria. Franchisee's acceptance of a franchise for the operation of the Franchised Academy at the site is based on its own independent investigation of the suitability of the site.

8. This Addendum is an integral part of the Franchise Agreement, and its terms shall control with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and affirmed.

The parties are signing this Site Selection Addendum on the dates below.

**MASTER FRANCHISE: AEA DEV LLC**

By: \_\_\_\_\_  
Print Name & Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Print Name & Title \_\_\_\_\_

### EXHIBIT FA-III

#### PRINCIPALS

The full name and mailing address of each person or entity who directly or indirectly owns equity or voting interest in FRANCHISE and a description of the interest, is as follows:

|                                  |                                         |
|----------------------------------|-----------------------------------------|
| Name: _____                      | Number of Shares Owned: _____           |
| Address _____                    | Number of Shares Entitled to Vote _____ |
| _____                            | % of Total Shares: _____                |
| Other Interest (Describe): _____ |                                         |

|                                  |                                          |
|----------------------------------|------------------------------------------|
| Name: _____                      | Number of Shares Owned: _____            |
| Address _____                    | Number of Shares Entitled to Vote: _____ |
| _____                            | % of Total Shares: _____                 |
| Other Interest (Describe): _____ |                                          |

|                                  |                                          |
|----------------------------------|------------------------------------------|
| Name: _____                      | Number of Shares Owned: _____            |
| Address: _____                   | Number of Shares Entitled to Vote: _____ |
| _____                            | % of Total Shares: _____                 |
| Other Interest (Describe): _____ |                                          |

|                                  |                                          |
|----------------------------------|------------------------------------------|
| Name: _____                      | Number of Shares Owned: _____            |
| Address: _____                   | Number of Shares Entitled to Vote: _____ |
| _____                            | % of Total Shares: _____                 |
| Other Interest (Describe): _____ |                                          |

|                                  |                                         |
|----------------------------------|-----------------------------------------|
| Name: _____                      | Number of Shares Owned: _____           |
| Address: _____                   | Number of Shares Entitled to Vote _____ |
| _____                            | % of Total Shares: _____                |
| Other Interest (Describe): _____ |                                         |

|                                  |                                          |
|----------------------------------|------------------------------------------|
| Name: _____                      | Number of Shares Owned: _____            |
| Address: _____                   | Number of Shares Entitled to Vote: _____ |
| _____                            | % of Total Shares: _____                 |
| Other Interest (Describe): _____ |                                          |

## EXHIBIT FA-IV

### GUARANTY AND INDEMNIFICATION

The undersigned, in order to induce AEA DEV LLC, a Florida limited liability company ("AEA DEV"), to enter into a AEA Master Franchising LLC Franchise Agreement ("the Agreement") dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ to or with \_\_\_\_\_ ("Franchisee") irrevocably and unconditionally personally guarantees to AEA DEV, its successors or assigns, the prompt, full payment and performance of all financial obligations of Franchisee that are or may become due and owing to AEA DEV, arising out of the Franchise Agreement.

The undersigned expressly waives any and all notices and demands. This Personal Guaranty will not be affected by the modification, extension, or renewal of any agreement between AEA DEV and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of extension(s) of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization or other debtor's relief afforded Franchisee pursuant to the present or future provision of any state or federal law or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Personal Guaranty will cover the terms and obligations of any such modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional, notwithstanding any defect in the genuineness, validity, regularity, or enforceability of the Franchisee's obligations or liability to AEA DEV, or any other circumstances whether or not referred to herein, which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is a continuing, irrevocable, unconditional and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability on this Personal Guaranty will be immediate and is not contingent upon the exercise or enforcement by AEA DEV of whatever remedies it may have against Franchisee or others, or the enforcement of any lien or realization upon any security AEA DEV may at any time possess.

The undersigned further covenants and agrees that as long as Franchisee owes any monies to AEA DEV (other than royalty and advertising fee payments that are not past due under Franchise Agreement(s), Franchisee will not pay, and the undersigned will not accept, payment of any part of any indebtedness owed by Franchisee to the undersigned, or any one of the undersigned if more than one person, either directly or indirectly, without our consent.

If this Personal Guaranty is executed by more than one individual, each person executing this Personal Guaranty will be jointly and severally liable for the obligations created herein.

This Personal Guaranty remains in full force and effect until all obligations arising out of and pursuant to the Franchise Agreement and any other agreement between AEA DEV and Franchisee (including, but not limited to monetary obligations), including all renewals and extensions thereof, are fully paid and satisfied, notwithstanding the termination or expiration of the relationship set forth in the Franchise Agreement or any other agreement between AEA DEV and Franchisee.

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IN WITNESS WHEREOF, the undersigned has (have) executed this Agreement on the date set forth below.

\_\_\_\_\_  
(Witness)

\_\_\_\_\_  
(Signature), an individual

\_\_\_\_\_  
(Print Name)

Dated \_\_\_\_\_, 20\_\_.



## EXHIBIT FA-V

### AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFERS

The undersigned depositor ("DEPOSITOR") hereby authorizes \_\_\_\_\_ "PAYEE") to initiate debit entries and/or credit correction entries to the Depositor's checking account designated below, and authorizes the financial institution designated below ("BANK") to debit such account pursuant to Payee's instructions.

\_\_\_\_\_  
Name of Financial Institution

\_\_\_\_\_  
Branch

\_\_\_\_\_  
Address of Financial Institution City

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP Code

\_\_\_\_\_  
Account Number

\_\_\_\_\_  
Bank Transit/Routing Number

This authority will remain in effect until BANK receives a written cancellation notification from DEPOSITOR in such time as to afford BANK a reasonable opportunity to act on it. DEPOSITOR may stop payment of any entry by notifying BANK at least three (3) business days before the entry is charged to DEPOSITOR'S account. DEPOSITOR may have the amount of any erroneous entry immediately credited to DEPOSITOR'S account by notifying BANK within fifteen (15) calendar days after BANK issues DEPOSITOR'S account statement containing the erroneous entry or forty-five (45) days after posting, whichever occurs first. These rights are in addition to any rights DEPOSITOR may have under federal and state banking or consumer protection laws.

Name of DEPOSITOR: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Its: \_\_\_\_\_

A voided check must be attached to this form.

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## EXHIBIT FA-VI

### ASSIGNMENT AND CONSENT OF FRANCHISE AGREEMENT AND GUARANTY

This Agreement, made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among the \_\_\_\_\_ (individual or company \_\_\_\_\_ ("Assignor"), \_\_\_\_\_ ("Assignee"), and AEA DEV, LLC ("AEA DEV"), a Florida limited liability company ("Master Franchisee").

#### INTRODUCTION:

A. AEA DEV and Assignor did enter into an agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement") pursuant to which Assignor became entitled to certain rights and privileges to operate an Amazing Explorers Academy at \_\_\_\_\_ ("the Location") in the \_\_\_\_\_ (City, State), subject to certain duties and obligations, all as more particularly described in the Franchise Agreement; and

B. Assignor desires to transfer all of Assignor's right, title and interest in and to the Franchise Agreement as it relates to the Location to Assignee, and Assignee is desirous of accepting the transfer; and

C. A transfer is not effective and of no force or effect without the consent of AEA DEV.

Now, Therefore, in consideration of the sum of \$10.00, and other good and valuable consideration exchanged among the parties, the receipt and sufficiency of which are hereby acknowledged, it is AGREED:

1. Assignor sells, grants, assigns and conveys to Assignee all of Assignor's right, title and interest in and to the Franchise Agreement for the Amazing Explorers Academy at the Location.

2. Assignee expressly assumes all the terms, covenants, conditions and terms under the Franchise Agreement, and expressly agrees to be bound by the terms, covenants, conditions and terms of the Franchise Agreement.

3. The assignment of the Franchise Agreement for the Location by Assignor does not constitute a novation between AEA DEV and Assignor, and our consent to the assignment does not in any manner relieve or release Assignor from responsibility, financial or otherwise, under the Franchise Agreement. Assignor unconditionally guarantees the performance by Assignee of all the terms, covenants, conditions and terms of the Franchise Agreement, and expressly guarantees payment by Assignee of all sums payable by Assignee to AEA DEV pursuant to the Franchise Agreement or any renewal, extension or modification, and pursuant to other contract(s) entered into in connection with the Franchise Agreement.

In connection with Assignor's unconditional guaranty, Assignor consents and agrees that: (1) his or her liability shall be joint and several; (2) he or she shall render any payment or performance required under the Franchise Agreement upon demand if Assignee fails or refuses to do so punctually; (3) such liability shall not be contingent or conditioned upon pursuit by AEA DEV of any remedies against Assignee or any other

person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which AEA DEV may from time to time grant to Assignee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend Assignor's guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement.

4. The parties expressly ratify and reaffirm the Franchise Agreement, and the terms, covenants, and conditions contained in the Franchise Agreement.

5. Nothing contained in this Agreement will in any way modify or abrogate any requirement(s) in the Franchise Agreement with respect to any further or future assignment of the Franchise Agreement, or the rights or obligations under the Franchise Agreement.

6. AEA DEV consents to the Assignment of the Franchise Agreement subject to terms of this Agreement.

In Witness Whereof, the parties have set their respective hand and seal as of the day and year indicated on page 1.

**ASSIGNOR:**

By: \_\_\_\_\_  
(Name & Title)

**ASSIGNEE:**

By: \_\_\_\_\_  
(Name & Title)

**AEA DEV LLC: MASTER FRANCHISE**

By: \_\_\_\_\_  
(Name & Title)

**EXHIBIT FA-VII**  
**SECURITY AGREEMENT**

THIS SECURITY AGREEMENT is entered into, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_ (Debtor), and AEA DEV LLC (Secured Party), whose address is 6555 Sanger Rd, Orlando FL 32827.

**AGREEMENT**

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor grants to Secured Party a first priority security interest in all the property owned by Debtor, as described in Schedule I and the Property presently located at or intended to be located at Debtor's Academy located at:

(the Premises) and/or elsewhere and used and/or intended to be used and/or consumed in connection with the operation of an Amazing Explorers Academy® franchise Academy at the Premises, together with all acquired property of the same general class and description and the proceeds of all property encumbered hereby (The Collateral).

**TO SECURE:**

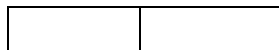
- (a) Performance of each agreement of Debtor contained in that certain Franchise Agreement between Debtor and Secured Party, dated \_\_\_\_\_ (the Franchise Agreement); and
- (b) The repayment of all sums and amounts that may be advanced or expended by Secured Party for the maintenance and preservation of the Collateral or any part thereof or the enforcement of any rights of Secured Party hereunder; and
- (c) Performance of each agreement of Debtor contained herein.

**DEBTOR WARRANTS AND AGREES:**

- 1. Except for the security interest granted hereby, Debtor is the owner of the Collateral, free from any adverse lien, security interest or encumbrance, and Debtor will defend against all claims and demands of all persons at any time claiming the same or an interest therein.
- 2. No Financing Statement covering any of the Collateral or any proceeds thereof is on file in any public office. Debtor hereby authorizes Secured Party to execute, on behalf of both Debtor and Secured Party, one or more Financing Statements pursuant to the Uniform Commercial Code, in form satisfactory to Secured Party, and to file or record same in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable and Debtor agrees to pay the cost of filing or recording the same.
- 3. To do all acts which may be necessary to maintain, preserve and protect the Collateral, not to commit or permit any waste thereof, and to maintain the Collateral in good order, repair and condition, reasonable wear and tear excepted.
- 4. Not to remove any of the Collateral from the Premises, except for the purpose of repair or replacement with other articles of substantially similar quality and value, which will not be subject to any lien, encumbrances or interests in others, except for purchase money security interests and the security interest granted hereby, and to permit Secured Party to inspect the Collateral at any time. Notwithstanding the above, Debtor may sell the inventory secured hereby in the ordinary course of its business.



5. Except as provided in Section 4 above, not to sell, assign, lease, encumber, or otherwise dispose of all or any of the Collateral without the prior written consent of Secured Party.
6. To pay before delinquency, all taxes, assessments and liens now or hereafter imposed on the Collateral, and to maintain in force at all times, fire and other insurance policies (including all risk, and earthquake insurance) on the Collateral.
7. If Debtor fails to make any payment or do any act as herein required, then Secured Party, without obligation to do so and without notice to or demand upon Debtor, may make such payments and do such acts as Secured Party may deem necessary to protect its security interest in the Collateral, Secured Party being hereby authorized (without limiting the general nature of the authority hereinabove conferred) to take possession of the Collateral or any part thereof and to pay, purchase, contest or compromise any security interest, encumbrance, charge or lien which, in the judgment of Secured Party, appears to be prior or superior to or to jeopardize the security interest granted hereby, and in exercising any such powers and authority to incur necessary expenses, including attorneys' fees. Debtor hereby agrees to repay immediately and without demand all sums expended by Secured Party pursuant to the provisions of this paragraph.
8. Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions:  
*Default by Debtor in the payment of any or all the indebtedness, obligations or liabilities secured hereby beyond the applicable cure periods,*  
*Failure by Debtor to perform any agreement herein contained or secured hereby.*
9. Upon any such default, Secured Party, at its option, without demand upon or notice to Debtor, may declare all indebtedness, obligations and liabilities secured hereby to be immediately due and payable, and Secured Party shall have all the rights and remedies provided a secured party under the Uniform Commercial Code and may proceed to foreclose the security interest created hereby according to law, and may, at its option, and it is hereby empowered, with or without foreclosure action, to enter upon the Premises or any other premises where the Collateral or any part thereof may be and take possession thereof and remove the Collateral or any part thereof. In addition, Secured Party may require, and Debtor agrees to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private or other intended disposition is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown above at least ten (10) days before the time of the sale or disposition. The Collateral may be sold in one or more lots and at one or more sales, which may be held on different days and need not be held within view of the Collateral being sold. Secured Party shall deduct and retain from the proceeds of such sale or sales all costs and expenses paid or incurred in the taking, removal, holding, preparing for sale or sales of the Collateral, including any reasonable attorneys' fees and legal expenses incurred or paid by Secured Party; the balance of the proceeds shall be applied by Secured party upon the indebtedness, obligations and liabilities secured hereby, in such order and manner as Secured Party may determine, and the surplus, if any, shall be paid to Debtor or to the person or persons lawfully entitled to receive the same.  
  
(a) Secured Party, at its option, shall have the right to commence any action or proceeding against a third party or appear in or defend any action or proceeding brought by a third party purporting to affect the rights, duties or liabilities of the parties hereto, including, without limiting the generality of the foregoing, an action to foreclose the security interest created hereby, and in connection therewith to incur costs, expenses and attorneys' fees in any such action or proceeding in which the Secured Party



shall appear, all of which costs, expenses and attorneys' fees will be paid or reimbursed to the Secured Party by Debtor.

(b) In the event of any default hereunder, Secured Party shall be entitled, without notice and without regard to the adequacy of the Collateral and of any other security for the indebtedness hereby secured, to the appointment of a receiver to take possession of all or any part of the Collateral and to exercise such powers as the Court shall confer upon Debtor.

(c) At any public sale or sales made under this Section 9 or authorized herein or by laws, or at any sale or sales made upon judicial foreclosure of this security interest, Secured Party (or its representative) may bid for and purchase any Collateral being sold and, in the event of such purchase, shall hold such property thereafter discharged of all rights of redemption.

10. Secured Party shall be entitled to enforce any indebtedness, obligation or liability secured hereby and to exercise all rights and powers hereby conferred, although some or all the indebtedness, obligations and liabilities secured hereby are now or shall hereafter be otherwise secured. Debtor's acceptance of this Agreement shall not affect or prejudice Secured Party's right to realize upon or enforce any other security now or hereafter held by Secured Party, and Secured Party shall be entitled to exercise all rights of set-off to the same effect and in the same manner as if this security interest had not been given.
11. In the event suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of damages, its cost of suit and, not as damages, a reasonable attorneys' fee to be fixed by the Court.
12. The words Secured Party and Debtor, as used herein, shall be construed to include the heirs, legatees, devisees, administrators, executors, successors and assigns, respectively, of Secured Party and Debtor. This Agreement shall bind and inure to the benefit of such third persons. Whenever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa.

All references herein to the Uniform Commercial Code means the Uniform Commercial Code as adopted by the State in which Secured Party's principal place of business is located.

THE UNDERSIGNED DEBTOR HEREBY SPECIFICALLY CERTIFIES THAT DEBTOR HAS READ AND UNDERSTANDS THIS SECURITY AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Secured Party: AEA DEV LLC

By: \_\_\_\_\_  
Print Name& Title:

Franchisee:  
By: \_\_\_\_\_  
Print Name& Title:

## SCHEDULE I

All leasehold improvements, furniture, fixtures, appliances, tools, equipment, cash registers, goods, inventories, and allied products, and finished goods and materials, now owned or hereafter at any time acquired by Debtor, and all accessories, parts, repossessions, and returns thereto or therefore; all accounts, general tangibles, chattel paper, documents, instruments, (whether negotiable or non-negotiable), deposit accounts, money, contract rights and rights to payment of every kind, now existing and hereafter arising; and all proceeds (including proceeds of insurance policies on the Collateral), products, additions, accessions, replacements and substitutions for and of such Collateral.

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**EXHIBIT D**  
**AREA DEVELOPMENT AGREEMENT**

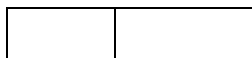
**Between**

**AEA DEV LLC**  
**MASTER FRANCHISEE**

**And**

---

**AREA DEVELOPER**





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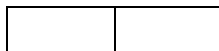
## AREA DEVELOPMENT AGREEMENT

This AREA DEVELOPMENT AGREEMENT is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between AEA DEV LLC (“Master Franchisee” “AEA DEV,” “we,” “us,” or “our”), a Florida limited liability company and \_\_\_\_\_ (“Developer,” “you,” “You” or “your”) a (individual, corporation, LLC, partnership) upon the following terms, conditions, covenants and agreements:

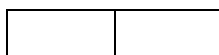
### INTRODUCTION

Amazing Explorers Academy (“AEA”) has developed an educational preschool academy that provides children with a learning environment which fosters innovation, creativity and collaboration through an integrated and intuitive technology platform for teachers, student and parents. Each AEA Academy is identified by the mark “Amazing Explorers Academy®.” AEA is a totally integrated approach to learning and provides children with the opportunity to develop lifelong social, emotional and cognitive skills. The learning programs were inspired by world renowned education approaches, such as Reggio Emilia, Project Based Learning Science, Engineering, Arts (we incorporated Arts into the STEM acronym) and Mathematics (STEAM). Steam Investigations® is an AEA registered trademark. The STEAM curriculum is comprised of traditional, proven elements and a variety of teaching formats to stimulate and excite students...and prepares students for the skills needed in the 21<sup>st</sup> Century...the digital age. Printed materials, audio and video programming, activity kits, interactive activities, and games on tablets are some of the techniques used. New delivery formats have been designed to engage high-quality videos of experimental and real-world connections.

- A Amazing Explorers LLC. (“AEA”) was granted the rights to the trademark Amazing Explorers Academy® on September 27, 2016, Trademark number 5,051,223.
- B Amazing Explorers LLC was granted the rights to the trademark Steam Investigations® on November 14, 2017, Trademark number 5,335,545.
- C Amazing Explorers LLC is the owner of certain proprietary and other property rights and interests in and to “Amazing Explorers ®” name and other related trademarks, trade names, trade dress, service marks, logotypes, insignias, trade dress and designs used (the “Trademarks”) used in connection with the development, operation and maintenance of childcare academies featuring the Steam Investigations® program and other proprietary materials.



- D Amazing Explorers LLC. has the right to designate a supplemental or substitute trademark or service mark (the “marks” to identify Academies and the supplemental or substitute trademark or service mark will be included in the meaning of Trademarks. AEA DEV will be responsible for ensuring that the marks are used correctly in its market.
- E Amazing Explorers Franchising LLC (“AEA Franchising”) was granted the license to franchise and market the trade name, service mark and Trademark Amazing Explorers Academy®.
- F AEA DEV LLC, a Florida corporation, was established on February 12, 2016, and was granted the license and right by Amazing Explorers Franchising LLC (an affiliate company) to act as the exclusive agent to market, franchise and support the Amazing Explorers Academy concept in select markets in the United States. The franchise company issued AEA DEV LLC the license to use the trademark, curriculum and other proprietary items and materials. AEA DEV LLC is also responsible for assisting franchisees with real estate selection, evaluation and negotiations.
- G Amazing Explorers LLC, as the licensee, reserves the right to add, delete, modify, change, revise or substitute different names and marks for use in Amazing Explorers Academies. As a Master Franchisee, AEA DEV is responsible for notifying you if You must modify or discontinue your use of a mark and adopt any new or replacement marks at your expense if the mark is modified or discontinued a mark or if you must adopt a new or replacement mark. Neither AEA nor AEA DEV is required to reimburse you for your costs if you do. You must not directly or indirectly contest AEA’s right to our service marks, trade secrets or business techniques that are part of our business.
1. If you purchase an Amazing Explorers Academy® franchise, AEA DEV will grant you the right to operate an Amazing Explorers Academy under the registered trademark Amazing Explorers Academy®. You may also use the trademark Steam Investigations® in your Academy. You may use the logo depicted on the cover of this Franchise Disclosure Document only in colors specified by AEA. You may use no other name or trademark without our written approval.
  2. You must follow our rules when you use any of our marks. You cannot use our name or marks as part of the name of a business entity. You cannot use our name or marks with modifying words, designs or symbols other than those that we license you to use, and you cannot use our marks in colors other than the ones we license to you to use. You cannot use our name or marks on or as part of any website, domain name, URL, web page, social networking site, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the Internet, world wide web, Internet service providers, electronic mail services, communication providers, search engines, or other similar services. You cannot register our name or marks as a service mark, trademark, or Internet domain name. You may not use any of the marks in connection with the sale of an unauthorized product or service or in a manner not authorized by AEA DEV.
- H The “System” includes the Amazing Explorer Academy Marks and trade secrets and procedures for the operation of Academies, including videos, audio tapes, text and other books, marketing, advertising and sales promotion, signs, furnishing and decor, equipment, and accounting and training methods.
- I Developer has applied to AEA DEV for the right to develop and operate multiple Academies in the Territory (Exhibit ADA I).



- J     **AEA DEV is entering into this Agreement in reliance upon the representations of Developer as to itself and to the person(s) who will participate in the ownership and management of the franchise business. If Developer does not perform the full-time responsibilities required under the Area Development Agreement, Developer may appoint a Director who must have the authority to make decisions on behalf of Developer.**
- K     Developer has independently investigated the business contemplated by this Agreement and recognizes that the nature of the business may change over time, that an investment in an Academy involves business risks and that the venture’s success depends primarily upon Developer’s business abilities, efforts and adaptation to any changes that may occur over time.

THEREFORE, the parties agree as follows:

## 1       **DEFINITIONS**

- 1.1     “Franchise” means the right to own, develop and operate an Amazing Explorers Academy pursuant to and in accordance with a Franchise Agreement. This Area Development Agreement does not grant a Franchise.
- 1.2     “Franchisee” means a person or entity granted a Franchise pursuant to a Franchise Agreement.
- 1.3     “Franchise Agreement” means the then-current form of agreement (including all exhibits, riders and instruments used in connection with the agreement) used by AEA DEV to grant franchises to own and operate Academies in the Territory where the Development Area is located.
- 1.4     “Master Franchisee” means the entity responsible for providing the services required under the Area Development Agreement and the entity to whom royalty, service fees and other fees are paid.
- 1.5     “Affiliate of Developer” means an individual or entity directly or indirectly controlling, controlled by, or under common control with Developer who meets AEA DEV requirements for becoming a Franchisee. Control means the ability to direct management decisions and to have sufficient voting power to authorize a transfer of substantially all of the assets of the entity.
- 1.6     “Development Area” or “Territory” means the geographic area described in Exhibit ADA-I attached to this Agreement.
- 1.7     “Development Schedule” means the number of Academies to be opened and operated by Developer and the time frame for doing so, as described on Exhibit ADA-II attached to this Agreement.
- 1.8     “Development Periods” means the time periods listed under the Development Period column of the Development Schedule.

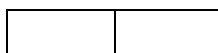
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- 1.9 “Legal Requirements” mean all laws, ordinances, regulations, rules, administrative orders, decrees and policies of any governmental agency in which the Development Area is located applicable to this Agreement and the opening and operation of Academies in the Territory.
- 1.10 “Payee” means the AEA DEV and/or Agent to whom royalty, service and franchise fees are paid (Exhibit ADA-III).

NOW THEREFORE, in consideration of, and in reliance upon, the Introduction, and for valuable consideration, the receipt and sufficiency of which are acknowledged, and in accordance with the terms, conditions, covenants, agreements, representations and warranties in this Agreement, the parties agree as follows:

## **2 GRANT OF RIGHTS**

- 2.1 AEA DEV grants Developer the right to own, operate and develop at a minimum the number of Academies listed in the Development Schedule provided Developer fully complies with this Agreement, the Development Schedule, and each Franchise Agreement between AEA DEV and Developer or an Affiliate. Developer may open and operate more than the minimum number of Academies in any Development Period, upon our prior written approval.
- 2.2 The rights to use the Trademarks and the System are only granted by the individual Franchise Agreements proposed by the AEA DEV. Developer is not granted the right to sub-franchise or to license others to use the Marks or the System, whether within or outside the Development Area. AEA DEV reserves the right, without limitation: (i) to own and operate and license others to own and operate Academies at locations outside the Development Area on terms that AEA DEV deems appropriate; and (ii) to sell the proprietary products of the System to wholesale and retail businesses and other distribution channels inside or outside the Development Area.
- 2.3 AEA may apply to register one or more Trademarks with the appropriate governmental agency in the Development Area. Developer agrees that if AEA is unable to obtain registration of the mark Amazing Explorers ACADEMY® in the Development Area, or if AEA, in its sole discretion, deems it advisable to discontinue the use of the mark Amazing Explorers Academy®, AEA has the right to designate a supplemental or substitute trademark or service mark to identify Academies in the Development Area and such supplemental or substitute trademark or service mark will be included in the meaning of Trademarks. Moreover, it is agreed between the two parties that the Developer does not have the right to register the trademark Amazing Explorers Academy® or any intellectual property right belonging to the AEA.
- 2.4 Upon request, Developer agrees to execute registered user agreements, trademark license agreements and/or any other instruments as may be deemed necessary by AEA DEV to protect AEA’s interest in the Trademarks and to register with competent government agencies and departments Developer’s right to use the Trademarks designated by AEA DEV. Developer agrees to cooperate with, and assist, AEA in obtaining governmental approvals. AEA will pay all fees for registering the instruments. Developer will not apply for registration as the owner of any of the Trademarks or any trade name, trademark or service mark that AEA determines to be in conflict with or to infringe upon any of the Trademarks.



3 **EXCLUSIVITY.** As long as Developer is not in default under this Agreement or any agreement with AEA DEV, we will not operate or grant a franchise to anyone other than Developer to operate any Academy in the Development Area (Exhibit ADA-I).

4 **TERM.** The term of this agreement is (number of years dictated by development schedule) years and will automatically renew for a similar period provided the developer has not defaulted and is in complete compliance with the terms of this Agreement and all Franchise Agreements. Developer will pay no additional development fees for renewal of the Area Development Agreement but will pay the administrative fee of \$2,000, or the then-current administrative fee. If Developer does not wish to renew, Developer must deliver written notice of termination to the AEA DEV at least one (1) year prior to the end the applicable term.

## 5 **CONDITIONS FOR GRANTS OF FRANCHISES**

AEA DEV's obligation to grant any of the franchises described in Section 2 is subject in each case to all the following conditions:

5.1 Location Approval. Each proposed location is subject to AEA DEV's written approval, which may not unreasonably withhold. We will approve or disapprove a proposed location based upon our then-current site selection guidelines and the site selection procedures described in the Site Selection Addendum to the Franchise Agreement.

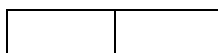
5.2 Lease for Location. Any lease for a proposed location shall conform to the requirements of the Franchise Agreement and the Site Selection Addendum.

5.3 Approval. AEA DEV will send Developer written notice of approval or disapproval of a proposed location within thirty days after we receive a completed site approval package "SAP" for the location by Developer. In the event the location is disapproved, we will inform Developer the reason for disapproval. Developer will have a maximum of 30 days from the date Developer received notice the location was not approved to submit an amended SAP for approval. AEA DEV's rejection of the amended approval is final.

5.4 Quality Standards. The Academies owned or operated by Developer and Developer's Affiliates will satisfy our standards of operation as evidenced by satisfactory results of our inspections.

5.5 Payments of Fees. Developer and every Affiliate of Developer must comply with all payment obligations to AEA DEV and/or Payee and dates contained therein, under all Franchise Agreements and all other agreements to which AEA DEV and Developer are parties whether entered into before, after or contemporaneously with the execution of this Agreement.

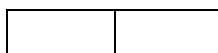
5.6 Procedure after Approval. Upon its approval of a proposed location, AEA DEV will offer Developer a franchise for an Academy at the location by delivering to Developer a Franchise Agreement for execution by Developer. If required by applicable law, we will deliver to Developer, together with the Franchise Agreement, all other required documents. Within thirty days after receipt by the Developer, Developer will execute the Franchise Agreement and return it to AEA DEV with payment of the applicable initial franchise fee. If Developer fails to execute and return the Franchise Agreement with payment within the thirty-day period, we may revoke its offer to grant Developer a franchise to operate an Academy at the proposed location and withdraw its approval of the proposed location.



- 5.7 Identity of Franchise Owner. Developer may execute a Franchise Agreement in Developer's name or in the name of an Affiliate of Developer that meets AEA DEV's then-current standards and requirements to become a franchisee.

## 6 DEVELOPMENT OBLIGATIONS

- 6.1 Rate. Developer will open Academies according to the Development Schedule and each Academy will remain open and operating for the term specified in its respective Franchise Agreement. If a cause other than a voluntary act of Developer destroys or damages an open and operating Academy so that the Academy cannot continue to operate, Developer will repair and restore the Academy to AEA DEV's then-existing specifications at its own cost, subject to the applicable provisions of any lease for the Academy premises. The Academy, or if necessary an Academy at an approved substitute location, will be open and operating no later than six months after the date of the destruction or damage. In the event of any other involuntary cessation of operations, Developer will re-open and recommence operating the Academy no later than five days after the date of cessation of operations. In any of the foregoing circumstances, the Academy will continue to satisfy the Development Schedule. If an Academy ceases to operate for any other reason, or if Developer fails to repair, restore, reopen or recommence operations of an Academy within the specified time, that Academy will no longer satisfy the Development Schedule, which may be cause for AEA DEV to terminate this Agreement and the Franchise Agreement for that Academy.
- 6.2 Consequence of Failure to Satisfy Development Schedule. Developer's failure, at any time, to satisfy the Development Schedule will be a default which will entitle AEA DEV to terminate this Agreement as provided in Section 12, unless Developer pays AEA DEV the following "Liquidated Damages:"
- 6.2.1 by the thirtieth day after the date when Developer failed to satisfy the Development Schedule, an amount equal to the initial franchise fee(s) that would have been paid if the Academy(ies) necessary to satisfy the Development Schedule had been opened; plus
- 6.2.2 a monthly royalty fee of \$7,000.00 per Academy on or before the first day of each month commencing with the second month after the date when Developer failed to satisfy the Development Schedule and continuing while the Development Schedule remains unsatisfied.
- 6.3 Application. AEA DEV will credit amounts paid under Section 6.2.1 toward the initial franchise fee for the next Academy(ies) opened by Developer during the term of this Agreement, and the applicable Franchise Agreement(s) will be modified to reflect the credit.
- 6.4 Failure to make Payments. AEA DEV may immediately terminate this Agreement if Developer fails to timely make the payments under Sections 7.1, 7.2, and 7.3. If Developer fails to fulfill the Development Schedule in any two consecutive Development Periods, this Agreement will terminate at our option, with no right of Developer to retain the rights granted by payment of the Liquidated Damages described in Sections 6.2.1 and 6.2.2 above. AEA DEV will extend the Development Schedule by time lost due to delays resulting from acts of God, strikes, civil disturbances, material or labor shortages or restrictions, enforcement of government regulations or requirements and other similar causes beyond Developer's



reasonable control, but Developer's inability to pay an obligation or acquire a location will not be deemed to be a cause beyond Developer's control.

- 6.5 Training and Support. Not later than 120 days after the Effective Date, Developer and its Director and any other management and supervisory personnel as Developer may reasonably designate will attend and satisfactorily complete and pass the initial training program conducted by AEA DEV at an operating Amazing Explorers Academy in Florida and or at such other location as the parties may mutually agree. Developer will bear all salaries, travel and living expenses of its personnel in attending the initial training. The number and type of personnel we use to provide training will be wholly within our discretion, provided, however, that such persons ("AEA DEV Trainers") will be sufficiently knowledgeable and capable, individually or together with other AEA DEV Trainers, to provide instruction and training regarding Academy operations, marketing and promotions. Such initial training program will be of such duration as we determine to be necessary to enable Developer to perform its obligations under this Agreement and to operate an Academy.

Beginning with Academy number 2 in the Development Area, training may be provided at a Developer Academy, provided such location has been approved by us. AEA DEV has the right to withdraw its approval of a training location if the facility does meet our standards for a training center.

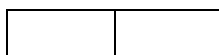
- 6.5.1 Academy Opening Support. AEA DEV will provide the personnel for training and support team for opening the first two Developer Academies. We will pay our training staff salaries for 5 days prior to the opening of the Academy and will pay the housing and transportation for the training staff. This opening and technical assistance will be provided upon 30 days' prior written notice from Developer to AEA DEV. The duration of the visit will be as mutually agreed upon but should not exceed 5 days. After the first two Academies, we will provide a member of the executive team to oversee the openings at our expense. At Developer's request, additional staff may be provided, for which Developer will pay all travel, housing, meal expenses and salaries, plus an administrative fee of 25% of staff salaries. At our direction, Developer will pay these expenses in advance, by direct payment to third parties or by reimbursement.
- 6.5.2 Additional Support. Developer has the right at any time after the visit described in Section 6.5.1 to request that AEA DEV provide training or operating assistance in the Development Area. We will, subject to prior commitments, provide personnel for training or operating assistance in such number and pursuant to such schedule as we and Developer may mutually agree. In connection with any of the visits to the Development Area described in this Section 6.5.2, Developer will pay all salaries, travel, lodging, meals, transportation and other living expenses, reasonably incurred by us and our employees. At our direction, Developer will pay these expenses in advance, by direct payment to third parties or by reimbursement.

- 6.6 Manuals. AEA DEV will loan to Developer a copy of our Operations Manual that sets forth the standards, specifications and procedures, prescribed by us from time to time, for operating an Academy. The Operations Manual, any supplements and all other written materials furnished by us are collectively referred to as Manuals. Developer may submit for our review and approval any modifications or changes to the manuals including changes in instruction, marketing and Academy design. We have sole discretion to approve or disapprove any proposed changes.





- 6.6.1 Changes. Developer agrees that changes in the standards, specifications, procedures, methods and policies may become necessary or desirable from time to time and agrees to accept and comply with the Manuals as modified or supplemented. Modifications and supplements to the way Developer does business in the Development Area specified in the Manuals may include, without limitation, requirements to upgrade materials and equipment and will be implemented by Developer within a reasonable time after notification from AEA DEV. The changes will not materially increase Developer's obligations or decrease its rights under this Agreement. The Manuals contain: a) specifications for the teaching methods and protocol, videos and audio tapes, other products and materials, interior design specifications; and advertising and promotional materials; and b) building and architectural specifications. Developer must hire a local architect in the Development Area to review and revise the plans based on local code and governing requirements. Any revisions to the design plan must be approved by AEA DEV. If there is a dispute as to the contents of the Operations Manual, the version maintained by us at our principal office will control.
- 6.6.2 Property. The Manuals are the property of AEA DEV and may not be duplicated, copied, disclosed or disseminated in whole or in part in any manner except with our express prior written consent. Developer will maintain the confidentiality and contents of the Manuals. Upon the termination of this Agreement, Developer must return to AEA DEV all copies of the Manuals in its possession or control.
- 6.7 Records. Upon fifteen business days' notification, Developer will, at its expense, maintain and preserve at its principal office full, complete and accurate records pertaining to the development and operation of Academies within the Development Area and Developer's performance of its obligations under this Agreement, including, without limitation, records of and information about site reports, leases for Academies, supervisory reports on the operation of Academies, Developer's financial condition, and such other records and reports as we may instruct.
- 6.7.1 Developer will deliver to AEA DEV in the form we prescribes from time to time:
- 6.7.1.1 sixty days after the end of Developer's fiscal year, a fiscal year-end balance sheet for Developer and an income statement for such fiscal year (which AEA DEV may require to be reviewed by a certified public accountant); and
- 6.7.1.2 such other data, reports, information and supporting records as er may reasonably request.
- 6.7.2 Developer will sign and verify as correct each report and financial statement submitted to AEA DEV. Developer will immediately report to us any events or developments which may have a material adverse impact on the operation of any Academy or Developer's performance under this Agreement.
- 6.8 Discharge of Financial Obligations. Developer will assume sole responsibility for all fines, suits, proceedings, claims or damages relating to Developer's business, and of all costs, expenses, or liability arising out of or connected to, or because of, any loss of life or injuries and claimed injuries to persons or property sustained in connection with the operation of Developer's business, unless the foregoing are a result from the act, fault, negligence or failure



of the AEA DEV to act. Developer will pay in a timely manner all of Developer's financial obligations, not only to AEA DEV and our Affiliates, but also to all third parties if delinquency in payment of the third-party obligations would impair Developer's performance under this Agreement or any Franchise Agreement. This paragraph will not require Developer to pay any third-party obligations while Developer is actively contesting liability in good faith. Developer will pay its financial obligations to a third party if a final court verdict is awarded to the Third Party.

- 6.9 Conflicts of Interest. Developer will not, without the prior consent of AEA DEV directly or indirectly, solicit or accept from any supplier of goods or services to any Franchisee, any gratuity, payment, or other consideration because performance by Developer of services under this Agreement. This paragraph does not prohibit any Franchisee (including Developer as the Franchisee of a Developer Academy) from accepting bona fide discounts from suppliers of goods and services to such Franchisee.
- 6.10 Developer Developed Ideas. Developer will promptly and fully disclose to AEA DEV any ideas, concepts, instructional materials, methods and techniques developed by Developer relating to the Academy's business, and grant us a perpetual royalty-free, exclusive and worldwide right to use and authorize others to use any such disclosed ideas, concepts, methods and techniques.

## 7 FEES, COMPENSATION & FINANCIAL REQUIREMENTS

- 7.1 Development Fee. Developer will pay AEA DEV a non-refundable Development Fee of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_ ) as follows:
- 7.1.1 Developer will pay a Development Fee of \$50,000 for each academy that is scheduled to be opened (Exhibit ADA-II Development Schedule).
- 7.1.2 A minimum of three Academies is required to enter into an Area Development Agreement. A Development Fee of \$150,000 is paid for a minimum of three Academies to be opened pursuant to the Development Schedule.
- 7.1.3 The Development Fee of \$50,000 per Academy is a credited against the Franchise Fee of \$100,000 per franchise. Developer pays the remainder of the Franchise Fee (\$50,000) at the execution of a lease or the purchase of property for the Academy to be opened according to the Development Schedule.
- 7.2 Initial AEA DEV Franchise Fee. Notwithstanding the provisions of the then-current AEA DEV Franchise Agreement regarding Franchise Fees and any applicable discounts: (a) the initial franchise fee for the Franchise Agreement executed by Developer concurrently with this Agreement will be \$100,000.00 and (b) the initial franchise fee for the Franchise Agreements executed by Developer for subsequently developed Academies under this Agreement will be \$100,000.
- 7.3 Fees are Non-Refundable. All Development and Franchise Fees are fully earned by Payee when paid and are non-refundable.
- 7.4 Royalty. Developer will pay AEA DEV a monthly royalty of 7% of Gross Monthly sales. Royalty payments commence the first month after execution of the Franchise Agreement and

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continuing every month throughout the term of the Franchise Agreement (as defined in the Franchise Agreement). All royalty payments will be remitted to Payee (Exhibit ADA-III).

- 7.5 Master Franchise Agreement. The Master Franchise Agreement as proposed by the AEA DEV would be the form used for the (number to be opened) Academies included in this Development Agreement.

## 8 TRADE SECRETS

- 8.1 Disclosure. We possess confidential information consisting of methods of operation, teaching, product specifications, purchase and sales statistics and other methods, techniques, formats, specifications, procedures, information, systems, knowledge of and experience in operating and franchising Academies (the “Trade Secrets”). AEA DEV will disclose some or all the AEA Trade Secrets in the Operating Manual for Academies, the initial training program, and in providing guidance and assistance pursuant to this Agreement and the Franchise Agreements.

- 8.2 Interest and Use. Developer will acquire no interest in the Trade Secrets other than the right to use them in developing and operating Academies pursuant to the individual Franchise Agreements executed pursuant to this Agreement and for the said duration contained in the Franchise Agreements. Developer acknowledges that Developer now asserts no claim and later will assert no claim to any goodwill, reputation or ownership of the Trademarks by virtue of Developer’s licensed or franchised use of them. Developer acknowledges that it would be an unfair method of competition to use or duplicate any Trade Secrets other than in connection with the operation of Academies. Developer will:

8.2.1 not use the Trade Secrets for any purpose other than the operation of Academies pursuant to Franchise Agreements with AEA DEV.

8.2.2 maintain absolute confidentiality of the Trade Secrets during and after the term of this Agreement.

8.2.3 not make unauthorized copies of any portion of the Trade Secrets including operations manual disclosed in written form.

8.2.4 adopt and implement all reasonable procedures prescribed from time to time by AEA DEV to prevent unauthorized use or disclosure of the Trade Secrets, including, without limitation, restrictions on disclosure to employees of Developer and the use of nondisclosure and non-competition clauses in employment agreements with all employees who have access to the Trade Secrets.

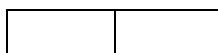
- 8.3 Validity of Trademarks. Developer will not in any way dispute or impugn the validity of the Trademarks, or the rights of AEA or AEA DEV derived out of them, or the rights of AEA DEV or other franchisees of AEA DEV to use them during or after the term of this Agreement.

- 8.4 Assumed Name Registration. If Developer is required to do so by any statute or ordinance, Developer will promptly upon the execution of this Agreement file with competent government agencies or offices, a notice of Developer’s intent to conduct Developer’s business under the name “Amazing Explorers Academy.” Promptly upon the termination of this Agreement for any reason whatsoever Developer will execute and file such documents as

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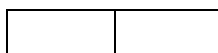
may be necessary to revoke or terminate such assumed name registration. If Developer fails to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, Developer hereby irrevocably appoints AEA DEV as Developer's attorney-in-fact to do so for and on the behalf of Developer.

- 8.5 Non-Competition. Developer or a Director approved by AEA DEV will be appointed and will exert substantially full-time efforts to the venture that this Agreement contemplates and will deal exclusively with us. Because of the difficulty in proving unauthorized use of the Trade Secrets and because Developer will have access to the Trade Secrets during the term of this Agreement, Developer and its Principals, officers, directors and key management personnel, may not, during the term of this Agreement, directly or indirectly engage in any business in competition with Academies, either as a disclosed or beneficial owner, proprietor, partner, shareholder, director, officer, manager, employee, principal, agent, representative, lender or consultant. If Developer is or becomes a corporation or other legal entity, Developer will prohibit its shareholders, directors, officers and employees from engaging in such activities during this Agreement. This provision will preclude not only direct competition, but also all forms of indirect competition, such as consultation for competitive businesses or any assistance or transmission of information of any kind or nature that would assist a business competitor of the System.
- 8.6 Non-Solicitation. Developer will not hire, approach to hire, use, attempt to use, whether for pay or otherwise, without our prior written consent, any employee, manager, or any other personnel currently employed, or employed within the previous four months, on either a full-time, part-time, temporary, volunteer or any other basis, by AEA DEV or another Amazing Explorers Academy® franchisee. Developer acknowledges that we have the right to sell or offer to sell an Amazing Explorers Academy® franchise to any employee, manager or any other personnel currently or formerly employed by Developer. In the event Developer desires to hire an employee or former employee of AEA DEV, it may submit the request to us, and we have the final decision as to whether Developer may hire the individual. We may hire an employee or former employee of Developer only with Developer's approval.
- 8.7 Trademark Changes. From time to time, in the Operations Manual, and/or in directives and/or supplemental bulletins and/or in the trademarks official Registry, AEA may change or modify the Trademarks. Developer will accept, use, and display, as may be applicable, any modified Trademarks in accordance with the policies, rules and regulations contained in the Operations Manual, as though they were specifically set forth in this Agreement.
- 8.8 Termination of Trademark Use. Upon the termination of this Agreement for any reason, Developer will immediately deliver and surrender up to AEA DEV each and all the Trademarks, and any physical objects bearing or containing any of the Trademarks. Alternatively, at our election, Developer will obliterate or destroy any Trademarks in Developer's possession.
- 8.9 Non-Use of Trade Name. If Developer is a corporation, it will not use any of the Trademarks or AEA's trade name, or any words or symbols that are confusingly similar to them, in whole nor in part, in Developer's corporate name without our prior written consent. Developer will not use the words "Amazing Explorers Academy" or any variant as part of Developer's corporate name without first obtaining our express written consent.



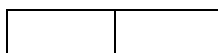
- 8.10 Conflicting and Alternative Names. AEA DEV and Developer agree that in the event Developer or any Franchisee is enjoined, restrained, or otherwise prevented, from using any of the Trademarks in the Development Area, Developer and the Franchisees may thereafter operate under such alternative names, service marks and/or associated logotypes as are reasonably acceptable to AEA DEV. Such right will be the sole remedy of Developer and the Franchisees in such event.
- 8.11 Prosecution of Infringers. If Developer receives notice or is informed or learns that any third party, which Developer believes to be unauthorized to use the Trademarks, is using the Trademarks or any variant of them or of a claim by any person of any rights in any of the Trademarks, or if Developer's use of any Trademark is challenged, Developer will promptly notify AEA DEV in writing of the facts relating to such alleged infringing use, claim of rights or challenge. AEA, in its sole discretion, will determine whether or not it wishes to take any action against such third person because of such alleged infringement, claim or challenge. Developer will have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or because such infringement. Developer agrees to execute any instruments and documents, render assistance and take any reasonable action as may, in the opinion of AEA's counsel, be necessary or advisable to protect and maintain the interests of AEA in any Trademark.
- 8.11.1 Covenant Not to Compete. For a period of five years beginning upon the termination or expiration of this Agreement for any reason, neither Developer, any Principal, nor any member of Developer's immediate family, may have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, or representative or in any other capacity in, or perform services for any business within the Development Area or, if outside the Development Area, within a thirty-mile radius of any Academy, which business is the same as or similar to a Academy or which offers items or services which are the same as or similar to those offered by Academies; or
- 8.11.2 any person, firm or entity that grants or has granted franchises or licenses to others to operate a business that is the same as or similar to an Academy within the Development Area or within a thirty-mile radius of an Academy that is not within the Development Area, which (a) operates a childcare facility or has any program similar to the programs and materials used by the Academies
- 8.12 Exceptions. The restrictions of paragraph 8.4 will not prevent any person from owning for investment 5% or less of the total number of shares of capital stock of a publicly held corporation whose stock is listed and traded on a national or regional stock exchange; or Academies operated under Franchise Agreements or other agreements with AEA DEV.

**9 PROPRIETARY MARKS.** Developer acknowledges that AEA owns or has exclusive rights to the Marks and that Developer's right, if any, to use the Marks derives solely from Franchise Agreements between Developer and AEA DEV. Developer may use the Marks only in strict conformity with the terms of the Franchise Agreements. All usage of the Marks by Developer, and all goodwill resulting from such use, will inure to AEA's exclusive benefit.



## 10 ASSIGNMENT

- 10.1 Assignment. AEA DEV has the right to assign this Agreement, or any of its rights and privileges without Developer's prior consent, and AEA DEV is not liable for any obligations accruing under this Agreement after the effective date of an assignment; provided the assignee will expressly assume and agree to perform our obligations under this Agreement and is reasonably capable of performing them.
- 10.2 Assignment by Developer. This Agreement has been entered into by AEA DEV in reliance upon and in consideration of the singular personal skills and qualifications of Developer and the trust and confidence in Developer or, in the case of a corporate or partnership Developer, the principal officers or partners who will actively participate in the ownership and operation of Developer and the business contemplated under this Agreement. Therefore, neither Developer's interest in this Agreement nor any of its rights or privileges under this Agreement may be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner, without our prior written approval.
- 10.2.1 Conditions for Assignment. AEA DEV may impose any reasonable condition(s) to the granting of its consent to an assignment. Without limiting the generality of the foregoing, the imposition by us of the following conditions to its consent to any assignment will be deemed to be reasonable:
- 10.2.1.1 that the assignee (or the principal officers, shareholders, directors, members or general partners of the assignee in the case of a corporate, limited liability company or partnership assignee) demonstrate that it has the skills, qualifications and economic resources necessary, in our judgment, reasonably exercised, to satisfy Developer's obligations including financial obligations under this Agreement and all other agreements proposed to be assigned to such assignee including but not limited to all Franchise Agreements.
  - 10.2.1.2 that the assignment includes an assignment of all the assignor's rights and interest in each and every then existing Franchise Agreement to the same assignee, and that the assignee will expressly assume in writing for the benefit of AEA DEV all the obligations of assignor under this Agreement and all other agreements proposed to be assigned.
  - 10.2.1.3 that the assignee will have completed the AEA DEV's training program to our satisfaction, exercised in good faith.
  - 10.2.1.4 that as of the date of any the assignment, the assignor will not be in default of any of its obligations to AEA DEV under this Agreement or any other agreement, arrangement or understanding with AEA DEV.
  - 10.2.1.5 that the assignee is not then in default of any of obligation to AEA DEV under any agreement between the assignee (including its shareholders, officers, directors, members or partners) and AEA DEV.



10.2.1.6 that AEA DEV is paid a transfer fee of \$8,000, which is reasonably required to cover our expenses relating to the assignment and a training fee of \$2,000.

10.3 **Conditions to Assignment.** Developer has represented to AEA DEV that it is entering into this Agreement with the intention of complying with its terms and conditions itself and not for the purpose of resale of the development rights granted under this Agreement or the individual Franchise Agreements granted pursuant to this Agreement. Therefore, this Agreement may not be assigned prior to the time that at least 33⅓% percent of the Academies to be developed under this Agreement are opened or under construction in accordance with the Development Schedule.

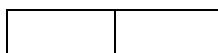
10.4 **Security Interest in Developer.** Developer does not in any event have the right to pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement in any manner without the express prior our written permission, which permission may be withheld for any reason whatsoever in our sole discretion.

10.5 **Developer's Death or Incapacity.** Upon the death or physical or mental incapacity of Developer or, if Developer is a corporation, partnership or limited liability company, the owner of a controlling interest in Developer, the executor, administrator or personal representative of such person may transfer Developer's interest in this Agreement or such person's interest in Developer to a third party approved by AEA DEV within one year after death or incapacity. All transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same conditions as any inter vivos transfer.

10.6 **Assignment for Convenience of Ownership.** Developer may, with our written approval, assign this Agreement to a single purpose limited liability company or other entity organized for the sole purpose of operating Academies in which only Developer has an ownership interest. Developer may not use any name confusingly similar to the Marks in the entity's name. However, if Developer assigns this Agreement to a limited liability or other business entity, Developer will guarantee the entity's performance under this Agreement and each Franchise Agreement granted pursuant to this Agreement.

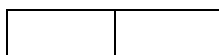
## 11 RIGHT OF FIRST REFUSAL

If Developer or any Principal determines to sell, assign or transfer this Agreement or any Franchise Agreement or any ownership interest in Developer, then Developer or the Principal(s) will obtain a bona fide, executed written offer from a responsible and fully disclosed proposed purchaser and submit an exact copy of the offer to AEA DEV. We have the right, exercisable by written notice delivered to Developer or the Principal(s) within thirty days after our receipt of the offer, to purchase the interest for the price and on the terms and conditions contained in the offer, provided that AEA DEV may substitute cash for any non-cash form of payment proposed in the offer and that we will have at least sixty days to prepare for closing. If we do not exercise this right of first refusal, then for a period of 120 days after delivery of the offer to AEA DEV, Developer or its Principal(s) may complete the sale to the proposed purchaser pursuant to and on the terms of the offer, subject to our approval as provided in Article 10 of this Agreement. If the sale to the proposed purchaser is not completed within 120 days after delivery of the offer to us, or if there is a material change in the terms of the sale, then AEA DEV will again have the right of first refusal.



## 12 NON-COMPETITION; CONFIDENTIALITY

- 12.1 In Term. During the term of this Agreement, neither Developer nor any Affiliate of Developer, nor any officer, director, controlling shareholder of a corporate Developer, partner of a partnership Developer, or member of a limited liability company Developer, or any members of their immediate families who have access to confidential material will, directly or indirectly, own, operate, advise, be employed by, or have any interest in any business whether located within or outside the Development Area that features a childcare business or uses any of the propriety procedures or trade secrets of the Amazing Explorers Academy System. Developer will have the burden of establishing that any activity does not involve the use of benefits provided under this Agreement or constitute unfair competition with AEA DEV or other franchisees of AEA DEV. In the event of any breach of this Section 12.1, AEA DEV will be entitled to name as defendants any persons or entities responsible for the breach and obtain judgment and all available legal and equitable relief against the breaching persons or entities.
- 12.2 Post-Term. Following the assignment, expiration or termination of this Agreement, for any reason, neither Developer, nor any officer, director, shareholder or a corporate Developer, partner of a partnership Developer, or member of a limited liability company, or any members of their immediate families who have access to confidential material will, directly or indirectly, own, operate, advise, be employed by, or have any interest in any business whether located within or outside the Development Area that is a childcare business or uses any of the propriety procedures or trade secrets of the Amazing Explorers Academy System for a period of five years, unless AEA DEV first consents in writing. Developer will have the burden of establishing that any activity does not involve the use of benefits provided under this Agreement or constitute unfair competition with us or our other franchisees. In the event of any breach of this Section 12.2, AEA DEV is entitled to name as defendants any persons or entities responsible for the breach and obtain judgment and all available legal and equitable relief against the breaching persons or entities.
- 12.3 Confidential Information. Developer stipulates that Developer will have and will be deemed to have had access to certain business methods, techniques, specifications, standards, procedures, policies, concepts, systems and knowledge derived from our experience in the development, operation and franchising of Amazing Explorers Academies. Developer will always during and after expiration of the Term of this Agreement and without regard to geographical location treat as strictly proprietary and confidential all the proprietary information revealed to Developer by us as confidential ("Confidential Information"). Without limitation, the content of the Operations Manual and all additions, supplements, and modifications of the Operations Manual issued from time to time are stipulated to be Confidential Information. Developer will not disclose Confidential Information to anyone or make any copies of Confidential Information except as may be necessary for performance of Developer's obligations under this Agreement. Developer will take reasonable and prudent measures to prevent Confidential Information from being disclosed to third parties. Developer agrees that the relationship with AEA DEV under this Agreement will not vest in Developer any interest in any Confidential Information other than the right to use it pursuant to and in strict accordance with this Agreement, and that any other use whatsoever of the Confidential Information would constitute an unfair method of competition and would cause us to incur irreparable damage. Developer's covenants with respect to confidentiality survive expiration or earlier termination of this Agreement and will be enforceable by injunction or other equitable remedies to prevent or limit further unauthorized use and disclosure.





- 12.4 Scope. The parties have attempted in Sections 12.1 and 12.2 to limit Developer's right to compete only to the extent necessary to protect AEA DEV from unfair competition. The parties expressly agree that if the scope or enforceability of Sections 12.1 or 12.2 is disputed at any time by Developer, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provisions enforceable under applicable law. In addition, AEA DEV reserves the right to reduce the scope of either, or both, of said provisions without Developer's consent, at any time or times, effective immediately upon notice to Developer.

### 13 TERMINATION

- 13.1 Termination Pursuant to a Material Breach of This Agreement. This Agreement may be terminated by AEA DEV for a material breach by Developer upon 30 business days' prior written notice expressly clarifying the 'fault' or 'omission' unless Developer cures the default within the 30-day period. Material breach, as used in this Agreement, will specifically include the following:

13.1.1 Sale, Assignment & Transfer This Agreement. Any sale, assignment, transfer or encumbrance, by Developer, in whole or in part, of any or all rights and obligations under this Agreement (or any transfer of shares of a corporate Developer or membership interest in a limited liability company Developer), in violation of the terms of this Agreement, or without our written consent.

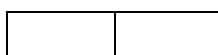
13.1.2 Failure to Meet Development Schedule. Failure of Developer to meet the Minimum Development Obligation within the Development Periods.

- 13.2 Termination due to Failure to Pay. Notwithstanding the foregoing, AEA DEV may terminate this Agreement upon 10 days prior written notice if Developer fails to pay any sums due to AEA DEV pursuant to this Agreement unless Developer cures the default within the 10-day period, and may be terminated immediately, with no right to cure, if:

13.2.1 any material portion of Developer's assets are seized, taken over, or foreclosed by a government official in the exercise of official duties, or are seized, taken over after obtaining a final judgment or foreclosed by a creditor or lien holder who has obtained a final judgment against Developer; or a levy of execution is made on the rights granted under this Agreement or on any property of Developer used in the performance of Developer's duties under this Agreement and the execution is not discharged within 10 days after notice of the levy.

13.2.2 Developer or any of its officers, directors or shareholders if a corporate Developer, members or managers if a limited liability company Developer, or partners if a partnership Developer, is convicted of a felony or other criminal misconduct which is relevant to the performance of Developer's duties under this Agreement.

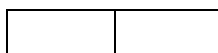
13.2.3 Developer is declared bankrupt, judicially determined to be insolvent, seeks relief under any reorganization or bankruptcy law, or all or a substantial part of Developer's assets are assigned to or for the benefit of any creditor.



- 13.3 Termination by Reason of a Material Breach of Franchise Agreement. Any material default by Developer or any Affiliate of Developer under any Franchise Agreement between AEA DEV and Developer or an Affiliate of Developer will be deemed a default under this Agreement. If the default under the Franchise Agreement is not cured within the cure period, if any, specified in the Franchise Agreement, AEA DEV may terminate the Franchise Agreement, this Area Development Agreement and all of the other Franchise Agreements between AEA DEV and Developer or an Affiliate of Developer.
- 13.4 Effect of Termination. Upon the expiration of the Term, or upon the earlier termination of this Agreement, Developer has no further right to construct or open additional Academies and AEA DEV may license others to construct, equip, open, own or operate Academies in the Development Area.
- 13.5 Continuing Obligations. All obligations of AEA DEV and Developer under this Agreement that expressly or by their nature survive the expiration, termination or non-renewal of this Agreement shall continue in full force and effect subsequent to and regardless of expiration, termination or non-renewal until they are satisfied in full or by their nature expire.
- 13.6 Reservations of Rights. Upon the expiration or termination of this Agreement, AEA DEV will have the right, without limitation, to own and operate, or to offer and license others to operate, Academies in the Development Area.
- 13.7 No Refund. Developer will not be entitled to a refund or credit for any uncredited portion of the Development Fee upon the termination or expiration of this Agreement.
- 13.8 Expiration of Agreement. The expiration of this Agreement does not affect the rights of Developer under any Franchise Agreements between Developer and AEA DEV.

## 14 CORPORATE OR PARTNERSHIP DEVELOPER

- 14.1 Limitations on Activities. If Developer is a corporation, partnership or limited liability company, or if this Agreement is assigned to a corporation, partnership or limited liability company, the corporation, partnership or limited liability company shall conduct no business other than the business contemplated under this Agreement and under the Franchise Agreements. All Principals will be bound jointly and severally to perform Developer's obligations under this Agreement and each Franchise Agreement and will represent and warrant their percentage ownership interest and that they are all the persons having an interest in this Agreement. The articles of partnership, partnership agreement, articles of incorporation, articles of organization, by-laws and other organizational documents of the partnership, corporation or Limited Liability Company must recite that the issuance and transfer of any interest in the entity is subject to the restrictions contained in this Agreement. All issued and outstanding stock certificates or membership certificates of a corporation or limited liability company must bear a legend referring to the restrictions in this Agreement.
- 14.2 Offerings by Developer. Securities or partnership interests ("securities") in Developer may be offered to the public, by public or private offering, only with the prior written consent of AEA DEV. All materials required for an offering by federal or state law must be submitted to us for review prior to being filed with any government agency, or if the materials are to be used in any exempt offering, they must be submitted to us for review prior to use. No offering by Developer may imply (by use of the trademarks, trade names or service marks of the System



or otherwise) that AEA DEV is participating in an underwriting, issuance or offering of Developer's securities. Developer will fully indemnify AEA and AEA DEV in connection with any offering and shall require other participants in the offering to also indemnify AEA and AEA DEV fully. For each proposed offering, Developer will pay to AEA DEV a non-refundable minimum fee of \$2,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Developer shall give AEA DEV written notice at least sixty days before the effective date of any offering or other transaction covered by this section.

14.3 Corporations, Limited Liability Company, Partnership.

14.3.1 If Developer is a corporation, limited liability company or partnership, the name and address of each shareholder, member or partner is listed in the Document named Shareholders, which is attached to and part of this Area Development Agreement.

14.3.2 The address where Developer's financial records, and corporate or partnership records are maintained is:

(address)

14.3.3 Developer will notify AEA DEV in writing within 10 days of any change in the information set forth in Section 14.3.2 above.

15 **ARBITRATION**

15.1 Controversies or Claims. Any controversy or claim arising out of or relating to this Agreement, or any breach of this Agreement, including, without limitation, any claim that the Agreement, or any part, is invalid, illegal or otherwise voidable or void, or the enforcement of any right or obligation which by its nature survives the expiration or termination of the Agreement, will be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction, provided, however, that this clause will not be construed to prohibit AEA DEV from seeking provisional, injunctive or expedited relief in a judicial proceeding to protect its trademarks, trade names, service marks, logotypes, insignia, trade dress, designs, trade secrets and Confidential Information, or to enjoin or restrain Developer from causing irreparable harm to AEA DEV pending resolution by arbitration. Any provisional remedy which would be available from a court will alternatively be available from the arbitrator(s), pending (and as part of or after) the arbitration award. Arbitration will be conducted on an individual, not a class-wide, basis. No award in arbitration involving AEA DEV will have any effect or preclusion or collateral estoppel in any other adjudication or arbitration. Venue of arbitration will be in Orange County, Florida, U.S.A. This arbitration provision will be deemed to be self-executing, and in the event that either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

15.2 Pre-Trial Discovery and Remedies. In any arbitration held pursuant to this Section 14, (a) all pre-trial discovery devices, including, but not limited to, depositions, written interrogatories and requests for production, inspection and copying of documents, and (b) any and all

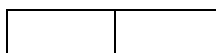


prejudgment remedies, including, but not limited to, attachments, claim and delivery proceedings, temporary protective orders, injunctions and receiverships, will be available to the parties.

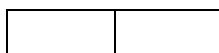
- 15.3 Waiver of Punitive Damages. To the fullest extent permitted by law, the parties (and all guarantors) waive any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them, each will be limited to the recovery of actual damages sustained by it.

## 16 ENFORCEMENT

- 16.1 Severability and Substitution of Valid Provisions. Except as expressly provided to the contrary in this Agreement, each provision of this Agreement, and any portion of the provision, will be severable. If any provision or portion of a provision of this Agreement is held invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling by any court or arbitrator with competent jurisdiction in a proceeding to which AEA DEV is a party, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement which will continue to be given full force and effect and bind the parties. To the extent that Article 8 or any clause or section of Article 8, is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but could be enforceable by reducing any or all of the terms, the provision will be enforced to the fullest extent permissible under the laws and public policies in the jurisdiction where enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires greater prior notice of termination or refusal to renew this Agreement than is required under this Agreement, or some other action not required under this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by AEA DEV is invalid or unenforceable, the prior notice and/or other action required by that law or rule shall be substituted for the comparable provision of this Agreement, and we will have the right, in our sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court or arbitrator may hold to be unreasonable and unenforceable in a final decision to which AEA DEV is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court or arbitration order.
- 16.2 Performance/Injunctive Relief. Nothing in this Agreement bars AEA DEV or Developer's right to obtain specific performance of this Agreement and injunctive relief against threatened conduct that will cause it losses or damages, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Developer agrees that AEA DEV may have injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and Developer's sole remedy in the event of the entry of an injunction is the dissolution of the injunction, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived).



- 16.3 Rights of Parties Cumulative. The parties' rights under this Agreement are cumulative. No exercise or enforcement by either party of any right or remedy under this Agreement will preclude the exercise or enforcement by that party of any other right or remedy under this Agreement or which the party is entitled by law to enforce.
- 16.4 Governing Law. The laws of the State of Florida govern all aspects of this Agreement; however, if this Agreement requires development of an Academy located in a state other than Florida and the laws of that state require terms other than those or in addition to those contained in this Agreement, then this Agreement will be deemed modified so as to comply with the appropriate laws of that state, but only to the extent necessary to prevent the invalidity of this Agreement or any provision of this Agreement, the imposition of fines or penalties, or the creation of civil or criminal liability. Any provision of this Agreement that may be determined by competent authority to be prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability, without invalidating the remaining provisions of this Agreement. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this Agreement, will not invalidate the provision or render it unenforceable in any other jurisdiction. Venue and jurisdiction will be in Orange County, Florida in any action brought by either party. To the extent permitted by applicable law, Developer waives any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.
- 16.5 Costs and Attorney Fees. If AEA DEV incurs any expenses to enforce this Agreement, Developer will, upon demand, reimburse us for all our expenses (including, without limitation, court costs, litigation expenses, reasonable attorney and accounting fees), whether or not suit is filed.
- 16.6 Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest and may not be modified except by written agreement signed by both parties.
- 16.7 Entire Agreement & Construction. The preambles and exhibits are a part of this Agreement, which constitute the entire agreement of the parties. There are no other oral or written understandings or agreements between the parties relating to the subject matter of this Agreement. Nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Except where this Agreement expressly obligates AEA DEV to reasonably approve or not unreasonably withhold its approval of any action or request by Developer, AEA DEV has the absolute right to refuse any request by Developer or to withhold its approval of any action or request by Developers. This Agreement may be executed in multiple copies, each of which will be deemed an original. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
- 16.8 Force Majeure. Neither party will be liable for loss or damage or deemed to be in breach of this Agreement if their failure to perform their obligation(s) results from: (1) transportation shortages, strikes, inadequate supply of equipment, merchandise, supplies, material, or energy, or the voluntary relinquishing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state, or municipal government or any governmental or quasi-

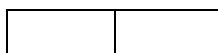


governmental agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any governmental or quasi-governmental department or agency (other than an order, requirement or instruction arising out of a violation of law by Developer); (3) acts of God or the public enemy; or (4) acts or omissions of the other party. Any delay resulting from any of these causes will extend performances accordingly or excuse performance, in whole or in part, as may be reasonable, except that such causes will not excuse payments of amounts owed at the time of such occurrence nor extend the term of this Agreement.

- 16.9 Indemnification. Developer will defend at its own cost and indemnify and hold harmless AEA DEV, its affiliates, shareholders, directors, officers, employees and agents, from and against any and all losses, costs, expenses (including attorney fees at all levels), damages, and liabilities arising out of Developer's negligence, breach of contract, or other civil or criminal wrong, resulting directly or indirectly from or pertaining to the conduct of Developer's business.
- 16.10 Waiver. Failure by either party to require compliance with any of the provisions of this Agreement or enforce any rights under this Agreement will not be construed as the waiver of those rights. Any waiver, including waiver of default, in any one instance, will not constitute a continuing waiver or a waiver in any other instance. Our acceptance of money or other performance by Developer will not constitute a waiver of any default, except as to the payment of the particular payment or performance so received. Should AEA DEV at any time agree to reduce Developer's development obligations for any period, such reduction will not constitute a waiver of Developer's obligations for any subsequent period(s). No custom or practice of the parties will constitute a waiver of any provisions of this Agreement, and no delay or failure of AEA DEV to exercise any right under this Agreement will constitute a waiver of our right to enforce and demand strict compliance within the terms of this Agreement.

## 17 GENERAL CONDITIONS AND PROVISIONS

- 17.1 Relationship of Developer to AEA DEV. Developer acknowledges that it is an independent contractor and not an employee, agent or legal representative of AEA DEV and has no power or authority to bind or obligate us in any respect whatsoever. Nothing in this Agreement will be construed to create a fiduciary relationship between the parties or make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. Developer will disclose in all dealings with third parties, including but not limited to, prospective franchisees, Franchisees, suppliers, customers, public officials, Franchisee personnel, that Developer is an independent representative acting under agreement with AEA DEV. Developer agrees not to hold itself out as the agent, employee, partner or co-venturer of AEA DEV, or as having any of the aforesaid authority. All employees hired by or working for Developer will be employees of Developer and will not, for any purpose, be deemed employees of AEA DEV or subject to our control. Developer will not make any express or implied agreements, guarantees or representations, or assume or incur any debt, in the name of or on behalf of AEA DEV as a result of the employment.
- 17.2 Grants Strictly Construed; Reservations of Rights. All rights of any nature granted to Developer are granted on the terms and conditions and subject to the limitations in this Agreement. All grants of rights will be strictly construed. The Amazing Explorers Academy System, the Trademarks, and all goodwill associated with the Amazing Explorers Academy System and the Trademarks remain the sole and exclusive property of AEA. Whenever any



right is reserved to AEA, such reservation is absolute, and AEA will in all instances be entitled to exercise such reserved rights in AEA's sole discretion. Whenever AEA DEV's consent is required under this Agreement, such consent may be withheld in AEA DEV's sole discretion, which consent may not be unreasonably withheld, unless this Agreement otherwise expressly provides.

- 17.3 No Consequential Damages for Legal Incapacity. Neither party will be liable to the other for any consequential damages, including but not limited to lost profits, increased construction or occupancy costs, or other losses, costs and expenses by reason of any legal incapacity during the Term, or other conduct not due to the gross negligence or misfeasance of such party.
- 17.4 Survival of Covenants. The covenants contained in this Agreement that, by their terms, require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding the expiration or other termination of this Agreement for any reason whatsoever.
- 17.5 Joint and Several Liability. If either party consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to the other hereunder are joint and several.
- 17.6 Titles for Convenience. Article and Section titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.
- 17.7 Gender. All terms used in any one number or gender extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or paragraph hereof may require.

Notices. All notices, consents, demands, and requests for compliance ("Notices") required or permitted to be given under this Agreement will be in writing. For a Notice to be effective, delivery must be made personally to the party or sent to the party by certified or registered mail return receipt requested, or by recognized courier service which routinely maintains records of delivery or sent by facsimile transmission during normal business hours in the State and actual receipt of such transmission in legible form confirmed in the ordinary course of business. All Notices will be addressed as follows:

If to Master Franchisee::                      Marcello Spinelli, Co-Founder & Principal  
AEA DEV LLC  
6555 Sanger Rd,  
Orlando FL  
32827, Telephone: 646-707-2770  
ms@aexplorers.com

If to Developer:                                      (Name, Address, Telephone & E-Mail)

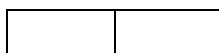
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Developer will notify AEA DEV in writing within 10 days of any change in the information set forth in Section 17.8 above.

- 18 SUBMISSION OF AGREEMENT.** This Agreement will not be binding upon AEA DEV unless and until it will have been submitted to and signed by an officer of AEA DEV and the date of said signing as set forth on the first page of this Agreement will be the effective date of this Agreement.

**19 ACKNOWLEDGMENT**

- 19.1 DEVELOPER, FOR ITSELF AND ITS SHAREHOLDERS, MEMBERS AND PARTNERS, ACKNOWLEDGES THAT IT IS ENTERING INTO THIS AGREEMENT AFTER MAKING AN INDEPENDENT INVESTIGATION OF AEA DEV OPERATIONS AND BUSINESS CONDITIONS IN THE DEVELOPMENT AREA, AND NOT UPON ANY REPRESENTATION AS TO PROFITS WHICH DEVELOPER MIGHT EXPECT TO REALIZE, NOR HAS ANYONE MADE ANY REPRESENTATION THAT IS NOT EXPRESSLY SET FORTH IN THIS AGREEMENT TO INDUCE DEVELOPER TO ACCEPT AND EXECUTE THIS AGREEMENT. DEVELOPER FURTHER ACKNOWLEDGES THAT IT HAS BEEN PROVIDED WITH ALL REQUESTED INFORMATION ABOUT AEA DEV AND THE AMAZING EXPLORERS ACADEMY SYSTEM. DEVELOPER REPRESENTS THAT IT HAS THOROUGHLY READ AND UNDERSTANDS THIS AGREEMENT AND ALL RELATED DOCUMENTS TO BE EXECUTED IN CONNECTION WITH THIS AGREEMENT, HAS CONSULTED WITH PROFESSIONAL ADVISORS TO THE EXTENT IT DEEMED NECESSARY TO DETERMINE THE DESIRABILITY OF AN INVESTMENT IN OPENING AND OPERATING ACADEMIES IN A NEW MARKET, INTENDS TO COMPLY WITH AND BE BOUND BY THE TERMS AND CONDITIONS OF THIS AGREEMENT, AND RECOGNIZES THAT, LIKE ANY OTHER BUSINESS, THE AMAZING EXPLORERS ACADEMY SYSTEM MAY CHANGE OVER TIME AND INVOLVES FINANCIAL RISK. THE SUCCESS OF THIS BUSINESS VENTURE IS HEAVILY DEPENDENT ON DEVELOPER'S BUSINESS ABILITIES AND EFFORTS.
- 19.2 DEVELOPER ACKNOWLEDGES HAVING READ AND UNDERSTOOD THIS AGREEMENT, INCLUDING RELATED DOCUMENTS, EXHIBITS AND ADDENDUM, IF ANY, AND THAT AEA DEV HAS ACCORDED DEVELOPER AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF DEVELOPER'S OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.
- 19.3 TO FULLEST EXTENT ALLOWED BY LAW, DEVELOPER RELEASES AEA DEV FROM ANY CLAIM FOR FAILURE TO COMPLY WITH ANY DISCLOSURE LAW OR LAWS WHICH MAY APPLY TO THE OFFER OR SALE OF THIS FRANCHISE OR THE EXECUTION OF THIS AGREEMENT.
- 19.4 DEVELOPER ACKNOWLEDGES THAT IT IS AEA DEV POLICY NOT TO PROVIDE PROJECTIONS OR PREDICTIONS AS TO SALES, COSTS, INCOME OR PROFITS THAT DEVELOPER MIGHT DERIVE FROM THE OPERATION OF AN ACADEMY, AND THAT THERE HAVE BEEN NO REPRESENTATIONS, WARRANTIES, INDUCEMENTS, PRO FORMAS, FORECASTS, ESTIMATES OR ANY OTHER INDUCEMENT OR STATEMENT MADE BY AEA DEV OR ITS AGENTS, SALESMEN, DIRECTORS, OFFICERS, OR EMPLOYEES, OR ANY OTHER SALESMEN OR OTHER





PERSON OR ENTITY REGARDING FINANCING, NET PROFITS, GROSS PROFITS, NET SALES, GROSS SALES, COSTS OR EXPENSES OF AEA DEV FRANCHISES GENERALLY OR OF ANY SPECIFIC AMAZING EXPLORERS ACADEMY FRANCHISE, NOR HAS DEVELOPER RELIED UPON ANY REPRESENTATIONS, WARRANTIES, INDUCEMENTS, PRO FORMAS, FORECASTS, ESTIMATES OR ANY OTHER INDUCEMENT OR STATEMENT MADE BY AEA DEV OR ITS AGENTS, DIRECTORS, OFFICERS, EMPLOYEES OR SALESMEN OR OTHER ASSOCIATES REGARDING FINANCING, NET PROFITS, GROSS PROFITS, NET SALES, GROSS SALES, COSTS OR EXPENSES OF AEA DEV FRANCHISES GENERALLY OR OF ANY SPECIFIC AMAZING EXPLORERS ACADEMY FRANCHISE OR WITH RESPECT TO ANY OTHER MATERIAL FACT RELATING TO THE DEVELOPMENT OF AEA DEV FRANCHISES IN THE AREA WHEREIN THE DEVELOPER INTENDS TO LOCATE ITS AMAZING EXPLORERS ACADEMY FRANCHISE OR ANY OTHER MATTER PERTAINING TO AEA DEV.

- 19.5 DEVELOPER ACKNOWLEDGES THAT THE EXECUTION OF THIS AGREEMENT IS THE WHOLLY VOLUNTARY ACT OF THE PERSON WHO SIGNED IT.
- 19.6 DEVELOPER ACKNOWLEDGES THAT THE TERMS AND PROVISIONS OF THIS AGREEMENT CANNOT BE CHANGED OR MODIFIED UNLESS IN WRITING SIGNED BY AN AUTHORIZED CORPORATE OFFICER OF AEA DEV.
- 19.7 DEVELOPER IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE DEVELOPERS OF AEA DEV MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT(S) IN OTHER DEVELOPMENT AREAS, AND CONSEQUENTLY THAT AEA DEV OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS DEVELOPERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date set forth on the first page.

**AEA DEV LLC: MASTER FRANCHISEE**

By: \_\_\_\_\_  
(Name & Title)

(Notary Seal)

\_\_\_\_\_**DEVELOPER**

By: \_\_\_\_\_  
(Name & Title)

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**EXHIBIT ADA-I**

**DEVELOPMENT TERRITORY**

**AEA DEV LLC: MASTER FRANCHISEE**

By: \_\_\_\_\_  
(Name & Title)

**DEVELOPER:**

By: \_\_\_\_\_  
(Name & Title)

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## EXHIBIT ADA-II

### MINIMUM DEVELOPMENT OBLIGATIONS

| Year                      | Number of Academy Locations<br>Under Contract | Cumulative Number of<br>Academies to be Opened |
|---------------------------|-----------------------------------------------|------------------------------------------------|
| Year 1                    |                                               |                                                |
| Year 2                    |                                               |                                                |
| Year 3                    |                                               |                                                |
| Year 4                    |                                               |                                                |
| Year 5                    |                                               |                                                |
| Etc.                      |                                               |                                                |
| Total Number of Academies |                                               |                                                |

### AEA DEV LLC: MASTER FRANCHISEE

By: \_\_\_\_\_  
(Name & Title)

### DEVELOPER:

By: \_\_\_\_\_  
(Name and Title)

**EXHIBIT ADA-III**

**PAYEE FOR FEES**

All Area Development, franchise, service and monthly royalty fees are to be paid by the 5<sup>th</sup> and no later than the 10<sup>th</sup> of each month to:

**PAYEE:**

Bank:

Account No.

Routing Number

BAN number

Swift Code:

Branch:

**AEA DEV LLC: MASTER FRANCHISEE**

By: \_\_\_\_\_  
(Name & Title)

**DEVELOPER:**

By: \_\_\_\_\_  
(Name & Title)

Dated: \_\_\_\_\_

## EXHIBIT ADA-IV

### OWNERS

The full name and mailing address of each person or entity who directly or indirectly owns equity or voting interest in DEVELOPER, and a description of the interest, is as follows:

#### Ownership Position

Name:

Address:

Telephone:

E-Mail:

Name;

Address

Telephone

E-Mail

Name:

Address:

Telephone:

E-Mail

#### AEA DEV LLC: MASTER FRANCHISEE

By: \_\_\_\_\_  
(Name & Title)

#### DEVELOPER:

By: \_\_\_\_\_  
(Name & Title)

Dated: \_\_\_\_\_

**EXHIBIT ADA -V**

**CURRENT FORM OF FRANCHISDE AGREEMENT**

**AEA DEV LLC: MASTER FRANCHISEE**

By: \_\_\_\_\_  
(Name & Title)

**DEVELOPER:**

By: \_\_\_\_\_  
(Name & Title)

Dated: \_\_\_\_\_

## EXHIBIT ADA-VI

### ASSIGNMENT OF AREA DEVELOPMENT AGREEMENT AND GUARANTY

This Agreement, made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among \_\_\_\_\_, name of Individual ("Assignor"), name of company ("Assignee"), and AEA DEV, LLC, a Florida limited liability company ("Franchisor").

#### INTRODUCTION:

A. AEA DEV LLC ("AEA") and Assignor did enter into an agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Area Development Agreement") pursuant to which Assignor became entitled to certain rights and privileges to operate Amazing Explorers Academies at \_\_\_\_\_ ("the Location") in \_\_\_\_\_, subject to certain duties and obligations, all as more particularly described in the Area Development Agreement; and

B. Assignor desires to transfer all of Assignor's right, title and interest in and to the Area Development Agreement as it relates to the Development Area to Assignee, and Assignee is desirous of accepting the transfer; and

C. A transfer is not effective and of no force or effect without the consent of AEA DEV.

Now, Therefore, in consideration of the sum of \$10.00, and other good and valuable consideration exchanged among the parties, the receipt and sufficiency of which are hereby acknowledged, it is AGREED:

1. Assignor sells, grants, assigns and conveys to Assignee all of Assignor's right, title and interest in and to the Area Development Agreement for the Amazing Explorers Academy at the Location.

2. Assignee expressly assumes all of the terms, covenants, conditions and terms under the Area Development Agreement, and expressly agrees to be bound by the terms, covenants, conditions and terms of the Area Development Agreement.

3. The assignment of the Area Development Agreement for the Development Area by Assignor does not constitute a novation between AEA DEV and Assignor, and AEA DEV's consent to the assignment does not in any manner relieve or release Assignor from responsibility, financial or otherwise, under the Area Development Agreement. Assignor unconditionally guarantees the performance by Assignee of all of the terms, covenants, conditions and terms of the Area Development Agreement, and expressly guarantees payment by Assignee of all sums payable by Assignee to AEA DEV pursuant to the Area Development Agreement or any renewal, extension or modification, and pursuant to other contract(s) entered into in connection with the Area Development Agreement.



In connection with Assignor's unconditional guaranty, Assignor consents and agrees that: (1) his or her liability shall be joint and several; (2) he or she shall render any payment or performance required under the Area Development Agreement upon demand if Assignee fails or refuses to do so punctually; (3) such liability shall not be contingent or conditioned upon pursuit by AEA DEV of any remedies against Assignee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which AEA DEV may from time to time grant to Assignee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend Assignor's guaranty, which shall be continuing and irrevocable during the term of the Area Development Agreement.

4. The parties expressly ratify and reaffirm the Area Development Agreement, and the terms, covenants, and conditions contained in the Area Development Agreement.

5. Nothing contained in this Agreement will in any way modify or abrogate any requirement(s) in the Area Development Agreement with respect to any further or future assignment of the Area Development Agreement, or the rights or obligations under the Area Development Agreement.

6. AEA DEV consents to the Assignment of the Area Development Agreement subject to terms of this Agreement.

In Witness Whereof, the parties have set their respective hand and seal as of the day and year indicated on page 1.

**ASSIGNOR:**

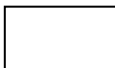
By: \_\_\_\_\_  
(Individual Name)

**ASSIGNEE:**

By: \_\_\_\_\_  
(Name and Title)

**AEA DEV LLC: MASTER FRANCHISEE**

By: \_\_\_\_\_  
(Name and Title)





**EXHIBIT E**

**REAL ESTATE AGREEMENT**

This Real Estate Agreement ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between AEA DEV, LLC ("AEA DEV"), a Florida corporation, with its principal address at 6555 Sanger Rd, Orlando FL, 32827, and \_\_\_\_\_  
"Franchisee"), a (LLC, corporation, partnership) with its principal address at \_\_\_\_\_.

WITNESSETH:

WHEREAS, Franchisee has this day entered into a Franchise Agreement "Franchise Agreement" with AEA DEV for the development and operation of an Amazing Explorers Academy® that is to be located in the Territory (as defined in the Franchise Agreement); and

WHEREAS, the Amazing Explorers Academy® is to be owned by Franchisee or an Affiliate; and

WHEREAS, Franchisee desires to guarantee all obligations of Franchisee or Affiliate under this Agreement and agrees to be bound by the provisions in this Agreement for such purposes;

WHEREAS, Franchisee or Affiliate desires to retain AEA DEV, subject to the terms and conditions contained in this Agreement to (i) locate a site ("Site") within the Territory that is an acceptable site for an Amazing Explorers Academy and (ii) to provide such services as specified in this Agreement; and

NOW, THEREFORE, IN CONSIDERATION OF THE COVENANTS CONTAINED IN THIS Agreement, AEA DEV and Franchisee or Affiliate hereby agree as follows: (Check applicable box)

1. SITE ALREADY SELECTED BY FRANCHISEE OR AFFILIATE

☐

2. SITE ALREADY UNDER PURCHASE AGREEMENT WITH AEA DEV

☐

If, prior to the execution of this Agreement, Franchisee or Affiliate has selected a site for an Amazing Explorers Academy ("Approved Location") Franchisee or Affiliate will communicate in writing to AEA DEV that a Site has been selected and attach the Site Report Form along with AEA DEV written approval.

Franchisee or Affiliate acknowledge that AEA DEV will perform the following services for Franchisee and that Franchisee is obligated to pay AEA DEV the sum of \$25,000 for its services, which include:

1. Analyze the demographics of Franchisee's Territory
2. Determine site feasibility and designate a location suitable to you that meets AEA criteria.
3. Work with local architects and city officials for approval of the site for an Amazing Explorers Academy.

4. Coordinate and work with Contractors during site construction

AEA DEV will not be responsible for the failure of an approved site to meet your expectations for revenue or operational criteria. You represent that your acceptance of a franchise for the operation of an Academy at the Approved Location is based upon your own independent investigation of the suitability of the site.

AEA DEV expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors, or any other persons or entities to which AEA DEV may refer to you. AEA DEV is not responsible for delays in the construction, equipping or decoration of any Franchised Academy or for any loss resulting from the Franchised Academy design or construction. You acknowledge that AEA DEV has no control over the landlord or developer and numerous construction and/or related problems that could occur and delay the opening of the Franchised Academy. The parties are signing this Site Selection Addendum on the dates below.

**AEA DEV LLC: MASTER FRANCHISEE**

By: \_\_\_\_\_  
(Name & Title)

**DEVELOPER:**

By: \_\_\_\_\_  
(Name & Title)

## EXHIBIT F

### GENERAL RELEASE

This General Release is between AEA DEV LLC, a Florida Limited Liability Company (“Master Franchisee”) and \_\_\_\_\_ a(n) corporation (“Franchisee”), and \_\_\_\_\_, a (shareholder, director, officer) of Franchisee, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

#### RECITALS

- A. AEA DEV LLC and Franchisee are parties to a Franchise Agreement dated \_\_\_\_\_, (the “Franchise Agreement”) pursuant to which AEA granted Franchisee a franchise to operate an Amazing Explorers Academy, which agreement will expire (has expired) on \_\_\_\_\_.
- B. Franchisee desires to renew the franchise for a period of ten years pursuant to the terms of a new franchise agreement (the “New Franchise Agreement”).
- C. The expiring or expired Franchise Agreement provides that a condition to renewal is that Franchisee executes a general release of any potential claims against AEA DEV and its affiliates arising out of the Franchise Agreement.
- D. In consideration of Franchisee executing this General Release and accepting the terms of the New Franchise Agreement, AEA DEV will enter into a new franchise relationship with Franchisee.

In consideration of an additional franchise term of ten years to be granted AEA DEV to Franchisee, Franchisee hereby agrees as follows.

- 1. Franchisee hereby forever releases and discharges AEA DEV and its affiliates, directors, officers, shareholders, employees, agents, representatives, successors and assigns from all claims, demands, causes of action, obligations, suits, contracts, damages, losses, expenses and liability of every kind, arising from any matter, act, omission or thing whatsoever, whether known or unknown, foreseen or unforeseen, which has occurred arising out of the Franchise Agreement or the business relationships of the parties from the beginning of time through the date of this General Release.
- 2. This General Release is binding upon and inures to the benefit of the heirs, successors and assigns of the parties.
- 3. This General Release will be governed by and construed in accordance with the laws of the State of Florida.

#### AEA DEV LLC: MASTER FRANCHISEE

By: \_\_\_\_\_  
(Name & Title)

#### DEVELOPER:

By: \_\_\_\_\_  
(Name & Title)

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**EXHIBIT G**  
**ASSIGNMENT OF LEASE**  
**AND LESSOR CONSENT TO ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned (“Assignor”) assigns, transfers and sets over to AEA DEV LLC, a Florida limited liability company (“Assignee”), all of Assignor’s right and title to and interest in that certain “Lease” a copy of which is attached as Exhibit A respecting premises commonly known as \_\_\_\_\_.

This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor’s obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor’s default under the Lease or under the “Franchise Agreement” for an Amazing Explorers Academy preschool between Assignee and Assignor, or in the event Assignor defaults under any document or instrument securing the Franchise Agreement, Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee’s prior written consent. Throughout the term of the Franchise Agreement, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee’s failure to agree otherwise in writing or upon Assignor’s failure to elect to extend or renew the Lease as required, Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

**ASSIGNEE:**  
**AEA DEV LLC**

**ASSIGNOR:**  
**(FRANCHISEE COMPANY NAME)**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**CONSENT TO COLLATERAL ASSIGNMENT AND  
AGREEMENT OF LESSOR TO THE LEASE**

The undersigned Lessor under the Lease:

- (a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease.
- (b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above.
- (c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease.
- (d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as an AEA Academy.

**LESSOR: (LANDLORD BUSINESS NAME)**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date \_\_\_\_\_

## EXHIBIT H

### NON-COMPETITION AND CONFIDENTIALITY AGREEMENT

THIS NON-COMPETITION AND CONFIDENTIALITY AGREEMENT ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and among AEA DEV LLC, a Florida limited liability company ("Master Franchisee"), \_\_\_\_\_ (company name ("Franchisee")) and \_\_\_\_\_ (name of individual) (shareholder, director, officer, manager, key employee) of Franchisee ("Employee").

#### RECITALS

A. Franchisee has entered into a Franchise Agreement (the "Franchise Agreement") with the AEA DEV LLC ("AEA DEV") whereby the AEA DEV has granted to Franchisee a franchise to operate an Amazing Explorers Academy.

B. Pursuant to the Franchise Agreement, Franchisee agreed to refrain from engaging in certain competitive activities with the AEA DEV and to refrain from disclosing our confidential information and agreed to obtain similar covenants from certain of its shareholders, directors, officers and key personnel.

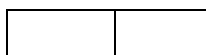
C. In the course of performing services for Franchisee, Employee will have access to and gain knowledge of certain proprietary and confidential information of the AEA DEV, including but not limited to, our customers, suppliers, employees, methods, processes, techniques and operations, and trade secrets of Amazing Explorers.

D. AEA DEV desires to protect its confidential information and trade secrets from disclosure and use by Employee.

**NOW, THEREFORE, for the reasons set forth above and in consideration of the mutual covenants contained in this Agreement, and specifically in consideration of the training to be provided to Franchisee and Employee by the AEA DEV and Franchisee and Employee's access to our confidential information and trade secrets, the parties agree as follows.**

A. Covenants and Agreements of Employee. Employee recognizes and agrees that the position Employee will hold with Franchisee will place Employee in a close business relationship with AEA DEV and its customers, suppliers, representatives and employees. Employee further recognizes and agrees that Employee may have access to, discover, develop or become familiar with certain suppliers, representatives, employees, data, methods, processes, techniques and operations, including confidential and trade secret information, of AEA, and that such would not have occurred without the reputation, resources, training, support and services of AEA DEV. Therefore, Employee agrees as follows:

1. Employee agrees that, during the term of Employee's employment with the franchisee, Employee shall not, either directly or indirectly, for Employee or for any third party, on Employee's own account or as agent, stockholder, owner, partner, employer, employee or otherwise, without prior written authorization from AEA DEV, own, operate, manage, engage in, be employed by, or have any interest in any Franchisee childcare



academy or AEA DEV-owned Amazing Explorers Academy.

2. Employee agrees that, for a period of five (5) years following the date of termination of Employee's employment with the Franchisee for any reason whatsoever, Employee shall not, either directly or indirectly, for Employee or for any third party, on Employee's own account or as agent, stockholder, owner, partner, employer, employee or otherwise, without prior written authorization from AEA DEV, own, operate, manage, engage in, be employed by, or have any interest in any childcare academy within a thirty (30) mile radius of the Franchisee's Amazing Explorers Academy or any other franchised or AEA DEV-owned Amazing Explorers Academy.

3. Employee agrees that, in the event of termination of Employee's employment with the franchisee for any reason whatsoever, Employee shall not, for a period of five (5) years following such termination, either directly or indirectly, for Employee's own purposes or those of another, without prior written authorization from AEA DEV, hire, approach to hire, use, attempt to use, whether for pay or otherwise, any employee, manager, or any other personnel currently employed by or formerly employed by, on either a full-time, part-time, temporary, volunteer or any other basis, AEA DEV or an Amazing Explorers Academy franchisee.

4. Employee agrees that Employee will not at any time, either during or after Employee's employment with Franchisee, directly or indirectly, without prior written authorization from AEA DEV, take, make use of or disclose to any person or entity any secret or confidential information, knowledge or other data related to the business, methods, data, systems, practices, processes, formulae, employee lists, supplier lists or customer lists of AEA DEV which may come into Employee's possession during the term of Employee's employment with the Franchisee.

5. Employee agrees that, in the event of termination of employment with the Franchisee for any reason whatsoever, Employee will immediately return to Franchisee or AEA DEV all papers, books, records, costs and sales information, supplier lists, advertising materials, any copies of the foregoing, any documents or notes containing excerpts from the foregoing, and all other documents, data, equipment and products belonging to the AEA DEV which may be in Employee's possession.

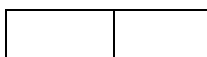
**B. Remedies.**

1. Employee agrees and recognizes that the restrictions on Employee set forth in the foregoing Section 1 are reasonable in scope, duration and area and are reasonably necessary to protect the legitimate business interests of AEA DEV.

2. Employee agrees that the remedy at law for any breach by Employee of the covenants and agreements set forth in the foregoing Section 1 may be inadequate and that AEA DEV, in addition to having an action at law for damages, shall be entitled to injunctive relief to enforce these covenants.

3. If any provision of Section 1 is held to be unenforceable due to the scope, duration or area of its application, the court making such determination shall have the power to modify such scope, duration or area, or all of them and such provision shall then be applicable in such modified form.

**C. Effect of Termination.** Upon termination of the employment of Employee with Franchisee for any reason whatsoever, this Agreement will continue in full force and effect including the obligations to refrain from competition with AEA DEV, to protect confidential information, and to return AEA DEV documents, all as described more particularly in Section 1 above.



D. Attorneys' Fees. Employee will be liable for all damages, costs and attorneys' fees incurred by AEA DEV in enforcing the terms of this Agreement.

E. Governing Law. This agreement and the performance of the obligations shall be governed by and construed in accordance with the laws of the State of Florida.

F. Entire Agreement; Amendment. This Agreement constitutes the entire Agreement among the parties with respect to the subject matter hereof. This Agreement may be amended only by written instrument duly executed by all parties.

**The parties are signing this Agreement as of the date first above written.**

**AEA DEV LLC: MASTER FRANCHISEE**

By: \_\_\_\_\_  
(Name and Title)

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_  
(Name and Title)

**EMPLOYEE:**

\_\_\_\_\_  
(Name)



**EXHIBIT I**

**IRREVOCABLE POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER**

\_\_\_\_\_ (“Franchisee”) does hereby irrevocably constitute and appoint AEA DEV LLC., a Florida corporation, the true and lawful attorney-in-fact and agent for Franchisee and in Franchisee’s name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of AEA DEV, may be necessary or advisable for the sole purpose of assigning to AEA DEV all of Franchisee’s right, title and interest in and to any and all telephone numbers of Franchisee’s franchise and all related Yellow Pages, White Pages and other business listings, including but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services for Franchisee, hereby granting unto AEA DEV full power and authority to do and perform any and all acts and things which, in our sole discretion, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that AEA DEV may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with AEA DEV will be required to ascertain our authority, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to AEA DEV. Any person, firm or corporation dealing with AEA DEV shall be fully protected in acting and relying on a certificate of AEA DEV that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee will not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by AEA DEV will be deemed to include such a certificate on the part of AEA DEV, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This Power of Attorney will terminate two years following the expiration or termination of the Franchise Agreement dated evenly herewith between AEA DEV and Franchisee. The termination, however, will not affect the validity of any act or deed of AEA DEV prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest. It is executed and delivered in the State of Florida and the laws of the State of Florida and will govern all questions as to its validity and the construction of its provisions. The undersigned has signed this instrument on \_\_\_\_\_.

**FRANCHISEE:**

**By:** \_\_\_\_\_

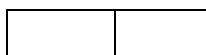
**Its:** \_\_\_\_\_

STATE OF \_\_\_\_\_ }

COUNTY OF \_\_\_\_\_ } Ss.

**Acknowledged and subscribed before me,  
A Notary Public in and for said County and  
State on \_\_\_\_\_**

\_\_\_\_\_  
**NOTARY PUBLIC**



## EXHIBIT J

### FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you are aware, you are preparing to enter into a Franchise Agreement with AEA DEV LLC ("Master Franchisee") for the operation of an Amazing Explorers Academy franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you, either orally or in writing, that AEA DEV has not authorized or that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If "No," what parts of the Franchise Agreement do you NOT understand? (Attach additional pages if necessary.)  
\_\_\_\_\_  
\_\_\_\_\_
3. Have you received a copy of the Franchise Agreement you are to execute with all the blanks completed?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If so, on what date did you receive the completed Franchise Agreement? Date: \_\_\_\_\_
4. Have you received and personally reviewed the AEA DEV franchise disclosure document?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
On what date did you receive the franchise disclosure document? Date: \_\_\_\_\_
5. Did you sign a receipt for the franchise disclosure document, indicating the date you received it?  
Yes \_\_\_\_\_ No \_\_\_\_\_
6. Do you understand all of the information contained in the franchise disclosure document?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If "No," what parts of the franchise disclosure document do you NOT understand? (Attach additional pages if necessary.)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
7. Have you discussed the benefits and risks of investing in and operating an Amazing Explorers Academy franchise with an attorney, accountant, or other professional advisor?  
Yes \_\_\_\_\_ No \_\_\_\_\_
8. If not, did you have the opportunity to do so?  
Yes \_\_\_\_\_ No \_\_\_\_\_
9. Do you understand the risks of investing in and operating an Amazing Explorers Academy franchise?  
Yes \_\_\_\_\_ No \_\_\_\_\_

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10. Do you understand that the success or failure of your Amazing Explorers franchise will depend in large part upon your skills and abilities, the number of hours you work, competition from other businesses, interest rates, the general state of the economy, inflation, labor and supply costs, lease terms, and other economic and business factors?  
Yes \_\_\_\_\_ No \_\_\_\_\_

**NOTE: Questions 11 through 18 do NOT relate to information you may have been given directly by any Amazing Explorers Academy franchisees.**

11. Has any employee or other person speaking on behalf of AEA DEV made any written or oral statement or promise regarding the actual revenue, profits, or operating costs of an Amazing Explorers Academy?  
Yes \_\_\_\_\_ No \_\_\_\_\_
12. Has any employee or other person speaking on behalf of AEA DEV made any written or oral statement or promise regarding the amount of money you may earn operating an Amazing Explorers Academy franchise?  
Yes \_\_\_\_\_ No \_\_\_\_\_
13. Has any employee or other person speaking on behalf of AEA DEV made any written or oral statement or promise regarding the amount of revenue your Amazing Explorers Academy franchise will generate?  
Yes \_\_\_\_\_ No \_\_\_\_\_
14. Has any employee or other person speaking on behalf of AEA DEV made any written or oral statement or promise regarding the costs you may incur in operating an Amazing Explorers Academy?  
Yes \_\_\_\_\_ No \_\_\_\_\_
15. Has any employee or other person speaking on behalf of AEA DEV made any written or oral statement or promise regarding the costs you may incur in opening or operating an Amazing Explorers Academy franchise that is contrary to or different from the information contained in the franchise disclosure document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
16. Has any employee or other person speaking on behalf of AEA DEV made any written or oral statement or promise regarding the likelihood of success that you should or might expect to achieve from operating an Amazing Explorers Academy franchise?  
Yes \_\_\_\_\_ No \_\_\_\_\_
17. Has any employee or other person speaking on behalf of AEA DEV made any written or oral statement, promise, or agreement regarding the advertising, marketing, training, support services, or assistance that AEA DEV will furnish to you that is contrary to or different from the information contained in the franchise disclosure document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
18. Has any employee or other person speaking on behalf of AEA DEV made any written or oral statement, promise, or agreement regarding any other aspect of an Amazing Explorers Academy franchise that is contrary to or different from the information contained in the franchise disclosure document?  
Yes \_\_\_\_\_ No \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Its \_\_\_\_\_ (name & Title)

## EXHIBIT K

### **AEA DEV Master Franchisee**

AEA Waterford Lakes LLC  
11001 Lake Underhill  
Orlando FL 32825  
Marcello Spinelli  
Phone: 646 707 2770  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

AEA Vista Lakes LLC.  
5744 Crowntree Ln  
Orlando FL 32829  
Marcello Spinelli  
Phone: 646 707 2770  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

AEA Viera LLC.  
8911 Trafford Dr  
Melbourne, FL 32940  
Marcello Spinelli  
Phone: 646 707 2770  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

AEA Ponte Vedra, LLC  
20 Tavernier Dr.  
Ponte Vedra Beach, FL 32081  
Marcello Spinelli  
Phone: 646 707 2770  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

### **AEA Franchising, Master Franchisor**

**The following is a list of AEA Franchising's master developers:**

AEA DEV, LLC. ( DC, GA, NC, NJ, NY, SC, VA, PA, and a portion of FL)  
Marcello Spinelli  
6555 Sanger Rd.  
Orlando, FL 32827  
[ms@aexplorers.com](mailto:ms@aexplorers.com)  
[Telephone: 647-707-2770](tel:647-707-2770)

AEA GP, LLC (AZ, CO, IN, OH, TN, TX and a portion of FL)  
Fabrizio Spinelli  
Box 339  
Windermere, FL  
(407) 502-8607  
[fs@aexplorers.com](mailto:fs@aexplorers.com)



**The following is a list of AEA Franchising's current Franchisees:**

The following is a list of Current Franchisees:

AEA Winter Springs, LLC  
780 East State Road 434  
Winter Springs, Florida  
Fabrizio Spinelli  
(407) 502-8607  
[scford2424@gmail.com](mailto:scford2424@gmail.com)

AEA Avalon Park, LLC  
Fabrizio Spinelli  
(407) 502-8607  
[scford2424@gmail.com](mailto:scford2424@gmail.com)

AEA Winter Park, LLC  
Fabrizio Spinelli  
(407) 502-8607  
[scford2424@gmail.com](mailto:scford2424@gmail.com)

AEA Lake Mary, LLC  
Fabrizio Spinelli  
(407) 502-8607  
[scford2424@gmail.com](mailto:scford2424@gmail.com)

AEA Slaughter, LLC.  
2025 145 North Suite 575  
The Woodlands, TX 77380  
Fabrizio Spinelli  
(407) 502-8607  
[scford2424@gmail.com](mailto:scford2424@gmail.com)

AEA Westchase, LLC.  
Fabrizio Spinelli  
(407) 502-8607  
[fs@aexplorers.com](mailto:fs@aexplorers.com)

AE Schools UNO, LLC.  
Fabrizio Spinelli  
(407) 922 5337  
[fs@aexplorers.com](mailto:fs@aexplorers.com)

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AEA Windemere, LLC.  
6965 Plaza Grande Avenue, Suite 306  
Orlando, Florida 32835  
Fabrizio Spinelli  
(407) 922 5337  
[fs@aexplorers.com](mailto:fs@aexplorers.com)

AEA Avalon Park East, LLC  
Winter Garden  
6965 Plaza Grande Avenue, Suite 306  
Orlando, Florida 32835  
Fabrizio Spinelli  
(407) 922 5337  
[fs@aexplorers.com](mailto:fs@aexplorers.com)

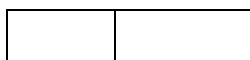
AEA Southeast Orlando, LLC  
13635 Walcott Ave  
Orlando FL 32827  
Fabrizio Spinelli  
(407) 922 5337  
[fs@aexplorers.com](mailto:fs@aexplorers.com)

GCC AEA, INC.  
1540 Little Rd.  
Trinity FL 34655  
Dawn Scilex  
(813) 690 0455  
[d.scilex@aexplorers.com](mailto:d.scilex@aexplorers.com)

AEA Waterford Lakes LLC  
11001 Lake Underhill  
Orlando FL 32825  
Marcello Spinelli  
Phone: 646 707 2770  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

AEA Vista Lakes LLC.  
5744 Crowntree Ln  
Orlando FL 32829  
Marcello Spinelli  
Phone: 646 707 2770  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

AEA Viera LLC.  
8911 Trafford Dr  
Melbourne, FL 32940  
Marcello Spinelli  
Phone: 646 707 2770  
[ms@aexplorers.com](mailto:ms@aexplorers.com)



AEA Ponte Vedra, LLC  
20 Tavernier Dr.  
Ponte Vedra Beach, FL 32081  
Marcello Spinelli  
Phone: 646 707 2770  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

AEA Hope LLC - Williamsburg NY  
123 Hope Street  
Brooklyn, NY 11211  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

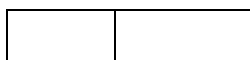
AEA Chatham LLC -Chatham County, NC  
T532 Vine Parkway  
Section 5.1  
Pittsboro, Chatham County, NY 27312  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

**The following is a list of Area Developers:**

AEA Pink, LLC.  
780 E. State Road 434  
Winter Springs, FL 32706  
Fabrizio Spinelli 407-327-4000  
[scford2424@gmail.com](mailto:scford2424@gmail.com)

AE Purple, LLC.  
25025 145 North, Suite 575  
Fabrizio Spinelli  
The Woodlands, TX 77380  
[scford2424@gmail.com](mailto:scford2424@gmail.com)

AE Red, LLC  
Fabrizio Spinelli  
(407) 922 5337  
[fs@aexplorers.com](mailto:fs@aexplorers.com)



## **EXHIBIT L**

### **TO AEA DEV LLC FRANCHISE DISCLOSURE DOCUMENT**

#### **FORMER FRANCHISEES**

##### **AEA DEV, Master Franchisee**

We have no former franchisees required to be disclosed in this disclosure document.

##### **AEA Franchising, Master Franchisor**

We have no former franchisees required to be disclosed in this disclosure document

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## EXHIBIT M

### INDEPENDENT FRANCHISEE ORGANIZATIONS

#### **AEA DEV, Master Franchisee**

None.

#### **AEA Franchising, Master Franchisor**

None.





## EXHIBIT N

### ADDENDUM TO FRANCHISE AGREEMENT (SBA Form 2462)

THIS ADDENDUM ("Addendum") is made and entered into on \_\_\_\_\_, 20\_\_\_\_\_,  
by and between \_\_\_\_\_ AEA DEV LLC ("Master  
Franchisee"), 6555 Sanger Rd, Orlando, FL 32827, and \_\_\_\_\_  
\_\_\_\_\_ ("Franchisee"), located at \_\_\_\_\_.

AEA DEV and Franchisee entered into a Franchise Agreement on \_\_\_\_\_ 20\_\_\_\_\_  
(such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for a  
loan ("Loan") from a lender in which funding is provided with the assistance of the U. S. Small Business  
Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-  
assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and  
sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the  
Franchise Agreement:

#### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and AEA DEV has an option to purchase or a right of first refusal with respect to that partial interest, AEA DEV may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If AEA DEV consent is required for any transfer (full or partial), AEA DEV will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

#### FORCED SALE OF ASSETS

- If AEA DEV has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the

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real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, AEA DEV may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

- AEA DEV will not directly control (hire, fire or schedule) Franchisee’s employees.

This Addendum automatically terminates on the earlier to occurrence of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

AEA DEV LLC  
MASTER FRANCHISEE

FRANCHISEE:

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Note to Parties: This Addendum only addresses “affiliation” between the AEA DEV and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

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|       |                                                   |       |
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| ii.  | Conscious discipline centers                       |       |
| iii. | New starters                                       |       |
| iv.  | Initial student interview                          |       |
| v.   | Parent teacher conferences                         |       |
| f.   | Curriculum training .....                          | 31-40 |

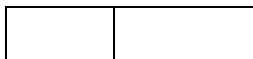




|      |                                                   |       |
|------|---------------------------------------------------|-------|
| i.   | An overview of your learning domains              |       |
| ii.  | Your circle time                                  |       |
| iii. | An overview of your daily schedule                |       |
| iv.  | Sign Language Class                               |       |
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| ii.  | Documentation                                     |       |
| iii. | Writing Incident reports                          |       |
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| i.   | Feeding schedules**                               |       |
| ii.  | Heating bottles                                   |       |
| iii. | Solid Food feeding                                |       |
| iv.  | Breast Feeding                                    |       |
| k.   | Goals for the program .....                       | 66-70 |
| l.   | Ordering classroom supplies .....                 | 71-75 |

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| i.   | Hand washing                   |       |
| ii.  | Diaper Changing                |       |
| iii. | Fire Drills                    |       |
| iv.  | Medicine                       |       |
| v.   | Allergies                      |       |
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| ii.  | Lunch breaks                   |       |
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| i.   | Setting up your classrooms     |       |
| ii.  | Elements of our approach       |       |
| iii. | Classroom floor plans          |       |
| f.   | Classroom management .....     | 21-40 |
| i.   | Positive tone in the classroom |       |
| ii.  | Conscious discipline centers   |       |



|      |                                                   |         |
|------|---------------------------------------------------|---------|
| iii. | New starters                                      |         |
| iv.  | Initial student interview                         |         |
| v.   | Parent teacher conferences                        |         |
| vi.  | STEM PLAY curriculum                              |         |
| vii. | Setting up your learning centers                  |         |
| g.   | Curriculum training .....                         | (40-50) |
| i.   | An overview of your learning domains              |         |
| ii.  | Your circle time                                  |         |
| iii. | An overview of your daily schedule                |         |
| iv.  | Sign Language Class                               |         |
| v.   | Outdoor time                                      |         |
| vi.  | Documentation of learning experiences             |         |
| vii. | Individualized instruction                        |         |
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| 2.   | Pre-STEM program- PBL                             |         |
| h.   | Communication in the classroom with parents ..... | 41-45   |
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| iii. | Writing Incident reports                          |         |
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| ii.  | Anecdotal records                                 |         |
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| iv.  | Nutrition                                         |         |

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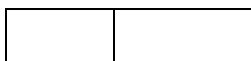
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|------|-------------------------------------------------|-------|
| a.   | Introduction to our 3's Child Development ..... | 2-5   |
| b.   | Safety procedures .....                         | 6-10  |
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| iii. | Fire Drills                                     |       |
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| v.   | Child with allergies                            |       |
| c.   | Staff requirements .....                        | 11-12 |
| i.   | Teacher to student ratios                       |       |
| ii.  | Lunch breaks                                    |       |
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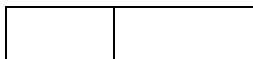
|                                                     |       |
|-----------------------------------------------------|-------|
| iii. Classroom floor plans                          |       |
| iv. The STEM approach                               |       |
| e. Classroom management .....                       | 21-30 |
| i. Positive tone in the classroom                   |       |
| ii. Conscious discipline centers                    |       |
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| xi. The ateliers                                    |       |
| xii. Community events                               |       |
| xiii. Parent involvement                            |       |
| g. Communication in the classroom with parents..... | 50-60 |
| i. Apps                                             |       |
| ii. Documentation                                   |       |
| iii. Writing Incident reports                       |       |
| iv. PBL presentations                               |       |
| v. Monthly themes                                   |       |
| h. Behavioral issues .....                          | 50-60 |
| i. Biting incidents                                 |       |
| ii. Assessments                                     |       |
| iii. Ages and stages                                |       |
| iv. Anecdotal records                               |       |
| i. Nutrition and infant feeding .....               | 60-65 |
| j. Goals for the program .....                      | 66-70 |

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| b. Safety procedures .....              | 5-10 |
| i. Hand washing                         |      |
| ii. Diaper Changing                     |      |
| iii. Fire Drills                        |      |
| iv. Medication                          |      |



|       |                                             |       |
|-------|---------------------------------------------|-------|
| v.    | Child with allergies                        |       |
| c.    | Staff requirements                          | 11-12 |
| i.    | Teacher to student ratios                   |       |
| ii.   | Lunch breaks                                |       |
| iii.  | Schedules                                   |       |
| iv.   | Classroom environment                       | 13-20 |
| 1.    | Setting up your classrooms                  |       |
| 2.    | Elements of our approach                    |       |
| 3.    | Classroom floor plans                       |       |
| 4.    | The STEM approach                           |       |
| v.    | Classroom management                        | 21-30 |
| 1.    | Positive tone in the classroom              |       |
| 2.    | Conscious discipline centers                |       |
| 3.    | New starters                                |       |
| 4.    | Initial student interview                   |       |
| 5.    | Parent teacher conferences                  |       |
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| 1.    | An overview of your learning domains        |       |
| 2.    | Learning Goals                              |       |
| 3.    | Your circle time                            |       |
| 4.    | An overview of your daily schedule          |       |
| 5.    | Sign Language Class                         |       |
| 6.    | Documentation of learning experiences       |       |
| 7.    | Individualized instruction                  |       |
| 8.    | The STEM class                              |       |
| 9.    | The PBL Class                               |       |
| 10.   | Foreign Languages                           |       |
| 11.   | The ateliers                                |       |
| 12.   | Community events                            |       |
| 13.   | Parent involvement                          |       |
| vii.  | Communication in the classroom with parents | 51-60 |
| 1.    | Apps                                        |       |
| 2.    | Documentation                               |       |
| 3.    | Writing Incident reports                    |       |
| 4.    | PBL presentations                           |       |
| 5.    | Monthly themes                              |       |
| viii. | Behavioral issues                           | 61-65 |
| 1.    | Biting incidents                            |       |
| ix.   | Assessments                                 | 66-70 |
| 1.    | Ages and stages                             |       |
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| 3.    | Nutrition                                   |       |



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| b. Safety procedures .....                             | 5-10  |
| i. Hand washing                                        |       |
| ii. Diaper Changing                                    |       |
| iii. Fire Drills                                       |       |
| iv. Medication                                         |       |
| v. Child with allergies                                |       |
| c. Staff requirements .....                            | 10-12 |
| i. Teacher to student ratios                           |       |
| ii. Lunch breaks                                       |       |
| iii. Schedules                                         |       |
| iv. Classroom environment .....                        | 13-20 |
| 1. Setting up your classrooms                          |       |
| 2. Elements of our approach                            |       |
| 3. Classroom floor plans                               |       |
| 4. The STEM approach                                   |       |
| v. Classroom management .....                          | 21-30 |
| 1. Positive tone in the classroom                      |       |
| 2. Conscious discipline centers                        |       |
| 3. New starters                                        |       |
| 4. Initial student interview                           |       |
| 5. Parent teacher conferences                          |       |
| vi. Curriculum training .....                          | 31-50 |
| 1. An overview of your learning domains                |       |
| 2. Learning Goals                                      |       |
| 3. Your circle time                                    |       |
| 4. An overview of your daily schedule                  |       |
| 5. Sign Language Class                                 |       |
| 6. Documentation of learning experiences               |       |
| 7. Individualized instruction                          |       |
| 8. The STEM class                                      |       |
| 9. The PBL Class                                       |       |
| 10. Foreign Languages                                  |       |
| 11. The Ateliers                                       |       |
| 12. Community events                                   |       |
| 13. Parent involvement                                 |       |
| vii. Communication in the classroom with parents ..... | 51-60 |
| 1. Apps                                                |       |
| 2. Documentation                                       |       |
| 3. Writing Incident reports                            |       |
| 4. PBL presentations                                   |       |
| 5. Monthly themes                                      |       |



|                               |       |
|-------------------------------|-------|
| viii. Behavioral issues ..... | 61-65 |
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| 3. Nutrition                  |       |

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**FINANCIALS**

**(CONTINUE ON NEXT PAGE**

|  |  |
|--|--|
|  |  |
|--|--|

### CONSENT OF INDEPDENENT AUDITOR

As independent certified public accountants, we hereby consent to the use of our audit report dated April 28, 2023 regarding the statements of assets, liabilities and members' equity as of December 31, 2022 and 2021; and the related statements of operations, members' capital and cash flows for the years ended December 31, 2022 and 2021. These audited statements are included and made part of the franchise application of AEA DEV, LLC. that is filed with the appropriate state authorities in the states requiring registration of the offer of franchises.

*RJK Consulting, Inc.*

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Signature of Auditor

Date: April 28, 2023



**AEA DEV, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

# **AEA DEV, LLC**

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# RGK CONSULTING, INC.

A CERTIFIED PUBLIC ACCOUNTANCY FIRM

## Independent Auditors' Report

To the Members

**AEA DEV, LLC**

### **Opinion**

We have audited the accompanying statements of asset, liabilities and members' equity of AEA DEV, LLC (the "Company") as of December 31, 2022 and 2021 and the related statements of operations, members' capital and cash flows for the years then ended, and the related notes (collectively referred to as "the financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of AEA DEV's and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AEA DEV's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain and understanding of internal control relevant to the audit 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 AEA DEV's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AEA DEV's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***RGK Consulting, Inc.***

Boynton Beach, Florida

April 28, 2023

**AEA DEV LLC**  
**STATEMENTS OF ASSETS, LIABILITIES**  
**AND MEMBERS' EQUITY**

|                                                | <b>December 31,</b> |                   |
|------------------------------------------------|---------------------|-------------------|
|                                                | <b>2022</b>         | <b>2021</b>       |
| <b>ASSETS</b>                                  |                     |                   |
| Cash                                           | \$ 512,408          | \$ 189,597        |
| Accounts receivable                            | 520,115             | 360,927           |
| Fixed assets, net of depreciation              | 325,087             | -                 |
| Computer software                              | 2,128               | 2,660             |
| Loans receivable                               | 65,127              | 66,506            |
| Security deposit                               | 18,611              | -                 |
| <b>TOTAL ASSETS</b>                            | <b>\$ 1,443,476</b> | <b>\$ 619,690</b> |
| <b>LIABILITIES &amp; MEMBERS' EQUITY</b>       |                     |                   |
| Accounts payable                               | \$ 19,027           | \$ 76,371         |
| Credit cards payable                           | 578                 | 15,164            |
| Deferred revenue-Development fees              | -                   | -                 |
| Deferred revenue-Franchise fees                | 600,000             | 300,000           |
| Loans payable                                  | 93,174              | -                 |
| Total Liabilities                              | 712,779             | 391,535           |
| Members' Equity                                |                     |                   |
| Members' equity                                | 730,697             | 228,155           |
| Total Members' Equity                          | 730,697             | 228,155           |
| <b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b> | <b>\$ 1,443,476</b> | <b>\$ 619,690</b> |

**AEA DEV LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                           | <b>2022</b>       | <b>2021</b>      |
|---------------------------|-------------------|------------------|
| <b>Revenues</b>           |                   |                  |
| Advertising fees          | \$ 96,000         | \$ 86,000        |
| Development fees          | 450,000           | -                |
| Management fees           | 300,000           | -                |
| Product sales             | 310               | 364,353          |
| Royalty fees              | 98,461            | 14,000           |
| Technology fees           | 25,841            | 10,333           |
| <b>Total Revenues</b>     | <b>970,612</b>    | <b>474,686</b>   |
| <b>Expenses:</b>          |                   |                  |
| Advertising and promotion | 32,800            | 12,287           |
| Automobile expenses       | 13,044            | -                |
| Bank charges              | 6,553             | 1,582            |
| Data analysis             | 18,518            | 5,555            |
| Depreciation expense      | 51,176            | -                |
| Dues & subscriptions      | 2,008             | 1,260            |
| Interest expense          | 837               | -                |
| License fee expense       | 770               | 1,450            |
| Marketing fees            | 2,492             | 9,000            |
| Office supplies           | 3,496             | 2,784            |
| Payroll expense           | 75,192            | -                |
| Payroll tax expense       | 6,224             | -                |
| Product costs             | -                 | 292,178          |
| Professional fees         | 188,220           | 56,715           |
| Repairs & maintenance     | 6,500             | -                |
| Technology Consulting     | 28,050            | -                |
| Travel                    | 2,945             | -                |
| Rent expense              | 17,500            | 3,098            |
| <b>Total Expenses</b>     | <b>456,325</b>    | <b>385,909</b>   |
| <b>Net Income (Loss)</b>  | <b>\$ 514,287</b> | <b>\$ 88,777</b> |

**AEA DEV LLC**  
**STATEMENTS OF MEMBERS' EQUITY**

|                                     | <b>Members'</b>    | <b>Accumulated</b> | <b>Total<br/>Members'</b>   |
|-------------------------------------|--------------------|--------------------|-----------------------------|
|                                     | <b>Interest</b>    | <b>Equity</b>      | <b>Equity<br/>(Deficit)</b> |
| <b>Balance at December 31, 2020</b> | <b>\$ 100</b>      | <b>\$ 178,933</b>  | <b>\$ 179,033</b>           |
| Members' contributions              | 695                | -                  | 695                         |
| Members' distribution               | (40,350)           | -                  | (40,350)                    |
| Net income                          | -                  | 88,777             | 88,777                      |
| <b>Balance at December 31, 2021</b> | <b>(39,555)</b>    | <b>267,710</b>     | <b>228,155</b>              |
| Prior period adjustment             | 202,987            | -                  | 202,987                     |
| Members' distribution               | (214,732)          | -                  | (214,732)                   |
| Net income                          | -                  | 514,287            | 514,287                     |
| <b>Balance at December 31, 2023</b> | <b>\$ (51,300)</b> | <b>\$ 781,997</b>  | <b>\$ 730,697</b>           |

**AEA DEV LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                                                                                       | <b>2022</b>              | <b>2021</b>              |
|---------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Net income                                                                            | \$ 514,287               | \$ 88,777                |
| Depreciation                                                                          | 51,176                   | \$ -                     |
| Adjustments to reconcile net loss to net cash provided (used) by operating activities |                          |                          |
| Changes in operating assets and liabilities                                           |                          |                          |
| Accounts receivable, net                                                              | (159,187)                | (298,023)                |
| Software development costs                                                            | -                        | (2,660)                  |
| Fixed assets                                                                          | (115,773)                |                          |
| Loan receivables                                                                      | 1,379                    | (66,506)                 |
| Security deposits                                                                     | (18,611)                 | -                        |
| Accounts payable                                                                      | (57,344)                 | 43,832                   |
| Credit cards payable                                                                  | (14,584)                 | 14,085                   |
| Prior period adjustment                                                               | (56,972)                 |                          |
| Net Cash Provided by Operating Activities                                             | <u>144,369</u>           | <u>246,543</u>           |
| <b>INVESTING ACTIVITIES</b>                                                           |                          |                          |
| Fixed assets                                                                          | -                        | -                        |
| Net Cash (Used) Provided by Investing Activities                                      | <u>-</u>                 | <u>-</u>                 |
| <b>FINANCING ACTIVITIES</b>                                                           |                          |                          |
| Deferred development fees                                                             | -                        | -                        |
| Deferred franchise fees                                                               | 300,000                  | 300,000                  |
| Due to affiliated company                                                             | -                        | (34,626)                 |
| Loans payable                                                                         | 93,174                   | -                        |
| Members' distribution                                                                 | (214,732)                | (40,350)                 |
| Net Cash (Used) Provided by Financing Activities                                      | <u>178,442</u>           | <u>225,719</u>           |
| <b>NET INCREASE (DECREASE) IN CASH</b>                                                | <b>322,811</b>           | <b>5,224</b>             |
| <b>CASH AND EQUIVALENTS</b>                                                           |                          |                          |
| CASH BEGINNING BALANCE                                                                | <u>189,597</u>           | <u>184,373</u>           |
| CASH ENDING BALANCE                                                                   | <u><u>\$ 512,408</u></u> | <u><u>\$ 189,597</u></u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>                               |                          |                          |
| Taxes paid                                                                            | <u>\$ -</u>              | <u>\$ -</u>              |
| Interest paid                                                                         | <u><u>\$ 837</u></u>     | <u><u>\$ -</u></u>       |



**AEA DEV, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**

**1. Organization and Summary of Significant Accounting Policies**

**Business Activity**

AEA DEV, LLC, a Florida limited liability company, (“AEA DEV or the Company”) was established on August 23, 2018. On December 16, 2018 the Company entered into a Master Development Agreement with AEA Franchising LLC and was granted the license and right by virtue of its agreement with Amazing Explorers, LLC to act as the exclusive agent to market and franchise the Amazing Explorers Academy concept in in several states including Florida. AEA DEV has the right to the license to use the trademark, curriculum and other proprietary items and materials. AEA DEV is also responsible for assisting franchisees with real estate selection, evaluation and negotiations and provides oversight and management responsibilities to Franchisees.

**Basis of Accounting**

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“US GAAP”) which are applicable to investment companies, which require the Fund to carry its investments at fair value in accordance with the guidance for investment companies because the “Company is considered an investment company as defined under US GAAP.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from those estimates.

**Revenue Recognition**

For annual reporting periods after December 15, 2017, the Financial Accounting Standards Board (“FASB”) made effective ASU 2014-09 “Revenue from Contracts with Customers,” to supersede previous revenue recognition guidance under current U.S. GAAP. Revenue is now recognized in accordance with FASB ASC Topic 606, Revenue Recognition. The objective of the guidance is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognized based on the following five step model:

- **Identification of the contract with a customer**

This step outlines the criteria that must be met when establishing a contract with a customer to supply goods or services

- **Identification of the performance obligations in the contract**

This step describes how distinct performance obligations in the contract must be handled

- **Determination of the transaction price**

This step outlines what must be considered when establishing the transaction price, which is the amount the business expects to receive for transferring the goods and services to the customer

- **Allocation of the transaction price to the performance obligations in the contract**

This step outlines guidelines for allocating the transaction price across the contract's separate performance obligations, and is what the customer agrees to pay for the goods and services

- **Recognition of revenue when, or as, the Company satisfies a performance obligation**

Revenue can be recognized as the business meets each performance obligation. This step specifies how that should happen

Revenue will be recognized when, or as, performance obligations under terms of a contract are satisfied, which occurs when control of the promised product or service is transferred to a customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or services to a customer ("transaction price"). The Company will then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when, or as, the performance obligation is satisfied. When determining the transaction price of the contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component.

## **Cash**

For the purpose of reporting cash flows, cash includes cash in bank accounts.

## **Income Taxes**

Income taxes have not been provided as each member is individually liable for the taxes, if any, on its share of the Company's income and expenses.

GAAP provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements and requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax positions with respect to tax at the Company level not deemed to meet the "more-likely-than-not" threshold would be recorded as a tax expense in the current year. The Tax Matters Member concluded that no provision for income tax is required in the Partnership's financial statements.

The Partnership files U.S. federal and if required state and local tax returns. No income tax returns are currently under examination. In general the statute of limitations of the Company's U.S. federal tax returns remains open three years after a tax return is filed. The statutes of limitations on the state and local tax returns may remain open for an additional year depending upon the jurisdiction.

The Tax Matters Partner does not believe that there are any uncertain tax positions that require recognition of a tax liability.

### **Recently Adopted Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2022. The Company has carefully considered the new pronouncements that altered U.S. GAAP, and, other than those disclosed in these notes to consolidated financial statements, does not believe that any other new or modified principles will have a material impact on the reported consolidated financial position or results of operations of the Company's financial statements.

### **Fair Value Measurements**

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1 – Observable inputs, such as quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities, or market-corroborated inputs.
- Level 3 – Unobservable inputs for which there is little or no market data which require the reporting entity to develop its own assumptions about how market participants would price the assets or liabilities.

The carrying amounts of the Company's financial assets and liabilities, such as cash, prepaid expenses, other current assets, accounts payable & accrued expenses, certain notes payable and an approximate of their fair values because of the short maturity of these instruments.

## **2. Concentration of Credit Risk**

The Company is required to disclose concentrations of credit risk regardless of the degree of such risk. The Company's cash accounts are insured by the FDIC up to a maximum of \$250,000.

## **3. Commitments and Contingencies**

The Company entered into a consulting agreement with a company to assist it in preparing the documentation required to sell franchises.

The Company has entered into eleven (11) franchise agreements with franchisees. As of December 31, 2022, four of the franchises are operating.

In the normal course of business, the Company may be involved in various claims and litigation. It is the opinion of management that the disposition of these matters will not have a material impact on the Company's financial position or results of operations.

## **4. Accounts Receivable**

Included in the Company's receivables is \$200,000 of fees from franchise agreements signed with franchisees that are in the process of finalizing and opening locations and management fees of \$300,000.

## **5. Development Fees**

The Company receives development fees at the time or after the purchase of its franchise academy. The fee compensates the Company for the coordination and management of the opening of the academy. During 2023, AEA Chatham, AEA Riverton and AEA Silverleaf entered into Area Development Agreements in the amount of \$100,000 each. Such fees are non-refundable and included in income.

## **6. Deferred Franchise Fees**

The Company charges a franchise fee for each franchise sold. Such amounts are recognized as income upon the satisfaction of its revenue recognition policy. During 2023, the Company signed Franchise Agreements with three new franchisees, AEA Harmony, AEA Yulee and AEA SNFD.

## **7. Management Fees**

The Company charges an affiliate a quarterly management fee of \$75,000 per quarter for services rendered in connection with the operation of the schools. Such amounts are included in Accounts Receivable at December 31, 2022.

## **8. Related Parties**

The Company has four franchise academies currently operating:

AEA Vista Lakes, an affiliate of a member has a 24% ownership interest.

AEA Viera LLC. an affiliate of a member has a 24% ownership interest.

AEA Ponte Vedra LLC. an affiliate of a member has a 29% ownership interest.

AEA Waterford Lakes LLC. an affiliate of a member has a 24% ownership interest.

Pursuant to the Master Developers Agreement AEA Franchising LLC provides the Company with intellectual property and proprietary rights which it receives from its agreement with Amazing Explorers, LLC. In accordance with an agreement between the companies

## **9. Members' Equity**

The members' equity account consists of the members' cumulative share of net income or loss less cash distributions made to it plus any capital contribution made to the Company.

## **10. Prior Period Adjustment**

The Members' Equity account has been adjusted to reflect the difference between the GAAP and tax method of accounting.

## **11. Subsequent Events**

Management has evaluated all events and transactions that occurred after December 31, 2022 through April 28, 2023, the date of the issuance of this audit report and noted no items requiring adjustments of the statements.

### CONSENT OF INDEPDENENT AUDITOR

As independent certified public accountants, we hereby consent to the use of our audit report dated April 27, 2022 regarding the statements of assets, liabilities and members' equity (deficit) as of December 31, 2021 and 2020; and the related statements of operations, members' capital and cash flows for the years ended December 31, 2021 and 2020. These audited statements are included and made part of the franchise application of AEA DEV, LLC. that is filed with the appropriate state authorities in the states requiring registration of the offer of franchises.

*RJK Consulting, Inc.*

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Signature of Auditor

Date: April 27, 2022

**AEA DEV, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

## **AEA DEV, LLC**

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# RGK CONSULTING, INC.

A CERTIFIED PUBLIC ACCOUNTANCY FIRM

## Independent Auditors' Report

To the Members

**AEA DEV, LLC**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying statements of asset, liabilities and members' equity (deficit) of AEA DEV, LLC and subsidiaries (the "Company") as of December 31, 2021 and 2020 and the related statements of operations, members' capital and cash flows for the years then ended, and the related notes (collectively referred to as "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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's judgment, includes 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 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 the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***RGK Consulting, Inc.***

Boynton Beach, Florida

April 27, 2022

**AEA DEV LLC**  
**STATEMENTS OF ASSETS, LIABILITIES**  
**AND MEMBERS' EQUITY**

|                                                | December 31,      |                   |
|------------------------------------------------|-------------------|-------------------|
|                                                | 2021              | 2020              |
| <b>ASSETS</b>                                  |                   |                   |
| Cash                                           | \$ 189,597        | \$ 184,373        |
| Accounts receivable                            | 360,927           | 62,904            |
| Software development                           | 2,660             | -                 |
| Loans receivable                               | 66,506            | -                 |
| <b>TOTAL ASSETS</b>                            | <u>\$ 619,690</u> | <u>\$ 247,277</u> |
| <br><b>LIABILITIES &amp; MEMBERS' EQUITY</b>   |                   |                   |
| Accounts payable                               | 76,371            | \$ 32,538         |
| Credit cards payable                           | 15,164            | 1,080             |
| Deferred revenue-Franchise Fees                | 300,000           | -                 |
| Due to affiliated company                      | -                 | 34,626            |
| Total Liabilities                              | <u>391,535</u>    | <u>68,244</u>     |
| <br>Members' Equity                            |                   |                   |
| Members' equity                                | <u>228,155</u>    | <u>179,033</u>    |
| Total Members' Equity                          | <u>228,155</u>    | <u>179,033</u>    |
| <b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b> | <u>\$ 619,690</u> | <u>\$ 247,277</u> |

**AEA DEV LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                           | 2021             | 2020              |
|---------------------------|------------------|-------------------|
| <b>Revenues</b>           |                  |                   |
| Advertising fees          | \$ 86,000        | \$ -              |
| Product sales             | 364,353          | 552,777           |
| Royalty fees              | 14,000           | -                 |
| Technology fees           | 10,333           | -                 |
| <b>Total Revenues</b>     | <u>474,686</u>   | <u>552,777</u>    |
| <b>Expenses:</b>          |                  |                   |
| Advertising and promotion | 12,287           | 5,443             |
| Bank charges              | 1,582            | 1,637             |
| Data analysis             | 5,555            | -                 |
| Dues & subscriptions      | 1,260            | -                 |
| License fee expense       | 1,450            | -                 |
| Management fees           | -                | 85,852            |
| Marketing fees            | 9,000            | -                 |
| Office supplies           | 2,784            | 9,463             |
| Product costs             | 292,178          | 259,958           |
| Professional fees         | 56,715           | 10,692            |
| Rent expense              | 3,098            | 799               |
| <b>Total Expenses</b>     | <u>385,909</u>   | <u>373,844</u>    |
| <b>Net Income (Loss)</b>  | <u>\$ 88,777</u> | <u>\$ 178,933</u> |

**AEA DEV LLC**  
**STATEMENTS OF MEMBERS' EQUITY**

|                                     | <b>Members'</b>    | <b>Accumulated</b> | <b>Total</b>      |
|-------------------------------------|--------------------|--------------------|-------------------|
|                                     | <b>Interest</b>    | <b>Equity</b>      | <b>Members'</b>   |
|                                     |                    |                    | <b>Equity</b>     |
|                                     |                    |                    | <b>(Deficit)</b>  |
| <b>Balance at December 31, 2019</b> | <b>\$ 100</b>      | <b>\$ -</b>        | <b>\$ 100</b>     |
| Net income                          | -                  | 178,933            | 178,933           |
| <b>Balance at December 31, 2020</b> | <b>100</b>         | <b>178,933</b>     | <b>179,033</b>    |
| Members' contributions              | 695                | -                  | 695               |
| Members' distribution               | (40,350)           | -                  | (40,350)          |
| Net income                          | -                  | 88,777             | 88,777            |
| <b>Balance at December 31, 2021</b> | <b>\$ (39,555)</b> | <b>\$ 267,710</b>  | <b>\$ 228,155</b> |



**AEA DEV LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                                                                                       | <u>2021</u>           | <u>2020</u>           |
|---------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Net income                                                                            | \$ 88,777             | \$ 178,933            |
| Adjustments to reconcile net loss to net cash provided (used) by operating activities |                       |                       |
| Changes in operating assets and liabilities                                           |                       |                       |
| Accounts receivable, net                                                              | (298,023)             | (62,904)              |
| Software development costs                                                            | (2,660)               | -                     |
| Loan receivables                                                                      | (66,506)              | -                     |
| Accounts payable                                                                      | 43,832                | 32,538                |
| Credit cards payable                                                                  | 14,085                | 1,080                 |
| Net Cash Provided by Operating Activities                                             | <u>(220,495)</u>      | <u>149,647</u>        |
| <b>FINANCING ACTIVITIES</b>                                                           |                       |                       |
| Deferred franchise fees                                                               | 300,000               | -                     |
| Due to affiliated company                                                             | (34,626)              | 34,626                |
| Members' distribution                                                                 | (40,350)              | -                     |
| Members' contribution                                                                 | 695                   | -                     |
| Net Cash (Used) Provided by Financing Ac                                              | <u>225,719</u>        | <u>34,626</u>         |
| <br>NET INCREASE (DECREASE) IN CASH                                                   | <br>5,224             | <br>184,273           |
| <b>CASH AND EQUIVALENTS</b>                                                           |                       |                       |
| CASH BEGINNING BALANCE                                                                | <u>184,373</u>        | <u>100</u>            |
| <br>CASH ENDING BALANCE                                                               | <br><u>\$ 189,597</u> | <br><u>\$ 184,373</u> |
| <br><b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>                           |                       |                       |
| Taxes paid                                                                            | <u>\$ -</u>           | <u>\$ -</u>           |
| Interest paid                                                                         | <u>\$ -</u>           | <u>\$ -</u>           |

**AEA DEV, LLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**

**1. Organization and Summary of Significant Accounting Policies**

**Business Activity**

AEA DEV, LLC, a Florida limited liability company, (“AEA DEV or the Company”) was established on August 23, 2018. On December 16, 2018 the Company entered into a Master Development Agreement with AEA Franchising LLC and was granted the license and right by virtue of its agreement with Amazing Explorers, LLC to act as the exclusive agent to market and franchise the Amazing Explorers Academy concept in in several states including Florida. AEA DEV has the right to the license to use the trademark, curriculum and other proprietary items and materials. AEA DEV is also responsible for assisting franchisees with real estate selection, evaluation and negotiations and provides oversight and management responsibilities to Franchisees.

**Basis of Accounting**

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“US GAAP”) which are applicable to investment companies, which require the Fund to carry its investments at fair value in accordance with the guidance for investment companies because the “Company is considered an investment company as defined under US GAAP.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from those estimates.

**Revenue Recognition**

For annual reporting periods after December 15, 2017, the Financial Accounting Standards Board (“FASB”) made effective ASU 2014-09 “Revenue from Contracts with Customers,” to supersede previous revenue recognition guidance under current U.S. GAAP. Revenue is now recognized in accordance with FASB ASC Topic 606, Revenue Recognition. The objective of the guidance is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Two options were made available for implementation of the standard: the full retrospective approach or modified retrospective approach. The guidance became effective for annual reporting periods beginning



after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. We have adopted FASB ASC Topic 606 for our reporting period as of the year-ended December 31, 2020. As is more fully discussed below, we are of the opinion that none of our contracts for products contain significant financing components that require revenue adjustment under FASB ASC Topic 606.

Revenue is recognized based on the following five step model:

- **Identification of the contract with a customer**

This step outlines the criteria that must be met when establishing a contract with a customer to supply goods or services

- **Identification of the performance obligations in the contract**

This step describes how distinct performance obligations in the contract must be handled

- **Determination of the transaction price**

This step outlines what must be considered when establishing the transaction price, which is the amount the business expects to receive for transferring the goods and services to the customer

- **Allocation of the transaction price to the performance obligations in the contract**

This step outlines guidelines for allocating the transaction price across the contract's separate performance obligations, and is what the customer agrees to pay for the goods and services

- **Recognition of revenue when, or as, the Company satisfies a performance obligation**

Revenue can be recognized as the business meets each performance obligation. This step specifies how that should happen

Revenue will be recognized when, or as, performance obligations under terms of a contract are satisfied, which occurs when control of the promised product or service is transferred to a customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or services to a customer ("transaction price"). The Company will then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when, or as, the performance obligation is satisfied. When determining the transaction price of the contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component.



## **Cash**

For purposes of reporting cash flows, cash includes cash in bank accounts.

## **Income Taxes**

The Company elected under the Internal Revenue Code to be taxed as a partnership. Partnership's do not pay entity level taxes; results of operations are reported to partners for input onto their personal tax returns. Accordingly, the Company is not subject to Federal or state income taxes and makes no provision for income taxes in its financial statements.

In accordance with authoritative guidance under US GAAP on accounting for and disclosure of uncertainty in tax positions, the Tax Matters Partner determines whether a tax position of the Company is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes based on the technical merits of the position. For tax positions meeting this more likely than not threshold, the amount recognized in the consolidated financial statements is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority.

The Company will file tax returns as prescribed by the laws of the jurisdictions in which it operates and in jurisdictions of investment. In the normal course of business, the Company may be subject to examination by Federal, state and local jurisdictions, including prior years were applicable. As of December 31, 2021, the Tax Matters Partner has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements.

On December 20, 2017 the US Congress passed the Tax Cut and Jobs Act. The new law was effective in 2018 and among its many provisions may impose additional reporting requirements on the Company.

## **Recently Adopted Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2021. The Company has carefully considered the new pronouncements that altered U.S. GAAP, and, other than those disclosed in these notes to consolidated financial statements, does not believe that any other new or modified principles will have a material impact on the reported consolidated financial position or results of operations of the Company's financial statements.

## **Fair Value Measurements**

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company uses valuation techniques to measure fair value that maximize the use of

observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1 – Observable inputs, such as quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities, or market-corroborated inputs.
- Level 3 – Unobservable inputs for which there is little or no market data which require the reporting entity to develop its own assumptions about how market participants would price the assets or liabilities.

The carrying amounts of the Company's financial assets and liabilities, such as cash, prepaid expenses, other current assets, accounts payable & accrued expenses, certain notes payable and an approximate of their fair values because of the short maturity of these instruments.

## **2. Concentration of Credit Risk**

The Company is required to disclose concentrations of credit risk regardless of the degree of such risk. All of the Company's cash accounts are insured by the FDIC up to a maximum of \$250,000.

## **3. Commitments and Contingencies**

The Company entered into a consulting agreement with a company to assist it in preparing the documentation required to sell franchises.

The Company has entered into eleven (11) franchise agreements with franchisees. As of December 31, 2021, five of the franchises are operating.

In the normal course of business, the Company may be involved in various claims and litigation. It is the opinion of management that the disposition of these matters will not have a material impact on the Company's financial position or results of operations.

## **4. Accounts Receivable**

The Company's receivables in the amount of \$300,000 consist of fees from franchise agreements signed with franchisees that are in the process of finalizing and opening locations.

## **5. Deferred Franchise Fees**

The Company charges a franchise fee for each franchise sold. Such amounts are recognized as income upon the satisfaction of its revenue recognition policy.

## **6. Deferred Real Estate Fees**

The Company charges a real estate fee to franchisees for site selection and lease negotiation. Such amounts are recognized as income upon the satisfaction of its revenue recognition policy.

## **7. Related Parties**

The Company has five franchise academies currently operating:

AEA Vista Lakes, an affiliate of a member has a 24% ownership interest.

AEA Viera LLC, an affiliate of a member has a 24% ownership interest.

AEA Ponte Vedra LLC, an affiliate of a member has a 29% ownership interest.

AEA Waterford Lakes LLC, an affiliate of a member has a 24% ownership interest.

Pursuant to the Master Developers Agreement AEA Franchising LLC provides the Company with intellectual property and proprietary rights which rights it receives from its agreement with Amazing Explorers, LLC. In accordance with an agreement between the companies

## **8. Members' Equity**

The members' equity account consists of the members' cumulative share of net income or loss less cash distributions made to it plus any capital contribution made to the Company.

## **9. Subsequent Events**

Management has evaluated all events and transactions that occurred after December 31, 2021 through April 27, 2022, the date of the issuance of this audit report and noted no items requiring adjustments of the statements.

### CONSENT OF INDEPDENENT AUDITOR

As independent certified public accountants, we hereby consent to the use of our audit report dated April 28, 2023 regarding the statements of assets, liabilities and members' equity as of December 31, 2022 and 2021; and the related statements of operations, members' capital and cash flows for the years ended December 31, 2022 and 2021. These audited statements are included and made part of the franchise application of AEA Franchising LLC. that is filed with the appropriate state authorities in the states requiring registration of the offer of franchises.

*RJK Consulting, Inc.*

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Signature of Auditor

Date: April 28, 2023

**AEA FRANCHISING, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022**



# **AEA FRANCHISING, LLC**

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# RGK CONSULTING, INC.

A CERTIFIED PUBLIC ACCOUNTANCY FIRM

## Independent Auditors' Report

To the Members

**AEA Franchising, LLC**

### **Opinion**

We have audited the accompanying statements of asset, liabilities and members' equity (deficit) of AEA FRANCHISING LLC, and subsidiary (the "Company") as of December 31, 2022 and 2021 and the related statements of operations, members' capital and cash flows for the years then ended, and the related notes (collectively referred to as "the financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of AEA FRANCHISING LLC's and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AEA FRANCHISING, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain and understanding of internal control relevant to the audit 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 AEA FRANCHISING, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AEA FRANCHISING, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***RGK Consulting, Inc.***

Boynton Beach, Florida

April 24, 2023



**AEA FRANCHISING, LLC**  
**STATEMENTS OF ASSETS, LIABILITIES**  
**AND MEMBERS' EQUITY**  
**December 31,**

|                                                | <u>2022</u>     | <u>2021</u>     |
|------------------------------------------------|-----------------|-----------------|
| <b>ASSETS</b>                                  |                 |                 |
| Cash                                           | \$ 2,985        | \$ 2,293        |
| Property and equipment                         | 1,195           | 1,793           |
| Other receivables                              | -               | 19              |
| <b>TOTAL ASSETS</b>                            | <u>\$ 4,180</u> | <u>\$ 4,105</u> |
| <br><b>LIABILITIES &amp; MEMBERS' EQUITY</b>   |                 |                 |
| Due to affiliated company                      | \$ -            | \$ 1,300        |
| Payroll taxes payable                          | -               | 1,200           |
| <b>Total Liabilities</b>                       | <u>-</u>        | <u>2,500</u>    |
| <br>Members' Equity                            |                 |                 |
| Members' equity                                | <u>4,180</u>    | <u>1,605</u>    |
| <b>Total Members' Equity</b>                   | <u>4,180</u>    | <u>1,605</u>    |
| <b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b> | <u>\$ 4,180</u> | <u>\$ 4,105</u> |

**AEA FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                                     | <b>2022</b>     | <b>2021</b>     |
|-------------------------------------|-----------------|-----------------|
| <b>Revenues</b>                     |                 |                 |
| Franchise fees                      | \$ -            | \$ 156,111      |
| Real estate fees                    | -               | 40,555          |
| Technology fees                     | 2,900           | 26,094          |
| <b>Total Revenues</b>               | <u>2,900</u>    | <u>222,760</u>  |
| <b>Expenses:</b>                    |                 |                 |
| Advertising and promotion           | -               | 24,564          |
| Bank charges                        | 276             | 545             |
| Commission expense                  | -               | 221,250         |
| Computer and internet expenses      | 14,333          | 11,271          |
| Depreciation                        | 598             | 598             |
| Dues & subscriptions                | 1,260           | 549             |
| License fee expense                 | 2,900           | 2,644           |
| Licenses and permits                | 549             | 9               |
| Payroll taxes and expenses          | 80              | 400             |
| Professional fees                   | 9,564           | 13,576          |
| Technology expense                  | -               | 32,020          |
| <b>Total Expenses</b>               | <u>29,560</u>   | <u>307,426</u>  |
| <b>Net Loss before Other Income</b> | <u>(26,660)</u> | <u>(84,666)</u> |
| Other income                        | <u>2,482</u>    | <u>-</u>        |
| <b>Net Loss</b>                     | <u>(24,178)</u> | <u>(84,666)</u> |

**AEA FRANCHISING, LLC**  
**STATEMENTS OF MEMBERS' EQUITY (DEFICIT)**

|                                     | <b>Members'</b>   | <b>Accumulated</b>  | <b>Total</b>            |
|-------------------------------------|-------------------|---------------------|-------------------------|
|                                     | <b>Interest</b>   | <b>Deficit</b>      | <b>Members'</b>         |
|                                     |                   |                     | <b>Equity (Deficit)</b> |
| <b>Balance at December 31, 2020</b> | <b>463,170</b>    | <b>(435,399)</b>    | <b>27,771</b>           |
| Members' contributions              | 58,500            | -                   | <b>58,500</b>           |
| Net loss                            | -                 | (84,666)            | <b>(84,666)</b>         |
| <b>Balance at December 31, 2021</b> | <b>521,670</b>    | <b>(520,065)</b>    | <b>1,605</b>            |
| Members' contributions              | 26,753            | -                   | <b>26,753</b>           |
| Net loss                            | -                 | (24,178)            | <b>(24,178)</b>         |
| <b>Balance at December 31, 2022</b> | <b>\$ 548,423</b> | <b>\$ (544,243)</b> | <b>\$ 4,180</b>         |

**AEA FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                                                                                       | <u>2022</u>            | <u>2021</u>            |
|---------------------------------------------------------------------------------------|------------------------|------------------------|
| Net loss                                                                              | \$ (24,178)            | \$ (84,666)            |
| Adjustments to reconcile net loss to net cash provided (used) by operating activities |                        |                        |
| Amortization and depreciation                                                         | 598                    | 598                    |
| Changes in operating assets and liabilities                                           |                        |                        |
| Accounts receivable, net                                                              | 19                     | -                      |
| Deferred commissions                                                                  | -                      | 221,250                |
| Deferred franchise fees                                                               | -                      | (156,111)              |
| Deferred real estate fees                                                             | -                      | (40,555)               |
| Payroll taxes payable                                                                 | (1,200)                | 1,200                  |
| Net Cash Provided by Operating Activities                                             | <u>(24,761)</u>        | <u>(58,284)</u>        |
| <br>FINANCING ACTIVITIES                                                              |                        |                        |
| Due to affiliated company                                                             | (1,300)                | (1,201)                |
| Members' contribution                                                                 | 26,753                 | 58,500                 |
| Net Cash Provided by Financing Activities                                             | <u>25,453</u>          | <u>57,299</u>          |
| <br>NET INCREASE (DECREASE) IN CASH                                                   | 692                    | (985)                  |
| <br>CASH BEGINNING BALANCE                                                            | <u>2,293</u>           | <u>3,278</u>           |
| <br>CASH ENDING BALANCE                                                               | <u><u>\$ 2,985</u></u> | <u><u>\$ 2,293</u></u> |
| <br>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION                                  |                        |                        |
| Taxes paid                                                                            | <u>\$ -</u>            | <u>\$ -</u>            |
| Interest paid                                                                         | <u><u>\$ -</u></u>     | <u><u>\$ -</u></u>     |

**AEA FRANCHISING, LLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**1. Organization and Summary of Significant Accounting Policies**

**Business Activity**

AEA Franchising, LLC, a Florida limited liability company, (“AEA Franchising or the Company”) was established on February 12, 2016 and was granted the license and right by Amazing Explorers, LLC to act as the exclusive agent to market and franchise the Amazing Explorers Academy concept in the United States. Amazing Explorers, LLC issued AEA Franchising the license to use the trademark, curriculum and other proprietary items and materials. Previously, AEA Franchising is also responsible for assisting franchisees with real estate selection, evaluation and negotiations. Such responsibilities are vested in companies affiliated with the Company. On January 9, 2017 and November 21, 2017 new operating agreements were executed. The Company has also entered into Master Developer Agreements, with related parties, which provides Master Developers with the exclusive rights to enter into franchise agreements in specified areas. The Master Developers provide oversight and management responsibilities to Franchisees in place of the Company.

**Basis of Accounting**

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“US GAAP”) which include the financial statements for the Company as well as Amazing Explorers. The Company carries its investments at fair value in accordance with the guidance for investment companies because the “Company is considered an investment company as defined under US GAAP.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from those estimates.

**Cash**

For purposes of reporting cash flows, cash includes cash in bank accounts.

**Income Taxes**

The Company elected under the Internal Revenue Code to be taxed as a partnership. Partnership’s do not pay entity level taxes; results of operations are reported to partners for input onto their personal tax returns. Accordingly, the Company is not subject to Federal or state income taxes and makes no provision for income taxes in its financial statements.

In accordance with authoritative guidance under US GAAP on accounting for and disclosure of uncertainty in tax positions, the Tax Matters Partner determines whether a tax position of the Company is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes based on the technical merits of the position. For tax positions meeting this more likely than not threshold, the amount recognized in the consolidated financial statements is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority.

The Company will file tax returns as prescribed by the laws of the jurisdictions in which it operates and in jurisdictions of investment. In the normal course of business, the Company may be subject to examination by Federal, state and local jurisdictions, including prior years were applicable. As of December 31, 2022, the Tax Matters Partner has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements.

### **Recently Adopted Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2022. The Company has carefully considered the new pronouncements that altered U.S. GAAP, and, other than those disclosed in these notes to consolidated financial statements, does not believe that any other new or modified principles will have a material impact on the reported consolidated financial position or results of operations of the Company's financial statements.

### **Reclassifications**

Certain prior period amounts have been reclassified to conform to the current period presentation.

### **Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payables and accrued liabilities. At December 31, 2022, the fair value of these instruments approximated their carrying value.

## **2. Concentration of Credit Risk**

The Company is required to disclose concentrations of credit risk regardless of the degree of such risk. All of the Company's cash accounts are insured by the FDIC up to a maximum of \$250,000.

## **3. Master Developer Agreements**

The Company has entered into Master Developer Agreements with its two affiliated companies to develop franchises in specific area of the country. The Master Developer will have the authority to open and operate Academies. It will procure prospective franchisees and pre-qualify, train and assist third parties to open Academies in specified geographic areas. Master Developers receive

all Franchise Fees and Real Estate Fees. In addition, Master Developer collects royalty and service fees from franchisees.

#### **4. Commitments and Contingencies**

In the normal course of business, the Company may be involved in various claims and litigation. It is the opinion of management that the disposition of these matters will not have a material impact on the Company's financial position or results of operations.

#### **5. Related Parties**

Affiliates of the Company have thirteen franchise academies currently operating:

AEA Avalon Park LLC an affiliate of a member has a 23.85% ownership interest.  
AEA Avalon Park East LLC, an affiliate of a member has a 15.00% ownership interest.  
AEA Lake Mary LLC, an affiliate of a member has a 20.37% ownership interest.  
AEA South East Orlando LLC. an affiliate of a member has a 50% ownership interest.  
AEA Vista Lakes LLC an affiliate of a member has a 24% ownership interest.  
AEA San Antonio 1 LLC an affiliate of a member has a 11.25% ownership interest.  
AEA Ponte Vedra LLC, an affiliate of a member has a 29% ownership interest.  
AEA Viera LLC an affiliate of a member has a 24% ownership interest.  
AEA Waterford Lakes LLC. an affiliate of a member has a 24% ownership interest.  
AEA Westchase LLC, an affiliate of a member has a 39.72% ownership interest.  
AEA Windemere LLC, an affiliate of a member has a 5.00% ownership interest.  
AEA Winter Park LLC, an affiliate of a member has a 19.31% ownership interest.  
AEA Winter Springs LLC. an affiliate of a member has a 29.00% ownership interest.

#### **6. Members' Equity**

The members' equity account consists of the members' cumulative share of net income or loss less cash distributions made to it plus any capital contribution made to the Company.

#### **7. Subsequent Events**

Management has evaluated all events and transactions that occurred after December 31, 2022 through April 24, 2023, the date of the issuance of this audit report and noted no items requiring adjustments of the statements.

# RGK CONSULTING, INC.

A CERTIFIED PUBLIC ACCOUNTANTANCY FIRM

## CONSENT OF INDEPDENENT AUDITOR

As independent certified public accountants, we hereby consent to the use of our audit report dated March 23, 2021 regarding the statements of assets, liabilities and members' equity (deficit) as of December 31, 2020 and 2019; and the related statements of operations, members' capital and cash flows for the years ended December 31, 2020, 2019 and 2018. These audited statements are included and made part of the franchise application of AEA Franchising, LLC. that is filed with the appropriate state authorities in the states requiring registration of the offer of franchises.

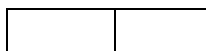
*RGK Consulting, Inc.*

\_\_\_\_\_  
Signature of Auditor

Date: March 23, 2021

6622 NW 98<sup>TH</sup> Drive, Parkland, FL 33076(516) 849-2828

kinzer.robert@gmail.com





**AEA FRANCHISING, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

# **AEA FRANCHISING, LLC**

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# RGK CONSULTING, INC.

A CERTIFIED PUBLIC ACCOUNTANCY FIRM

## Independent Auditors' Report

To the Members

**AEA Franchising, LLC**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying statements of asset, liabilities and members' equity (deficit) of AEA Franchising, LLC and subsidiaries (the "Company") as of December 31, 2021, 2020 and 2019 and the related statements of operations, members' capital and cash flows for each of the three years ended December 31, 2021, and the related notes (collectively referred to as "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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's judgment, includes 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 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 the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020 and 2019, and the results of its operations and cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

***RGK Consulting, Inc.***

Boynton Beach, Florida

April 27, 2022

**AEA FRANCHISING, LLC**  
**STATEMENTS OF ASSETS, LIABILITIES**  
**AND MEMBERS' EQUITY**  
**December 31,**

|                                                | <u>2021</u>     | <u>2020</u>       |
|------------------------------------------------|-----------------|-------------------|
| <b>ASSETS</b>                                  |                 |                   |
| Cash                                           | \$ 2,293        | \$ 3,278          |
| Deferred commission expense                    | -               | 221,250           |
| Property and equipment                         | 1,793           | 2,391             |
| Other receivables                              | 19              | 19                |
| <b>TOTAL ASSETS</b>                            | <u>\$ 4,105</u> | <u>\$ 226,938</u> |
| <br><b>LIABILITIES &amp; MEMBERS' EQUITY</b>   |                 |                   |
| Deferred franchise fees                        | \$ -            | \$ 156,111        |
| Deferred real estate fees                      | -               | 40,555            |
| Due to affiliated company                      | 1,300           | 1,300             |
| License fee payable                            | -               | 1,201             |
| Payroll taxes payable                          | 1,200           | -                 |
| <b>Total Liabilities</b>                       | <u>2,500</u>    | <u>199,167</u>    |
| <br>Members' Equity                            |                 |                   |
| Members' equity                                | 1,605           | 27,771            |
| <b>Total Members' Equity</b>                   | <u>1,605</u>    | <u>27,771</u>     |
| <b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b> | <u>\$ 4,105</u> | <u>\$ 226,938</u> |

**AEA FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                                | 2021            | 2020             | 2019             |
|--------------------------------|-----------------|------------------|------------------|
| <b>Revenues</b>                |                 |                  |                  |
| Advertising fees               | \$ -            | \$ 48,000        | \$ 85,500        |
| Franchise fees                 | 156,111         | 6,667            | 6,667            |
| Real estate fees               | 40,555          | 3,333            | 3,333            |
| Royalty fees                   | -               | -                | 73,000           |
| Services                       | -               | 9,014            | 79,425           |
| Technology fees                | 26,094          | 27,326           | 18,500           |
| <b>Total Revenues</b>          | <u>222,760</u>  | <u>94,340</u>    | <u>266,425</u>   |
| <b>Expenses:</b>               |                 |                  |                  |
| Advertising and promotion      | 24,564          | 39,682           | 73,466           |
| Bad debt expense               | -               | -                | 1,413            |
| Bank charges                   | 545             | 792              | 429              |
| Bookkeeping services           | -               | 10,000           | 37,500           |
| Commission expense             | 221,250         | 5,833            | -                |
| Computer and internet expenses | 11,271          | 9,137            | 7,165            |
| Depreciation                   | 598             | 598              | -                |
| Dues & subscriptions           | 549             | 888              | 419              |
| Employee benefits              | -               | -                | 2,944            |
| Interest expense               | -               | 3,045            | -                |
| License fee expense            | 2,644           | 40,137           | 1,379            |
| Office supplies                | 9               | 783              | 3,156            |
| Payroll                        | -               | 36,082           | 126,206          |
| Payroll taxes and expenses     | 400             | 3,042            | 14,860           |
| Professional fees              | 13,576          | 18,297           | 38,430           |
| Rent expense                   | -               | 1,874            | 22,563           |
| Technology expense             | 32,020          | 47,428           | 53,662           |
| Travel and entertainment       | -               | 559              | 2,001            |
| Utilities                      | -               | -                | 5,206            |
| <b>Total Expenses</b>          | <u>307,426</u>  | <u>218,177</u>   | <u>390,799</u>   |
| <b>Net Income (Loss)</b>       | <u>(84,666)</u> | <u>(123,837)</u> | <u>(124,374)</u> |

**AEA FRANCHISING, LLC**  
**STATEMENTS OF MEMBERS' EQUITY (DEFICIT)**

|                                                   | <b>Members'</b><br><b>Interest</b> | <b>Accumulated</b><br><b>Deficit</b> | <b>Total</b><br><b>Members'</b><br><b>Equity (Deficit)</b> |
|---------------------------------------------------|------------------------------------|--------------------------------------|------------------------------------------------------------|
| <b>Balance at December 31, 2018</b>               | <b>\$ 72,211</b>                   | <b>\$ (205,497)</b>                  | <b>\$ (133,286)</b>                                        |
| Franchise fee attributable to withdrawing partner | 25,000                             | -                                    | 25,000                                                     |
| Members' contributions                            | 98,125                             | -                                    | 98,125                                                     |
| Net income (loss)                                 | -                                  | (124,374)                            | (124,374)                                                  |
| <b>Balance at December 31, 2019</b>               | <b>195,336</b>                     | <b>(329,871)</b>                     | <b>(134,535)</b>                                           |
| Members' contributions                            | 267,834                            | -                                    | 267,834                                                    |
| Prior year adjustment                             | -                                  | 18,309                               | 18,309                                                     |
| Net income (loss)                                 | -                                  | (123,837)                            | (123,837)                                                  |
| <b>Balance at December 31, 2020</b>               | <b>463,170</b>                     | <b>(435,399)</b>                     | <b>27,771</b>                                              |
| Members' contributions                            | 58,500                             | -                                    | 58,500                                                     |
| Net income (loss)                                 | -                                  | (84,666)                             | (84,666)                                                   |
| <b>Balance at December 31, 2021</b>               | <b>\$ 521,670</b>                  | <b>\$ (520,065)</b>                  | <b>\$ 1,605</b>                                            |



**AEA FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                                                                                       | 2021        | 2020         | 2019         |
|---------------------------------------------------------------------------------------|-------------|--------------|--------------|
| Net loss                                                                              | \$ (84,666) | \$ (123,837) | \$ (124,374) |
| Adjustments to reconcile net loss to net cash provided (used) by operating activities |             |              |              |
| Amortization of deferred income                                                       | -           | -            | (10,000)     |
| Amortization and depreciation                                                         | 598         | 598          | -            |
| Changes in operating assets and liabilities                                           |             |              |              |
| Accounts receivable, net                                                              | -           | 6,500        | 11,790       |
| Deferred commissions                                                                  | 221,250     | 5,833        | -            |
| Accounts payable                                                                      | -           | (98,831)     | 1,565        |
| Deferred franchise fees                                                               | (156,111)   | (6,666)      | (25,000)     |
| Deferred real estate fees                                                             | (40,555)    | (3,334)      | -            |
| Payroll taxes payable                                                                 | 1,200       | 389          | 348          |
| License fee payable                                                                   | -           | -            | (27,476)     |
| Prepaid advertising                                                                   | -           | -            | (4,000)      |
| Net Cash Provided by Operating Activities                                             | (58,284)    | (219,348)    | (177,147)    |
| INVESTING ACTIVITIES                                                                  |             |              |              |
| Purchase of computer equipment                                                        | -           | -            | (2,989)      |
| Net Cash (Used) by Investing Activities                                               | -           | -            | (2,989)      |
| FINANCING ACTIVITIES                                                                  |             |              |              |
| Due to affiliated company                                                             | (1,201)     | (50,000)     | 50,000       |
| Franchise fee attributable to withdrawing partner                                     | -           | -            | 25,000       |
| Members' contribution                                                                 | 58,500      | 267,834      | 98,125       |
| Net Cash Provided by Financing Activities                                             | 57,299      | 217,834      | 173,125      |
| NET INCREASE (DECREASE) IN CASH                                                       | (985)       | (1,514)      | (7,011)      |
| CASH BEGINNING BALANCE                                                                | 3,278       | 4,792        | 11,803       |
| CASH ENDING BALANCE                                                                   | \$ 2,293    | \$ 3,278     | \$ 4,792     |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION                                      |             |              |              |
| Taxes paid                                                                            | \$ -        | \$ -         | \$ -         |
| Interest paid                                                                         | \$ -        | \$ 3,045     | \$ -         |
| NON-CASH TRANSACTIONS AFFECTING OPERATING INVESTING AND FINANCING ACTIVITIES          |             |              |              |
| Prior year adjustment related to deferred commission expense                          | \$ -        | \$ 18,309    | \$ -         |



**AEA FRANCHISING, LLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**

**1. Organization and Summary of Significant Accounting Policies**

**Business Activity**

AEA Franchising, LLC, a Florida limited liability company, (“AEA Franchising or the Company”) was established on February 12, 2016 and was granted the license and right by Amazing Explorers, LLC to act as the exclusive agent to market and franchise the Amazing Explorers Academy concept in the United States. Amazing Explorers, LLC issued AEA Franchising the license to use the trademark, curriculum and other proprietary items and materials. AEA Franchising is also responsible for assisting franchisees with real estate selection, evaluation and negotiations. On January 9, 2017 and November 21, 2017 new operating agreements were executed. The Company has also entered into Master Developer Agreements, with related parties, which provides Master Developers with the exclusive rights to enter into franchise agreements in specified areas. The Master Developers provide oversight and management responsibilities to Franchisees in place of the Company.

**Basis of Accounting**

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“US GAAP”) which are applicable to investment companies, which require the Fund to carry its investments at fair value in accordance with the guidance for investment companies because the “Company is considered an investment company as defined under US GAAP.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from those estimates.

**Revenue Recognition**

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the Company expects to be entitled in exchange for those goods or services. Two options were made available for implementation of the standard: the full retrospective approach or modified retrospective approach. The guidance became effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. We have adopted FASB ASC Topic 606 for our reporting period as of the year-ended December 31, 2020. As is more fully discussed below, we are of the opinion that none of our contracts for products contain significant financing components that require revenue adjustment under FASB ASC Topic 606.

Revenue is recognized based on the following five step model:

- **Identification of the contract with a customer**

This step outlines the criteria that must be met when establishing a contract with a customer to supply goods or services

- **Identification of the performance obligations in the contract**

This step describes how distinct performance obligations in the contract must be handled

- **Determination of the transaction price**

This step outlines what must be considered when establishing the transaction price, which is the amount the business expects to receive for transferring the goods and services to the customer

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Revenue will be recognized when, or as, performance obligations under terms of a contract are satisfied, which occurs when control of the promised product or service is transferred to a customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or services to a customer ("transaction price"). The Company will then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when, or as, the performance obligation is satisfied. When determining the transaction price of the contract, an adjustment is made if payment from a



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The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2021. The Company has carefully considered the new pronouncements that altered U.S. GAAP, and, other than those disclosed in these notes to consolidated financial statements, does not believe that any other new or modified principles will have a material impact on the reported consolidated financial position or results of operations of the Company's financial statements.

## **Reclassifications**

Certain prior period amounts have been reclassified to conform to the current period presentation.

## **Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payables and accrued liabilities. At December 31, 2021, the fair value of these instruments approximated their carrying value.

### **2. Concentration of Credit Risk**

The Company is required to disclose concentrations of credit risk regardless of the degree of such risk. All of the Company's cash accounts are insured by the FDIC up to a maximum of \$250,000.

### **3. Master Developer Agreements**

The Company has entered into Master Developer Agreements with its two affiliated companies to develop franchises in specific area of the country. The Master Developer will have the authority to open and operate Academies. It will procure prospective franchisees and pre-qualify, train and assist third parties to open Academies in specified geographic areas. Master Developers receive all Franchise Fees and Real Estate Fees. In addition, Master Developer collects royalty and service fees from franchisees.

### **4. Commitments and Contingencies**

In the normal course of business, the Company may be involved in various claims and litigation. It is the opinion of management that the disposition of these matters will not have a material impact on the Company's financial position or results of operations.

### **5. Deferred Franchise Fees**

The Company charges a franchise fee for each franchise sold. Such amounts are recognized as income upon the satisfaction of its revenue recognition policy.

### **6. Deferred Real Estate Fees**

The Company charges a real estate fee to franchisees for site selection and lease negotiation. Such amounts are recognized as income upon the satisfaction of its revenue recognition policy.

### **7. Related Parties**

The Company has eleven franchise academies currently operating:

AEA Vista Lakes, an affiliate of a member has a 24% ownership interest.  
AEA Viera LLC, an affiliate of a member has a 24% ownership interest.  
AEA South East Orlando LLC, an affiliate of a member has a 50% ownership interest.  
AEA Winter Springs LLC, an affiliate of a member has a 23.20% ownership interest.  
AEA Waterford Lakes LLC, an affiliate of a member has a 24% ownership interest.  
AEA Lake Mary LLC, an affiliate of a member has a 15.07% ownership interest.

AEA Avalon Park East LLC, an affiliate of a member has a 15.00% ownership interest.  
AEA Winter Park LLC, an affiliate of a member has a 19.31% ownership interest.  
AEA Westchase LLC, an affiliate of a member has a 39.72% ownership interest.  
AEA Windemere LLC, an affiliate of a member has a 5.00% ownership interest.  
AEA Nocatee LLC, an affiliate of a member has a 29.00% ownership interest.

## **8. Members' Equity**

The members' equity account consists of the members' cumulative share of net income or loss less cash distributions made to it plus any capital contribution made to the Company.

## **9. Subsequent Events**

Management has evaluated all events and transactions that occurred after December 31, 2021 through April 27, 2022, the date of the issuance of this audit report and noted no items requiring adjustments of the statements.

# RGK CONSULTING, INC.

A CERTIFIED PUBLIC ACCOUNTANTANCY FIRM

## CONSENT OF INDEPDENENT AUDITOR

As independent certified public accountants, we hereby consent to the use of our audit report dated March 23, 2021 regarding the statements of assets, liabilities and members' equity (deficit) as of December 31, 2020 and 2019; and the related statements of operations, members' capital and cash flows for the years ended December 31, 2020, 2019 and 2018. These audited statements are included and made part of the franchise application of AEA Franchising, LLC. that is filed with the appropriate state authorities in the states requiring registration of the offer of franchises.

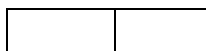
*RGK Consulting, Inc.*

\_\_\_\_\_  
Signature of Auditor

Date: March 23, 2021

6622 NW 98<sup>TH</sup> Drive, Parkland, FL 33076(516) 849-2828

kinzer.robert@gmail.com



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**AEA FRANCHISING, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021**



# **AEA FRANCHISING, LLC**

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# RGK CONSULTING, INC.

A CERTIFIED PUBLIC ACCOUNTANCY FIRM

## Independent Auditors' Report

To the Members

**AEA Franchising, LLC**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying statements of asset, liabilities and members' equity (deficit) of AEA Franchising, LLC and subsidiaries (the "Company") as of December 31, 2021, 2020 and 2019 and the related statements of operations, members' capital and cash flows for each of the three years ended December 31, 2021, and the related notes (collectively referred to as "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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's judgment, includes 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 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 the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020 and 2019, and the results of its operations and cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

***RGK Consulting, Inc.***

Boynton Beach, Florida

April 27, 2022

**AEA FRANCHISING, LLC**  
**STATEMENTS OF ASSETS, LIABILITIES**  
**AND MEMBERS' EQUITY**  
**December 31,**

|                                                | <u>2021</u>     | <u>2020</u>       |
|------------------------------------------------|-----------------|-------------------|
| <b>ASSETS</b>                                  |                 |                   |
| Cash                                           | \$ 2,293        | \$ 3,278          |
| Deferred commission expense                    | -               | 221,250           |
| Property and equipment                         | 1,793           | 2,391             |
| Other receivables                              | 19              | 19                |
| <b>TOTAL ASSETS</b>                            | <u>\$ 4,105</u> | <u>\$ 226,938</u> |
| <br><b>LIABILITIES &amp; MEMBERS' EQUITY</b>   |                 |                   |
| Deferred franchise fees                        | \$ -            | \$ 156,111        |
| Deferred real estate fees                      | -               | 40,555            |
| Due to affiliated company                      | 1,300           | 1,300             |
| License fee payable                            | -               | 1,201             |
| Payroll taxes payable                          | 1,200           | -                 |
| <b>Total Liabilities</b>                       | <u>2,500</u>    | <u>199,167</u>    |
| <br>Members' Equity                            |                 |                   |
| Members' equity                                | 1,605           | 27,771            |
| <b>Total Members' Equity</b>                   | <u>1,605</u>    | <u>27,771</u>     |
| <b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b> | <u>\$ 4,105</u> | <u>\$ 226,938</u> |

**AEA FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                                | 2021            | 2020             | 2019             |
|--------------------------------|-----------------|------------------|------------------|
| <b>Revenues</b>                |                 |                  |                  |
| Advertising fees               | \$ -            | \$ 48,000        | \$ 85,500        |
| Franchise fees                 | 156,111         | 6,667            | 6,667            |
| Real estate fees               | 40,555          | 3,333            | 3,333            |
| Royalty fees                   | -               | -                | 73,000           |
| Services                       | -               | 9,014            | 79,425           |
| Technology fees                | 26,094          | 27,326           | 18,500           |
| <b>Total Revenues</b>          | <b>222,760</b>  | <b>94,340</b>    | <b>266,425</b>   |
| <b>Expenses:</b>               |                 |                  |                  |
| Advertising and promotion      | 24,564          | 39,682           | 73,466           |
| Bad debt expense               | -               | -                | 1,413            |
| Bank charges                   | 545             | 792              | 429              |
| Bookkeeping services           | -               | 10,000           | 37,500           |
| Commission expense             | 221,250         | 5,833            | -                |
| Computer and internet expenses | 11,271          | 9,137            | 7,165            |
| Depreciation                   | 598             | 598              | -                |
| Dues & subscriptions           | 549             | 888              | 419              |
| Employee benefits              | -               | -                | 2,944            |
| Interest expense               | -               | 3,045            | -                |
| License fee expense            | 2,644           | 40,137           | 1,379            |
| Office supplies                | 9               | 783              | 3,156            |
| Payroll                        | -               | 36,082           | 126,206          |
| Payroll taxes and expenses     | 400             | 3,042            | 14,860           |
| Professional fees              | 13,576          | 18,297           | 38,430           |
| Rent expense                   | -               | 1,874            | 22,563           |
| Technology expense             | 32,020          | 47,428           | 53,662           |
| Travel and entertainment       | -               | 559              | 2,001            |
| Utilities                      | -               | -                | 5,206            |
| <b>Total Expenses</b>          | <b>307,426</b>  | <b>218,177</b>   | <b>390,799</b>   |
| <b>Net Income (Loss)</b>       | <b>(84,666)</b> | <b>(123,837)</b> | <b>(124,374)</b> |

**AEA FRANCHISING, LLC**  
**STATEMENTS OF MEMBERS' EQUITY (DEFICIT)**

|                                                   | Members'          | Accumulated         | Total               |
|---------------------------------------------------|-------------------|---------------------|---------------------|
|                                                   | Interest          | Deficit             | Members'            |
|                                                   |                   |                     | Equity (Deficit)    |
| <b>Balance at December 31, 2018</b>               | <b>\$ 72,211</b>  | <b>\$ (205,497)</b> | <b>\$ (133,286)</b> |
| Franchise fee attributable to withdrawing partner | 25,000            | -                   | 25,000              |
| Members' contributions                            | 98,125            | -                   | 98,125              |
| Net income (loss)                                 | -                 | (124,374)           | (124,374)           |
| <b>Balance at December 31, 2019</b>               | <b>195,336</b>    | <b>(329,871)</b>    | <b>(134,535)</b>    |
| Members' contributions                            | 267,834           | -                   | 267,834             |
| Prior year adjustment                             | -                 | 18,309              | 18,309              |
| Net income (loss)                                 | -                 | (123,837)           | (123,837)           |
| <b>Balance at December 31, 2020</b>               | <b>463,170</b>    | <b>(435,399)</b>    | <b>27,771</b>       |
| Members' contributions                            | 58,500            | -                   | 58,500              |
| Net income (loss)                                 | -                 | (84,666)            | (84,666)            |
| <b>Balance at December 31, 2021</b>               | <b>\$ 521,670</b> | <b>\$ (520,065)</b> | <b>\$ 1,605</b>     |



**AEA FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

|                                                                                       | 2021        | 2020         | 2019         |
|---------------------------------------------------------------------------------------|-------------|--------------|--------------|
| Net loss                                                                              | \$ (84,666) | \$ (123,837) | \$ (124,374) |
| Adjustments to reconcile net loss to net cash provided (used) by operating activities |             |              |              |
| Amortization of deferred income                                                       | -           | -            | (10,000)     |
| Amortization and depreciation                                                         | 598         | 598          | -            |
| Changes in operating assets and liabilities                                           |             |              |              |
| Accounts receivable, net                                                              | -           | 6,500        | 11,790       |
| Deferred commissions                                                                  | 221,250     | 5,833        | -            |
| Accounts payable                                                                      | -           | (98,831)     | 1,565        |
| Deferred franchise fees                                                               | (156,111)   | (6,666)      | (25,000)     |
| Deferred real estate fees                                                             | (40,555)    | (3,334)      | -            |
| Payroll taxes payable                                                                 | 1,200       | 389          | 348          |
| License fee payable                                                                   | -           | -            | (27,476)     |
| Prepaid advertising                                                                   | -           | -            | (4,000)      |
| Net Cash Provided by Operating Activities                                             | (58,284)    | (219,348)    | (177,147)    |
| INVESTING ACTIVITIES                                                                  |             |              |              |
| Purchase of computer equipment                                                        | -           | -            | (2,989)      |
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| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION                                      |             |              |              |
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| Interest paid                                                                         | \$ -        | \$ 3,045     | \$ -         |
| NON-CASH TRANSACTIONS AFFECTING OPERATING INVESTING AND FINANCING ACTIVITIES          |             |              |              |
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## **Reclassifications**

Certain prior period amounts have been reclassified to conform to the current period presentation.



## **Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payables and accrued liabilities. At December 31, 2021, the fair value of these instruments approximated their carrying value.

### **2. Concentration of Credit Risk**

The Company is required to disclose concentrations of credit risk regardless of the degree of such risk. All of the Company's cash accounts are insured by the FDIC up to a maximum of \$250,000.

### **3. Master Developer Agreements**

The Company has entered into Master Developer Agreements with its two affiliated companies to develop franchises in specific area of the country. The Master Developer will have the authority to open and operate Academies. It will procure prospective franchisees and pre-qualify, train and assist third parties to open Academies in specified geographic areas. Master Developers receive all Franchise Fees and Real Estate Fees. In addition, Master Developer collects royalty and service fees from franchisees.

### **4. Commitments and Contingencies**

In the normal course of business, the Company may be involved in various claims and litigation. It is the opinion of management that the disposition of these matters will not have a material impact on the Company's financial position or results of operations.

### **5. Deferred Franchise Fees**

The Company charges a franchise fee for each franchise sold. Such amounts are recognized as income upon the satisfaction of its revenue recognition policy.

### **6. Deferred Real Estate Fees**

The Company charges a real estate fee to franchisees for site selection and lease negotiation. Such amounts are recognized as income upon the satisfaction of its revenue recognition policy.

### **7. Related Parties**

The Company has eleven franchise academies currently operating:

AEA Vista Lakes, an affiliate of a member has a 24% ownership interest.  
AEA Viera LLC, an affiliate of a member has a 24% ownership interest.  
AEA South East Orlando LLC, an affiliate of a member has a 50% ownership interest.  
AEA Winter Springs LLC, an affiliate of a member has a 23.20% ownership interest.  
AEA Waterford Lakes LLC, an affiliate of a member has a 24% ownership interest.  
AEA Lake Mary LLC, an affiliate of a member has a 15.07% ownership interest.

AEA Avalon Park East LLC, an affiliate of a member has a 15.00% ownership interest.  
AEA Winter Park LLC, an affiliate of a member has a 19.31% ownership interest.  
AEA Westchase LLC, an affiliate of a member has a 39.72% ownership interest.  
AEA Windemere LLC, an affiliate of a member has a 5.00% ownership interest.  
AEA Nocatee LLC, an affiliate of a member has a 29.00% ownership interest.

## **8. Members' Equity**

The members' equity account consists of the members' cumulative share of net income or loss less cash distributions made to it plus any capital contribution made to the Company.

## **9. Subsequent Events**

Management has evaluated all events and transactions that occurred after December 31, 2021 through April 27, 2022, the date of the issuance of this audit report and noted no items requiring adjustments of the statements.

**EXHIBIT Q**  
**NEW YORK ADDENDUM**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or 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, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective junctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for a franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York,

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document(offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**EXHIBIT R**  
**STATE EFFECTIVE DATES**

The following states have franchise laws that require 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 documents is filed, registered or exempt from registration, as of the Effective Date stated below:

| STATE        | EFFECTIVE DATE |
|--------------|----------------|
| California   | Not Applicable |
| Hawaii       | Not Applicable |
| Illinois     | Not Applicable |
| Indiana      | Not Applicable |
| Maryland     | Not Applicable |
| Michigan     | Not Applicable |
| New York     | Pending        |
| North Dakota | Not Applicable |
| Rhode Island | Not Applicable |
| South Dakota | Not Applicable |
| Virginia     | Not Applicable |
| Washington   | Not Applicable |
| Wisconsin    | Not Applicable |

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 plans.

Other than New York, AEA DEV has not registered or filed for registration in any of the other above-listed registration states.

**EXHIBIT S**

**RECEIPT**

**(AEA DEV LLC copy)**

**TO AEA FRANCHISING LLC  
FRANCHISE DISCLOSURE DOCUMENT**

This Disclosure Document summarizes certain provisions of the Franchise Agreement, the Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If AEA DEV LLC offers you a franchise, it must provide this Disclosure Document to you 14 business days before you sign a binding agreement with, or make a payment to, AEA DEV or an affiliate in connection with the proposed franchise sale.

**(Maryland, New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.)**

**[Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.)**

If AEA DEV does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of Federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and with the appropriate state agency listed on Exhibit A. The Master Franchisee, AEA DEV LLC, is located at 6555 Sanger Road, Orlando, FL 32827, Telephone: 646-707-2770 [ms@aexplorers.com](mailto:ms@aexplorers.com)

Issuance Date: May 5, 2023.

**The franchise seller for this offering is:**

Marcello Spinelli  
AEA DEV LLC  
6555 Sanger Rd  
Orlando, FL 32827  
Telephone: 646 707 2770  
[ms@aexplorers.com](mailto:ms@aexplorers.com)

AEA DEV LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

|  |  |
|--|--|
|  |  |
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I received a disclosure document dated May 5, 2023, that included the following Exhibits:

- A. A List of State Authorities
- B. List of Agents for Service of Process
- C. Franchise Agreement & Exhibits
- D. Area Development Agreement & Exhibits
- E. Real Estate Agreement
- F. Form of General Release
- G. Assignment of Lease & Consent
- H. Non-Competitions and Confidentiality Agreement
- I. Power of Attorney to Assign Telephone Number
- J. Franchisee Disclosure Questionnaire
- K. Current Franchisee List
- L. Franchisees Who Have Left the System
- M. Franchise Organizations We Created, Sponsored or Endorsed
- N. Addendum for SBA
- O. Table of Contents of AEA Confidential Manual
- P. Audited Financial Statements as of December 31, 2020; December 31, 2021 and December 31, 2022, for AEA DEV LLC and AEA Franchising LLC
- Q. New York Addendum
- R. Multi State Addenda
- S. Receipt

I accept the electronic PDF Version of the Franchise Disclosure Document and decline the paper copy.\_\_\_\_

Date: \_\_\_\_\_ 2023

Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

(THIS COPY TO BE SIGNED BY PROSPECTIVE FRANCHISEE AND RETURNED TO AEA FRANCHISING LLC AS PROOF OF DELIVERY OF THE DOCUMENTS REFERRED TO ABOVE)

YOU RETAIN ONE COPY AND SEND ONE SIGNED COPY TO US

## EXHIBIT S

### RECEIPT

(copy to be retained by Franchisee)

#### TO AEA FRANCHISING LLC FRANCHISE DISCLOSURE DOCUMENT

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Issuance Date: May 5, 2023

#### **The franchise sellers for this offering is:**

Marcello Spinelli

AEA DEV LLC  
6555 Sanger Rd  
Orlando, FL 32827  
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Date: \_\_\_\_\_ 2023

Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

(THIS COPY TO BE SIGNED BY PROSPECTIVE FRANCHISEE AND RETURNED TO AEA FRANCHISING LLC AS PROOF OF DELIVERY OF THE DOCUMENTS REFERRED TO ABOVE)

YOU RETAIN ONE COPY AND SEND ONE SIGNED COPY TO US

\_\_\_\_\_