FRANCHISE DISCLOSURE DOCUMENT

Doodle Bugs! Franchising Company, LLC
a New York limited liability company
20 Losson Road, Suite 215
Buffalo, New York 14227
(716) 668-5111
www.doodlebugs.com

The franchisee will develop and operate a business which primarily provides childcare and educational services to children ages 6 weeks to 12 years of age under the Doodle Bugs! marks and Doodle Bugs! system.

We offer an optional Center Development Program under which we will provide assistance in the construction and development of your Center and manage the equipping, stocking, and setup of your Center. If you purchase the real estate for your business and elect to participate in the optional Center Development Program, the total investment necessary to begin operation of a Doodle Bugs! Children's Learning Academy franchise ranges from $3,072,875 to $6,645,500. If you lease the real estate for your business and elect to participate in the optional Center Development Program, the total investment necessary to begin operation of a Doodle Bugs! Children's Learning Academy franchise ranges from $572,875 to $1,200,500. This includes $181,000 that must be paid to the franchisor or its affiliate.

If you purchase the real estate for your business and do not participate in the optional Center Development Program, the total investment necessary to begin operation of a Doodle Bugs! Children's Learning Academy franchise ranges from $2,992,875 to $6,565,500. If you lease the real estate for your business and do not participate in the optional Center Development Program, the total investment necessary to begin operation of a Doodle Bugs! Children's Learning Academy franchise ranges from $492,875 to $1,120,500. This includes $101,000 that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact our Franchise Administration Department at 20 Losson Road, Suite 215, Buffalo, New York 14227, or by telephone at (716) 668-5111.

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

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

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

ISSUANCE DATE: March 29, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by arbitration or litigation only in New York. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with us in New York than in your own state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

EXHIBITS

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	List of Current Franchisees
Exhibit D	Manuals Table of Contents
Exhibit E	State Administrators/Agents for Service of Process
Exhibit F	Additional Disclosures and Agreement Riders
Exhibit G	Franchise Application
Exhibit H	Preliminary Agreement
Exhibit I	Center Development Agreement
Exhibit J	Representations and Acknowledgment Statement (Preliminary Agreement)
Exhibit K	Representations and Acknowledgment Statement (Franchise Agreement)
Exhibit L	Receipts

ITEM 1.
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchisor is Doodle Bugs! Franchising Company, LLC. For ease of reference, Doodle Bugs! Franchising Company, LLC is referred to in this Disclosure Document as "Franchisor", "we" or "us". "You" means the person or entity who buys the franchise from us. If you are a corporation, partnership, limited liability company, or other business entity, your owners will have to guarantee your obligations and be bound by the provisions of the Preliminary Agreement and the Franchise Agreement (each defined below) and other agreements as described in this Disclosure Document.

We are a New York limited liability company, organized on January 11, 2006. We do business under the name "Doodle Bugs!" and "Doodle Bugs! Children's Learning Academy." We do not do business under any other name. Our principal business address is 20 Losson Road, Suite 215, Buffalo, New York 14227. Our agents for service of process are disclosed in Exhibit E. We do not own or operate businesses of the type that you will operate. We have offered franchises of the type you will operate since March 2011. We have not offered any other type of franchise and do not participate in any other business activities.

<u>Our Parents, Predecessors, and Affiliates</u>

Our parent is Doodle Bugs! Holding Company, Inc. ("DBHC"). DBHC was incorporated in New York on September 19, 2008. Our affiliate, Doodle Bugs! New York, LLC ("DBNY") owns and operates our company-owned locations. Our affiliate, Doodle Bugs! Development, LLC ("DBD") may provide services for franchisees under the Preliminary Agreement (described below) on our behalf. DBHC, DBNY, and DBD each share our principal business address at 20 Losson Road, Suite 215, Buffalo, New York 14227. DBNY has operated childcare centers, similar to the business you will be operating, since 1992. DBHC and DBD do not own or operate businesses of the type that you will operate. Our parent and affiliates do not offer any other type of franchise.

We have no predecessors that need to be disclosed in this disclosure document.

<u>The Franchise</u>

We offer and grant franchises to operate a Doodle Bugs! Children's Learning Academy (a "Center"), which primarily provides childcare and educational services to children ages 6 weeks to 12 years. Centers operate under the "Doodle Bugs!" name, and other trademarks, service marks, logos, and commercial symbols we periodically authorize. Centers have distinctive and proprietary business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve, further develop, or otherwise modify over time. In this Disclosure Document, we sometimes call the Doodle Bugs! Children's Learning Academy that you will operate "your Center."

If you meet our qualifications to own and operate a Center, you must sign the form of Preliminary Agreement, attached as Exhibit H to this Disclosure Document (the "Preliminary Agreement"). Under the Preliminary Agreement you agree to find an acceptable location for your Center. If you locate an acceptable location and successfully negotiate a lease or purchase agreement under the terms of the Preliminary Agreement, then we will award you a franchise according to the terms of the form of Franchise Agreement, attached as Exhibit B to this Disclosure Document (the "Franchise Agreement").

We currently offer a center development program (the "Center Development Program"). Participation in the Center Development Program is optional. If you participate in the Center Development Program, we will provide assistance in the construction and development of your Center. We will also manage the equipping, stocking, and setup of your Center. In exchange for our assistance, you will pay us a Center Development Program Fee and sign the Center Development Agreement attached as Exhibit I to this Disclosure Document. We may cease to offer the Center Development Program at any time.

Each Center operates at a purpose-built, single location which is either leased or owned. Centers usually accommodate between 110 and 240 children in buildings that range from 8,000 to 15,000 square feet. Centers are typically open year-round, Monday through Friday, from 6:30am to 6:30pm. Center amenities include access control systems, surveillance cameras, indoor play space, HVAC air filtration, telephone systems, wireless internet access, unique décor, furniture and equipment specifically designed for each age group, and large outdoor playgrounds. You must maintain your Center to our high cleanliness and maintenance standards, and you must refurbish and update your Center using our design standards and time intervals, all as provided in the Franchise Agreement.

Each Center uses our proprietary educational curriculum, the Bravo! Early Childhood Curriculum® ("Bravo!"). Bravo! combines innovative educational programs, which are both teacher-directed and child-initiated, with stimulating enrichment programs. Enrichment programs include Spanish, Computers, Dance & Fitness and Martial Arts. The children are divided according to age, and each group follows its own developmentally appropriate educational lesson plans. Our Summer Camp (Ages 3 to 12) is a fun summer program designed to keep children actively engaged in learning.

All Centers must be accredited by Middle States Association or any other accreditation model approved by us. Accreditation is very important because it signifies to parents that the childcare center and education facility maintain the highest industry standards.

<u>Market Competition and Regulations</u>

The market for Centers is primarily working parents with children ages 6 weeks to 12 years, generally in well-developed, middle to upper-middle income areas. The market for the services provided by Centers is established and expanding. Centers may operate in close proximity to established competitors, including local, independently owned daycare centers, public and private schools, churches, and corporations which provide day care services, each of which may offer similar facilities or programs to children. You should expect to face competition from these other childcare providers. Accordingly, an important component of your success will be your ability to recruit customers in light of this competition.

You and your employees must comply with all applicable federal, local and state statutes, laws, ordinances and regulations regarding childcare licensing, the protection and transportation of children and the operation of childcare facilities. Each state has laws and regulations regarding the childcare industry and education in general. These may include licensing requirements; "star" ratings or a similar point system indicating quality of the facility; minimum physical facilities and equipment; personnel screening, background check and criminal records check requirements; personnel credentials, age restrictions and training requirements; obligations to report evidence of child abuse and neglect; food service requirements; requirements for structures providing shade; prohibitions on advertising; and record keeping. You must also comply with health and safety regulations that apply to the preparation, serving and storage of food at your Center. Finally, in response to the COVID-19 pandemic, we require you to follow all guidelines issued by local health departments related to the use of personal protective equipment, social distancing, and other safety measures.

Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to investigate, keep informed of and comply with all federal, state, and local governmental requirements. We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about laws and regulations that may affect your Center.

Your compliance with these laws and regulations may require you to make additional expenditures such as purchasing supplemental equipment and/or providing food service.

ITEM 2.
BUSINESS EXPERIENCE

<u>Anthony Insinna: President, Chief Executive Officer, and Chairman of the Board of Directors</u>

Anthony Insinna has been the President and Chief Executive Officer of DBHC since its inception in September 2008. Mr. Insinna has also served as our President, Chief Executive Officer, and Chairman of the Board of Directors since our formation in January 2006.

<u>Clarine Insinna: Vice President and Director</u>

Clarine Insinna has served as our Vice President and has served on our Board of Directors since our inception in January 2006.

Anna Insinna-Zavatti: Vice President and Director

Anna Insinna-Zavatti has served as our Vice President and has served on our Board of Directors since our inception in January 2006.

Shawn O'Donnell: Director of Real Estate and Development

Shawn O'Donnell joined us in January 2007 as Director of Real Estate and Development.

Caroline Kozakiewicz: Director of Center Operations

Caroline Kozakiewicz joined our predecessor in 1995 and has served as a classroom teacher since our inception. Ms. Kozakiewicz was promoted to Center Director in 1997, to Director of Customer Relations in November 2005, and to our Director of Center Operations in January 2020.

ITEM 3.
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4.
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5.
INITIAL FEES

Preliminary Agreement Fee. The Preliminary Agreement Fee is $25,000. You must pay the Preliminary Agreement Fee in a lump sum when you sign the Preliminary Agreement. The Preliminary Agreement Fee is non-refundable except as described below. If we grant you a franchise, you will also be required to pay us the Franchise License Fee described below.

If you desire to terminate your Preliminary Agreement before you sign a lease or purchase contract for your Center's site, we will refund $10,000 of the Preliminary Agreement Fee to you if you sign a Mutual Termination of Preliminary Agreement and Release, attached to the Preliminary Agreement as Exhibit A. However, if we have already approved a site, we will retain the full $25,000 Preliminary Agreement Fee.

If we terminate the Preliminary Agreement without cause before you execute a lease or purchase contract for your Center's site, we will refund the entire $25,000 Preliminary Agreement Fee to you if you sign the Mutual Termination of Preliminary Agreement and Release.

If you have not signed a lease or purchase contract for a site acceptable to us within 12 months after the date you sign the Preliminary Agreement, then the Preliminary Agreement will automatically terminate. We will refund $10,000 of the Preliminary Agreement Fee to you if you sign a Mutual Termination of Preliminary Agreement and Release. However, if we have already approved a site, we will retain the full $25,000 Preliminary Agreement Fee.

Background Check Fee. Upon signing the Preliminary Agreement, we will perform a thorough financial and criminal background check on each franchise applicant using a third-party service that we choose. You must pay to us an initial Background Check Fee of $5,500, which is intended to cover the costs associated with background checks for 2 individuals. This fee must be paid to us when you sign the Preliminary Agreement. If the amount for all required background checks exceeds $5,500 for any reason, you must pay to us an additional Background Check Fee equal to any additional charge upon our request, which we estimate to be $2,500 to $3,000 per background check. All Background Check Fees are non-refundable, regardless of whether you enter into a Franchise Agreement with us or not.

Franchise License Fee. The Franchise License Fee is $65,000. You must pay the Franchise License Fee in a lump sum when you sign the Franchise Agreement, which must be signed at the same time as your lease or purchase contract for your Center's approved site. The Franchise License Fee is not refundable under any circumstances.

Center Development Program Fee. The Center Development Program Fee is $80,000. You must pay $40,000 of the Center Development Program Fee in a lump sum when you sign the Center Development Agreement. You must pay the remaining $40,000 of the Center Development Program Fee when we deliver notice to you that we have completed the services provided for in the Center Development Agreement (which includes our obtaining a certificate of occupancy for the Center). The Center Development Program Fee is not refundable under any circumstances.

Supplies. Before opening your Center, you will be required to purchase certain supplies bearing Doodle Bugs! logos from us. These supplies include items such as mugs, pens, mouse pads, shirts, and brochures. The total amount for these supplies is approximately $5,500. We will invoice you for these supplies as you purchase them, and you will pay by Electronic Funds Transfer. This amount is not refundable under any circumstances.

ITEM 6.
OTHER FEES

Type of fee[1]	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenues[2]	Weekly	Payable by Electronic Funds Transfer on each Tuesday for Gross Revenues for the preceding week (Sunday to Saturday).
Local Support Fee[3]	1% of Gross Revenues, if applicable.	Weekly	Payable by Electronic Funds Transfer on each Tuesday for Gross Revenues for the preceding week (Sunday to Saturday).
Local Marketing Fee	1% of Gross Revenues, but not less than $1,000 per month.	Monthly	Payable as incurred to third parties, subject to our request that a portion be deposited into the Regional Cooperative Marketing Fee account.
Regional Cooperative Marketing Fee[4]	Up to 2% of Gross Revenues, unless otherwise agreed upon by other members of the cooperative.	Payable monthly by Electronic Funds Transfer. Funds must be in your designated bank account in time so that we can obtain them by the 15th day of the following month.	If there are 2 or more Doodle Bugs! Centers (including franchises and Company-owned centers) in a marketing area, as we determine, we may require you to participate in the cooperative and contribute moneys as determined by a majority vote of the cooperative.
National Marketing Fee	Currently 0% of Gross Revenues, however we may increase up to 2%.	Weekly	If we establish a National Marketing Fund, your total expenditures to the National Marketing fee will not exceed 2% of your Gross Revenues. National Marketing fees are in addition to your Local or Regional Cooperative Marketing fee obligation. You will pay the National Marketing fee in the same manner and at the same time as your Royalty Fee.

Type of fee[1]	Amount	Due Date	Remarks
Additional Training Fee	Our then-current rate, which is presently $60/hour and a maximum of $500/day, plus expenses.	In advance of the training program(s)	Note 5.
Training Materials	Varies	At the time of purchase	You may purchase training materials and equipment from us.
Annual Franchise Conference	Our then-current rate, which is presently $195 per attendee.	Before the conference	You will be responsible for all expenses incurred by you and your employees while attending the annual franchise conference, including transportation, lodging, meals, and wages.
Transfer	$25,000 plus costs and expenses that we incur.	Before the transfer is completed	We will have a right of first refusal to purchase your Center if you decide to sell. The transferee must pay the transfer fee.
Transferee Training Fee	$15,000	Before the transfer is completed	The transferee must pay a training fee to reimburse us for our costs and expenses incurred in training the transferee.
Processing Fee	$500	Before the transfer is completed	Payable if you are an individual who transfers your franchise to an entity wholly owned by you.
Audit Expenses	Cost of audit including charges of any independent accountant and related travel expenses if an audit or inspection reveals that you have underreported Gross Revenues by 3% or more for any week.	As incurred	

Type of fee[1]	Amount	Due Date	Remarks
Renewal Fee	$5,000 plus all legal costs	Before renewal	Payable if you renew the Franchise Agreement after the expiration of its initial term.
Interest and Late Fee	Interest at 1.5% per month, or the highest rate permitted by law, plus a 10% late fee on past due amounts	As incurred	Due on all overdue amounts and accruing as of the original due date.
Service Fee	Our then-current rate, which is presently $60/hour and a maximum of $500/day, plus costs and expenses that we incur.	As incurred	Payable if we (or a third party) operate your franchise after you have defaulted under the Franchise Agreement.
Site Selection and Evaluation Fee	Our then-current rate, which is presently $60/hour per person. In addition, plus costs and expenses that we incur.	As incurred	Note 6.
Management Assistance Fee	Our then-current rate, which is presently $60/hour and a maximum of $500/day, plus costs and expenses that we incur.	As incurred	You must pay us, our affiliates, or any third party or consultant acting on our behalf, our or their then-current daily rates, fees, or hourly rates, whichever is applicable, if we perform or arrange for services in connection with the development or operation of your Center.[7]
Indemnification	Our losses, costs, expenses (including attorneys' fees), and damages	Payable on demand	Payable if we incur losses due to your operation of the business and the Center, your breach of any agreement with us or our affiliates, or the acts or failures of your employees.

Type of fee[1]	Amount	Due Date	Remarks
Termination Fee	An amount equal to the net present value of the Royalties, National Marketing Fee contributions, and Local Marketing Fee contributions that would have become due following termination of the Franchise Agreement for the period the Franchise Agreement would have remained in effect but for your default.	Upon termination of the Franchise Agreement	Note 8.
Insurance	You must reimburse us our costs	As incurred	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us.
Reimbursement to Families	You must reimburse us for refunds we make to families.	As incurred	If, upon expiration or termination of the Franchise Agreement, families of children enrolled in your Center are entitled to a refund of any monies paid to you, you are obligated to refund these families promptly. We reserve the right to refund these families if you fail to do so, and you must reimburse us any amount we refund.
Marketing and Promotional Materials	Cost of production, shipping, handling, and storage of materials	As incurred	We will sell you multiple copies of advertising, marketing, and promotional formats and materials that we develop.
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	If we prevail in an action or proceeding, you must pay us our costs and attorneys' fees.

Type of fee[1]	Amount	Due Date	Remarks
Testing of new suppliers	Our costs in evaluating a proposed supplier	As incurred	

1. These fees are imposed by and are payable to us by you. All fees are non-refundable and are uniformly imposed, except as otherwise described in this Item 6.

2. "Gross Revenues" includes the full price of all goods and services you sell, whether or not you have received cash or other consideration. The only thing not included in Gross Revenues is taxes or fees you are required to collect on behalf of the government. Gross Revenues are calculated at the time you sell the goods or services, without regard to when you receive or expect to receive payment.

3. We may employ and assign a Regional Manager to support franchised and company owned locations within a geographic area, and shall refer to these areas as "Designated Markets." We may establish a Designated Market and may change the geographic boundaries of the Designated Market at any time with 30 days written notice provided to franchisees.

4. If there are 2 or more Doodle Bugs! Centers (including franchises and company-owned Centers) in a marketing area, as determined by us, we may require the franchisees to form a Regional Marketing Cooperative and franchisee must participate in this cooperative and contribute sums to this cooperative as may be assessed by a majority vote of the cooperative. No Regional Marketing Cooperative may make assessments of more than 2% of Gross Revenues, unless agreed to by all the members of the Regional Marketing Cooperative. Funds contributed to any Regional Marketing Cooperative will satisfy the franchisee's Local Marketing fee requirements, but will be in addition to the National Marketing fee. Each Regional Marketing Cooperative will be organized and operate as specified in the operations manuals (the "Manuals").

5. You must pay all travel and living expenses (including wages, transportation, food, lodging, and workers' compensation) that you and any of your employees incurs during all training courses and programs. If you choose to attend our optional administrative training workshops, or if we require you (or your Principal Owner if you are an entity) or your Center Director attend our additional training workshops, the Additional Training fees apply. In addition, if you wish to change your Principal Owner, we may condition our approval of such change on the requirement that the proposed Principal Owner attends initial training (or any other training program that we deem necessary) and completes this training to our satisfaction, and we may charge the Additional Training fee in this case.

6. Under the Preliminary Agreement, we will perform the following services to assist you in identifying sites acceptable for your Center: (i) review information provided by you to determine if prospective sites are in accordance with our criteria; (ii) provide assistance to you by communicating with real estate brokers, landlords and/or developers, licensing agencies, building departments, and approved architects or other design professionals, regarding prospective sites; (iii) review licensing and zoning requirements, and general compliance with state and local regulations; (iv) visit up to 8 prospective sites with you; and (v) help you negotiate up to 4 leases or land purchase agreements for sites. If you ask us to provide more assistance than described above, and we agree to provide additional assistance, we have the right to charge you a fee of $60 per hour of assistance, per person, plus expenses for meals, travel, and lodging.

7. The Franchise Agreement provides that you must pay us, our affiliates, or any third party or consultant acting on our behalf, our or their then-current daily rates, fees, or hourly rates, whichever is applicable, if we perform or arrange for certain services, including when: we perform or arrange for services in connection with any relocation of your Doodle Bugs! Children's Learning Academy; we perform or arrange for consultations with a lessor of the site, or any lender with respect to such facility; we perform or arrange for consultations with contractors, architects, engineers, or other persons or entities required to develop or construct your Center; we consult with vendors or others in connection with the approval process; or you request any assistance that we are not required to give under the Franchise Agreement and we provide or arrange for such assistance.

8. You will be required to pay us this fee if we terminate the Franchise Agreement based on your default or if you terminate the Franchise Agreement without cause. Royalties and Marketing Fees will be calculated by multiplying (1) the number of calendar months the Franchise Agreement would have remained in effect but for your default by (2) the aggregate of the standard Royalty and Marketing Fee contribution percentages, by (3) the average monthly Gross Revenues of your Center during the twelve (12) months preceding the termination date. If you have not operated your Center for at least 12 months preceding the termination date, Royalties and Marketing Fees will be calculated based on the average weekly Gross Revenues of all Doodle Bugs! centers during our last fiscal year.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(If you elect not to participate in the Center Development Program)

Type of expenditure[1]	Amount (if leasing real estate for your Center)	Amount (if purchasing and developing real estate for your Center)	Method of payment	When due	To whom payment is to be made
Preliminary Agreement Fee	$25,000	$25,000	Lump Sum	Payable in full when Preliminary Agreement is signed	Us
Franchise License Fee	$65,000	$65,000	Lump Sum	Payable in full when you sign your Franchise Agreement	Us
Background Check	$5,500	$5,500	Lump Sum	Payable upon signing the Preliminary Agreement	Us
Center Equipment, Computer Hardware, and Supplies[2]	$175,000 to $350,000	$175,000 to $350,000	As Arranged	As Arranged	Us and Approved Vendors
Real Estate and Development Costs (if purchased)	$0	$2,500,000 to $5,500,000	As Arranged	As Arranged	Lender, Landowner, Developer, or Vendors
Lease and Utility Security Deposits	$2,500 to $65,000	$2,500 to $10,000	As Arranged	As Arranged	Lessor and Utility Companies

Type of expenditure[1]	Amount (if leasing real estate for your Center)	Amount (if purchasing and developing real estate for your Center)	Method of payment	When due	To whom payment is to be made
Pre-Opening Marketing[3]	$25,000 to $75,000	$25,000 to $75,000	As Arranged	As Arranged before opening	Approved Vendors
Vehicles[4]	$875 to $65,000	$875 to $65,000	As Arranged	As Arranged	Approved Vendors
Signage	$13,000 to $25,000	$13,000 to $25,000	Lump Sum	As Arranged before opening	Approved Vendors
Software (operations/security)[5]	$2,000 to $10,000	$2,000 to $10,000	As Incurred	Before opening	Approved Vendors
Licenses	$500 to $5,000	$500 to $5,000	As Arranged	As Arranged	Government agencies or Vendors
Marketing fees (3 months)	$7,500 to $10,000	$7,500 to $10,000	As Arranged; See Item 6.	As Arranged; See Item 6.	Advertising Vendors or us
Insurance[6]	$5,000 to $25,000	$5,000 to $25,000	As Arranged	As Arranged	Insurance Companies
Legal fees[7]	$1,000 to $5,000	$1,000 to $5,000	As Incurred	As Incurred	Your Lawyer
Opening Inventory of Supplies	$5,000 to $15,000	$5,000 to $15,000	As Arranged	As Arranged	Approved Vendors
Bank/Financing Costs	$10,000 to $75,000	$10,000 to $75,000	As Arranged	As Arranged	Lender

Type of expenditure[1]	Amount (if leasing real estate for your Center)	Amount (if purchasing and developing real estate for your Center)	Method of payment	When due	To whom payment is to be made
Additional Funds (3 months)[8]	$150,000 to $300,000	$150,000 to $300,000	As Incurred	As Incurred	Employees, Vendors, us, Utilities, Taxing Agencies, Etc.
Total[9]	**$492,875 to $1,120,500**	**$2,992,875 to $6,565,500**			

YOUR ESTIMATED INITIAL INVESTMENT

(If you participate in the Center Development Program)

Type of expenditure[1]	Amount (if leasing real estate for your Center)	Amount (if purchasing and developing real estate for your Center)	Method of payment	When due	To whom payment is to be made
Preliminary Agreement Fee	$25,000	$25,000	Lump Sum	Payable in full when Preliminary Agreement is signed	Us
Franchise License Fee	$65,000	$65,000	Lump Sum	Payable in full when you sign your Franchise Agreement	Us

Type of expenditure[1]	**Amount (if leasing real estate for your Center)**	**Amount (if purchasing and developing real estate for your Center)**	**Method of payment**	**When due**	**To whom payment is to be made**
Background Check	$5,500	$5,500	Lump Sum	Payable upon signing the Preliminary Agreement	Us
Center Development Fee[10]	$80,000	$80,000	Two Installments	$40,000 payable when you sign the Center Development Agreement; remaining $40,000 payable upon our completion of services	Us
Center Equipment, Computer Hardware, and Supplies[2]	$175,000 to $350,000	$175,000 to $350,000	As Arranged	As Arranged	Us and Approved Vendors
Real Estate and Development Costs (if purchased)	$0	$2,500,000 to $5,500,000	As Arranged	As Arranged	Lender, Landowner, Developer, or Vendors
Lease and Utility Security Deposits	$2,500 to $65,000	$2,500 to $10,000	As Arranged	As Arranged	Lessor and Utility Companies
Pre-Opening Marketing[3]	$25,000 to $75,000	$25,000 to $75,000	As Arranged	As Arranged before opening	Approved Vendors

Type of expenditure[1]	Amount (if leasing real estate for your Center)	Amount (if purchasing and developing real estate for your Center)	Method of payment	When due	To whom payment is to be made
Vehicles[4]	$875 to $65,000	$875 to $65,000	As Arranged	As Arranged	Approved Vendors
Signage	$13,000 to $25,000	$13,000 to $25,000	Lump Sum	As Arranged before opening	Approved Vendors
Software (operations/security)[5]	$2,000 to $10,000	$2,000 to $10,000	As Incurred	Before opening	Approved Vendors
Licenses	$500 to $5,000	$500 to $5,000	As Arranged	As Arranged	Government agencies or Vendors
Marketing fees (3 months)	$7,500 to $10,000	$7,500 to $10,000	As Arranged; See Item 6.	As Arranged; See Item 6.	Advertising Vendors or us
Insurance[6]	$5,000 to $25,000	$5,000 to $25,000	As Arranged	As Arranged	Insurance Companies
Legal fees[7]	$1,000 to $5,000	$1,000 to $5,000	As Incurred	As Incurred	Your Lawyer
Opening Inventory of Supplies	$5,000 to $15,000	$5,000 to $15,000	As Arranged	As Arranged	Approved Vendors
Bank/Financing Costs	$10,000 to $75,000	$10,000 to $75,000	As Arranged	As Arranged	Lender
Additional Funds (3 months)[8]	$150,000 to $300,000	$150,000 to $300,000	As Incurred	As Incurred	Employees, Vendors, us, Utilities, Taxing Agencies, Etc.

Type of expenditure[1]	Amount (if leasing real estate for your Center)	Amount (if purchasing and developing real estate for your Center)	Method of payment	When due	To whom payment is to be made
Total[9]	**$572,875 to $1,200,500**	**$3,072,875 to $6,645,500**			

Notes regarding initial investment:

1. We will not refund any of the payments you make except as provided in this Disclosure Document or any other agreement by us.

2. The equipment needed to operate a center is described in our Manuals that we will provide to you and includes teaching materials, computer hardware, furniture, toys, equipment, and other items. The low estimate is for a smaller center, and the high estimate is for a larger center. Included in the estimate is $5,500 representing the approximate amount for supplies bearing Doodle Bugs! logos (such as mugs, pens, mouse pads, shirts, and brochures) that you must purchase from us before opening your Center.

3. This estimate includes the pre-opening marketing, including advertising and promotional activities that you will conduct before operating your Doodle Bugs! Center, which may vary depending on the conditions within your market. This includes advertising, direct mail, other media, marketing materials, promotional items, initial printing of stationary or business cards, enrollment materials, and other pre-opening expenses. We will assist you in developing a pre-opening marketing plan and budget.

4. You must use in the operation of your Center a vehicle that meets our requirements, which will be listed within our Manuals. The vehicle can be leased or purchased.

5. In addition to the required hardware and software you must purchase, we require you to purchase, install, and use in your Center an approved surveillance system that allows parents the ability to monitor their children while they are at the Center. Upon our request, you must provide us with passwords to the surveillance system so that we have access to view your Center. You must consent to our ability to monitor video and audio feeds from your surveillance system.

6. You must maintain insurance of the types and amounts required by us. The cost of insurance will depend on policy limits, the types of policies, the location of your Center and other factors. The estimate assumes quarterly payments of your annual premium. You may be able to negotiate the method of payment with your insurance agency or carrier. Keeping in mind that the price of insurance has varied widely in recent years, you should obtain a price quotation from your insurance agent or broker and rely solely upon our estimate in planning to purchase the franchise. These estimates also include an allocation of the premium you must pay in connection with the workers' compensation insurance you are required to obtain for your employees. However, workers' compensation insurance will vary from state to state. You should review the rates in the state in which you are opening your Center for an estimate of the premium you will be required to pay.

7. Because of the variability of attorney's fees, this is an estimate. You should check with your attorney or with several knowledgeable attorneys to determine the actual range of fees before signing the Franchise Agreement. You may need an attorney to assist and advise you in setting up your business organization and reviewing contract documents. This estimate does not include any ongoing needs for legal services in connection with relationships with customers or vendors.

8. This estimates your initial startup expenses (other than the items identified separately in the table) for your Center's first 3 months of operation. You may have to use some of these additional funds to pay for our management assistance if you request from us extraordinary management or support services during the early stages of your Center. In addition, these estimates include payroll costs and various service costs such as utilities. These estimates do not include owner compensation or return on investment. You may need additional funds before your Center breaks even. This estimate is for a reserve to cover incidental unexpected costs. You may want to reserve more. The figures for additional funds shown above are based primarily on the costs incurred by our affiliates in opening Centers. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

9. 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. If you purchase an existing operating Doodle Bugs! Center from us or from another franchisee, you should expect to pay, in addition to the estimated initial investment, an amount representing the fair market going concern value of the business. That value might exceed the estimated initial investment. Any purchase of existing business assets and goodwill would be under a separate agreement negotiated between you and the seller.

10. Participation in the Center Development Program is optional. If you participate in the Center Development Program, we will provide assistance in the construction and development of your Center. We will also manage the equipping, stocking, and setup of your Center. In exchange for our assistance, you will pay us a Center Development Program Fee and sign the Center Development Agreement attached as Exhibit I to this Disclosure Document.

We may provide certain services to you under the Franchise Agreement by sub-contracting with others, including our affiliates, to provide them. These arrangements will not result in increased costs to you for the services.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

We have developed or may develop standards and specifications for types, models and brands of required fixtures, furniture, equipment, components of the computer system, furnishings, and signs, and other products, materials, supplies and services to be provided at the Center. We may approve specifications or manufacturers, suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates. You also must discontinue selling any products or services that we at any time decide to disapprove in writing. We do not issue specifications and standards to you, subfranchisees, or approved suppliers.

You must purchase certain computer equipment and software that meet our current minimum requirements. In addition, we require you to enter into a maintenance agreement with our approved vendor. This management system provides you with technical support.

Designated and Approved Suppliers

You must purchase from us or a vendor we approve all items used to start or operate your Center. However, we and our affiliates are not the only approved supplier of any good or service that you are required to purchase or lease. We or our designated vendor(s) will derive revenue or other material consideration from required purchases or leases by franchisees. In particular, we or our designated vendor(s) will make a wholesale profit consistent with industry standards. All items that you purchase from approved vendors must meet our specifications. This includes advertising and marketing materials, forms, and promotional items. In addition, you must purchase the signs used to identify Doodle Bugs! and premises from a vendor we approve.

We require franchisees to purchase certain supplies bearing Doodle Bugs! logos from us. These supplies include items such as mugs, pens, mouse pads, shirts, and brochures. In the fiscal year ending December 31, 2021, our revenue from the sale of supplies to franchisees was $4,018, or 3% of our total revenue of $131,125.

If you participate in the Center Development Program, we will provide assistance in the construction and development of your Center. We will also manage the equipping, stocking, and setup of your Center. In exchange for our assistance, you will pay us a Center Development Program Fee and sign the Center Development Agreement attached as Exhibit I to this Disclosure Document. We did not collect any revenues from franchisees from this program in the fiscal year ending December 31, 2021.

We do not currently receive payments from designated suppliers for franchisee purchases, but we may do so in the future. Except as disclosed above, neither we nor our affiliates currently derive revenue as a result of required purchases or leases by franchisees.

We publish a list of approved vendors and order procedures in the Manuals. You will not receive any additional benefit if you use a supplier from our list of approved suppliers instead of a supplier of your choosing, however all materials must meet our minimum standards regardless of the source. We or our affiliates may be a designated or approved supplier or distributor, or otherwise be a party to these transactions. We or our affiliates may derive a profit from any items that we sell to you.

We do not provide any material benefits to you based upon your purchase of products or services from approved suppliers. We estimate that your purchases and leases of goods and services from approved suppliers will represent 90% to 100% of your overall purchases in establishing your Center and 90% to 100% of your overall purchases in operating your Center. Except for ownership in us, none of our officers owns any interest in any approved supplier.

Approval of Alternative Suppliers

We may approve other suppliers if you or a supplier requests it in writing, but we are not obligated to respond to your request to use an alternative supplier. We do not make our criteria for approving suppliers available to franchisees. However, in general, if the supplier demonstrates to our satisfaction that it is financially capable, can provide product or service that meet our specifications and that are consistent with our image, and will protect our proprietary information, we may approve the supplier and you will be able to contract with the supplier. We may charge a Miscellaneous Service Fee to cover our costs in evaluating a proposed supplier. We currently charge $60 an hour up to a maximum of $500 per day. We will also charge you for the costs and expenses that we may incur. We will normally make our decision within 30 days after we receive all information and samples we request. We may revoke approval of any supplier whose performance falls below our standards.

Insurance

In addition to the purchases or leases described above, you must secure and maintain insurance coverage we require with insurance carriers that are acceptable to us and that comply with our then-current requirements which we may periodically amend. You must provide us with evidence that you have obtained the insurance by providing us with a certificate of insurance 30 days before the opening of your Center. Current minimum insurance requirements include: (i) comprehensive general liability insurance including personal injury, premises liability, errors and omissions, products/completed operations, fire and contractual liability with a limit of $1,000,000 per occurrence, $2,000,000 in the aggregate; (ii) teachers professional liability insurance with a limit of $1,000,000 per occurrence, $2,000,000 in the aggregate; (iii) sexual abuse and molestation liability insurance with a limit of $1,000,000 per occurrence, $1,000,000 in the aggregate; (iv) employment practices liability insurance with a limit of $1,000,000 per occurrence, $2,000,000 in the aggregate; (v) comprehensive automobile liability insurance for both owned and non-owned vehicles and property damage liability coverage with a limit of $1,000,000 per occurrence, $2,000,000 in the aggregate; (vi) all risk insurance on the operations of the Center, including theft insurance coverage with primary and excess limits of at least the full repair and replacement value of the Center, including all improvements, fixtures, equipment and supplies; (vii) student, accident/medical insurance coverage including accidental excess medical coverage, accidental death coverage and accidental dismemberment coverage; (viii) business interruption insurance equaling at least 6 months of your estimated revenue (tuition and fees); (ix) umbrella liability insurance with a limit of at least $3,000,000 per occurrence, $3,000,000 in the aggregate; (x) workers' compensation, disability and any other insurance that may be required by statute or rule of the state or locality where your Center is located and operated; and (xi) vacant land insurance for the period before your Center opens (or cause site developer to maintain this insurance). We, DBHC and its subsidiaries, must be reflected as additional named insureds on all of these policies, using a form of endorsement that we have approved. The certificate of insurance must allow for a 20-day minimum notice of cancellation for all liability, workers' compensation and/or auto liability coverage and must be written with insurers carrying an A.M. Best rating of A or better and that are licensed in the applicable state. You will be required to provide us annually with a copy of the certificate or evidence of renewal or extension for each insurance policy.

Purchasing Arrangements and Cooperatives

We have entered into a purchase arrangement with a food supplier under which the food supplier prepares several food items according to our specifications. Although there is no specific discount provided to you under this purchase arrangement, the food supplier allows you to purchase the foods supplies as part of a group pricing arrangement, which may be lower than the pricing you could negotiate for a single location.

There currently are no purchasing or distribution cooperatives. Except as noted above, neither we nor our affiliates currently negotiate purchase arrangements with suppliers for the benefit of franchisees.

ITEM 9.
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreements	Disclosure document item
a. Site selection and acquisition/lease	Sections 1.02 and 6.01 of Franchise Agreement Articles 2–5 of the Preliminary Agreement	Items 6 and 11
b. Pre-opening purchases/leases	Sections 6.03, 6.04, 7.06, 7.08, 7.09, 7.10, 8.02 of Franchise Agreement Section 4 of the Center Development Agreement	Items 1, 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 2.05 and Article 6 of Franchise Agreement Section 4 of the Center Development Agreement	Items 6, 7 and 11
d. Initial and ongoing training	Article 4 and Sections 6.08 and 7.02 of Franchise Agreement	Items 6 and 11
e. Opening	Sections 2.05, 6.06, 6.07, and 6.08 of Franchise Agreement	Item 5, 7, and 11

Obligation	Section in agreements	Disclosure document item
f. Fees	Article 2 and Sections 3.03, 4.04, 4.05, 4.06, 7.02, 7.06, 9.03, 11.02, 11.03, 14.03, 19.02, and 19.17 of Franchise Agreement Articles 1 and 3 of Preliminary Agreement Section 4 of the Center Development Agreement	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Manuals	Sections 1.05 and Article 7 of Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 1.04 and 11.06 and Article 5 of Franchise Agreement Article 8 and 10 of the Preliminary Agreement	Items 13 and 14
i. Restrictions on products/services offered	Article 7 of Franchise Agreement	Items 8, 11 and 16
j. Warranty and customers service requirements	Sections 1.01, 6.04, 7.05, 7.17, and 16.08 Franchise Agreement	Not applicable
k. Territorial development and sales quotas	Section 1.02 of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Sections 7.06, 7.09, and 7.10 of Franchise Agreement	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	Sections 6.04, 7.05, 7.08, 7.11, 9.06, and 11.02 of Franchise Agreement	Item 11
n. Insurance	Section 8.02 of Franchise Agreement	Item 7
o. Advertising	Articles 2 and Section 7.13 of Franchise Agreement	Items 6, 7 and11

Obligation	Section in agreements	Disclosure document item
p. Indemnification	Sections 7.04 and 8.01 of Franchise Agreement Article 15 of the Preliminary Agreement	Item 6
q. Owner's participation/management/staffing	Sections 4.01, 4.08, 7.02, and 7.16 of Franchise Agreement	Items 11 and 15
r. Records and reports	Article 3 of Franchise Agreement	Item 6
s. Inspections and audits	Article 3 of Franchise Agreement	Item 6
t. Transfer	Article 11 of Franchise Agreement Article 12 of Preliminary Agreement Section 7 of the Center Development Agreement	Items 6 and 17
u. Renewal	Article 9 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Articles 5 and 16 and Section 15.02 of Franchise Agreement Articles 8, 10, and 11 of Preliminary Agreement Section 8 of Center Development Agreement	Item 17
w. Non-competition covenants	Article 15 of Franchise Agreement Article 11 of Preliminary Agreement	Item 17
x. Dispute resolution	Article 17 of Franchise Agreement Article 13 of Preliminary Agreement Section 10 of the Center Development Agreement	Item 17

ITEM 10.
FINANCING

We do not offer direct or indirect financing. We do not guarantee your promissory notes, mortgages, leases, or other obligations.

ITEM 11.
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Our Pre-Opening Obligations

Before you open your Center, we, or our representative, will:

1. Loan you 1 or more Manuals which will assist you in selecting a site suitable for your Center, developing your Center, obtaining necessary licensing approvals for your Center, purchasing equipment and initials supplies, creating a pre-opening marketing plan, preparing for the grand opening, and providing specifications and mandatory and suggested standards and procedures (Preliminary Agreement – Article 1);

2. License you to use our marks and our system in connection with your Center (Franchise Agreement - Article 1);

3. Designate your Territory (Franchise Agreement – Section 1.02);

4. Provide initial training and opening assistance per the Franchise Agreement (Franchise Agreement - Article 4), as summarized in the table below;

5. Make available one set of sample plans for the design and layout of a Center (Franchise Agreement – Section 6.02); and

6. Provide one operational supervisor for a period of up to ten (10) business days to assist in the opening of your Center (Franchise Agreement – Section 6.08).

7. If you participate in the Center Development Program, we will provide assistance in the construction and development of your Center. We will also manage the equipping, stocking, and setup of your Center. (Center Development Agreement - Section 3)

Site Selection

We will provide you with the site selection assistance described in this section. We do not typically own the site where your Center is located or lease the site to you.

Once you sign the Preliminary Agreement and pay the Preliminary Agreement Fee and Background Check Fee, we will loan you a copy of a "Site Selection Manual." The Site Selection Manual provides systems and strategies that will help you to identify prospective sites for your Center within an area designated in your Preliminary Agreement (your "Designated Area"). The Site Selection Manual contains our site selection criteria and site evaluation analysis. You must complete a Site Evaluation Analysis for each prospective site and provide us with a copy of your analysis upon completion. Your Site Evaluation Analysis will typically include (i) a property description, (ii) a demographic profile relating to the site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of your Center on or within the site, (iv) a site analysis reflecting competing centers within the subject area, (v) information relative to the community within which the site is located, (vi) major employers within which the site is located, (vii) shopping and activity factors within which the site is located, (viii) schools and school districts within which the site is located, and (ix) traffic patterns. We use these factors when considering the approval of a proposed site.

We or DBD will perform the following services to assist you in identifying sites acceptable for your Center: (i) review information provided by you to determine if prospective sites are in accordance with our criteria; (ii) provide assistance to you by communicating with real estate brokers, landlords and/or developers, licensing agencies, building departments, and approved architects or other design professionals, regarding prospective sites; (iii) review licensing and zoning requirements, and general compliance with state and local regulations; (iv) visit up to 8 prospective sites with you; and (v) help you negotiate up to 4 leases or land purchase agreements for sites. If you ask us to provide more assistance than described above, and we agree to provide such additional assistance, we have the right to charge you a fee of $60 per hour of assistance, per person, plus expenses for meals, travel, and lodging.

After we receive your completed Site Evaluation Analysis and Site Approval Form (both of which are included in the Site Selection Manual) for a prospective site, we will endeavor to respond to you within 20 days with our approval or rejection of such prospective site. We reserve the right to withdraw our approval of a site if you have not signed a lease or land purchase contract, in a form approved by us, within 60 days after the date we approved the site. We reserve the right to refer such site to another franchisee or franchise applicant or to develop the site ourselves.

If we recommend or give you information regarding a site for your Center, such recommendation or information is not a representation or warranty of any kind, express or implied, of the site's suitability for a Center or any other purpose. Our recommendation indicates only that we believe that the site and location meet our then acceptable criteria.

If you have not signed a lease or purchase contract for a site acceptable to us within 12 months after the date you sign the Preliminary Agreement, then the Preliminary Agreement will automatically terminate and we will have no further obligations to proceed with offering you a franchise.

Typical Timeline for Opening

The typical length of time between when you sign the Preliminary Agreement and the time when your Center opens will generally be 18 to 24 months. The factors affecting this length of time include the time necessary for you to obtain your site and equipment, schedule your initial training, and hire and train any necessary employees. There may be unusual circumstances in which, because of delays, construction schedules and other events beyond our control it takes longer than 24 months.

Our Post-Opening Obligations

After the opening of your Center, we, or our representative, will:

1. Take any actions we deem appropriate to protect or defend our marks or our system (Franchise Agreement – Section 1.04);

2. Continue to loan you 1 copy of the Manuals (Franchise Agreement – Section 1.05);

3. Manage any National Marketing fees. We will provide a periodic accounting upon written request, but only as to the aggregate amount of any National Marketing fees collected and spent and how we used them by general category (Franchise Agreement, Article 2);

4. Manage all aspects of the marketing program using any National Marketing fees collected (Franchise Agreement - Article 2);

5. Provide a periodic training program for your manager(s) and for certain other employees, at our regular charge for the training (Franchise Agreement – Article 4);

6. Advise you regarding your Center's operation based on your reports or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Centers use, including (1) standards, specifications, and operating procedures and methods that Centers use, including facility appearance and quality control; (2) equipment and facility maintenance; (3) working with suppliers; (4) advertising, marketing and branding strategies; (5) hiring, compliance with laws, and staff performance reviews; and (6) administrative, accounting, reporting and record retention (Franchise Agreement - Article 7); and

7. We may provide assistance in establishing maximum and minimum prices at which you must sell your products and services (Franchise Agreement – Section 7.03).

Advertising and Promotion

Pre-Opening Marketing and Grand Opening. You are required to create a marketing and advertising program for your Center 6 months before its opening. Your program must specify the types and timing of the marketing and advertising to be completed, and you must submit such program to us for our approval. In addition, within 30 days after the date that you open your Center for business, you must publicize and conduct a grand opening consistent with the guidelines provided in the Manuals. You will be required to spend no less than $25,000 on your pre-opening marketing and grand opening.

Local Marketing. You must spend, on a monthly basis, at least (a) 1% of Gross Revenues or (b) $1,000, whichever is greater, on local and cooperative marketing (the "Local Marketing Fee"). The Local Marketing Fee is in addition to the National Marketing Fee (discussed below). We may direct you to deposit some or all of your Local Marketing Fee into a Regional Marketing Cooperative (discussed below).

All advertising, marketing, public relations and promotional materials and methods that you propose to use in connection with your franchise must be clear, factual, and not misleading. It must conform to the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically prescribe. Before you use any advertising, promotional, and marketing materials that we did not prepare, you must send us samples for our approval. We will have 20 days to approve these materials or else they will be deemed disapproved.

Regional Marketing Cooperative. If there are 2 or more Doodle Bugs! Centers (including franchises and company-owned centers) in a marketing area, we may require that the franchisees in such marketing area form a Regional Marketing Cooperative. You must participate in any Regional Marketing Cooperative in which your Center is located, and you must contribute such sums to your Regional Marketing Cooperative as agreed upon by a majority vote of the cooperative. However, no Regional Marketing Cooperative will make assessments of more than 2% of Gross Revenues, unless agreed to by all the members of a Regional Marketing Cooperative. Funds contributed to any Regional Marketing Cooperative will count toward satisfying your Local Marketing Fee requirements and will be in addition to the National Marketing Fee you must pay (discussed below). Regional Marketing Cooperative contributions will be payable in the same manner as royalties.

The Regional Marketing Cooperative will be organized and governed by written documents in a form and manner, and begin operating on a date, that we determine in advance. Such written documents will be available for participating franchisees to review. You will pay these monies to us electronically and we will remit them periodically to the Regional Marketing Cooperative.

Centers owned by us or our affiliates in the United States will contribute to the appropriate Regional Marketing Cooperative on the same percentage basis as franchisees.

We may change, dissolve and merge Regional Marketing Cooperatives. Each Regional Marketing Cooperative's purpose is, with our approval, to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Regional Marketing Cooperative covers. If, as of the time you sign the Franchise Agreement, we have established a Regional Marketing Cooperative for the geographic area in which your Center is located, or if we establish a Regional Marketing Cooperative in that area during the Franchise Agreement's term, you must sign the documents we require to become a member of the Regional Marketing Cooperative and to participate in the Regional Marketing Cooperative as those documents require.

Each Center contributing to the Regional Marketing Cooperative's area will have 1 vote on matters involving the activities of the Regional Marketing Cooperative. The Regional Marketing Cooperative may not use any advertising, marketing or promotional plans or materials without our prior written consent. We will assist in the formulation of marketing plans and programs, which will be implemented under the direction of the Regional Marketing Cooperative. Subject to our approval, the Regional Marketing Cooperative will have discretion over the creative concepts, materials and endorsements used by it. The Regional Marketing Cooperative assessments may be used to pay the costs of preparing and producing video, audio and written advertising and direct sales materials for Centers in your area; purchasing direct mail and other media advertising for Centers in your area; implementing direct sales programs; and employing marketing, advertising and public relations firms to assist with the development and administration of marketing programs for Centers in your area.

The monies collected by us on behalf of a Regional Marketing Cooperative will be accounted for separately by us from our other funds and will not be used to defray any of our general operating expenses. You must submit to us and the Regional Marketing Cooperative any reports that we or the Regional Marketing Cooperative requires. Each Regional Marketing Cooperative must prepare financial statements annually, which will be subject to review by participating franchisees.

Your Center may not benefit directly or in proportion to its contribution to the Regional Marketing Cooperative from the development and placement of advertising and the development of marketing materials. Regional Marketing Cooperatives for Centers will be developed separately, and no cooperative will be intended to benefit the others. We will have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect amounts owed to the Regional Marketing Cooperative on behalf of and at the expense of the Regional Marketing Cooperative and to forgive, waive, settle and compromise all claims by or against the Regional Marketing Cooperative. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Regional Marketing Cooperative.

National Marketing Fund. We do not currently maintain or administer a National Marketing Fund. However, we may establish a National Marketing Fund. If we establish a National Marketing Fund, you will pay to us a weekly National Marketing Fee (the "National Marketing Fee") of up to 2% of your Gross Revenues, payable at the same time and in the same manner as Royalties. Upon 60 days' notice, we may increase or decrease the National Marketing Fee up to a maximum of 2% of your Gross Revenues. Centers owned by us or our affiliates will contribute to the National Marketing Fund on the same basis as our franchisees. We collected no National Marketing Fees in our fiscal year ended December 31, 2021.

We will direct all programs that the National Marketing Fund finances. We will have sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The National Marketing Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining franchise system websites and/or related strategies; administering regional and multi-regional marketing and advertising programs, such as purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices; implementing a loyalty program or other marketing programs designed to encourage the use of Centers; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

The purpose of the National Marketing Fund is to maximize recognition of the applicable Marks and patronage of Centers. Although we will try to use the National Marketing Fund to develop advertising and marketing materials and programs, and to place such materials that will benefit all Centers, we cannot ensure that National Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to National Marketing Fees by contributors operating in that geographic area or that any contributor benefits directly or in proportion to its National Marketing Fees from the development of advertising and marketing materials or the placement of advertising.

We will account for the National Marketing Fund separately from our other funds. We may use the National Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the National Marketing Fund, the National Marketing Fund's other administrative costs, travel expenses of personnel while they are on National Marketing Fund business, meeting costs, overhead relating to National Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the National Marketing Fund and its programs, including research, public relations, preparing materials, and collecting and accounting for National Marketing Fees.

The National Marketing Fund is neither our asset nor a trust. We have an obligation to hold all National Marketing Fees for the benefit of the contributors and to use National Marketing

Fees only for their permitted purposes described above. We have no fiduciary obligation to you for administering the National Marketing Fund. The National Marketing Fund may spend in any fiscal year more or less than the total National Marketing Fees collected in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on National Marketing Fees to pay costs before spending the National Marketing Fund's other assets. Any funds remaining in the National Marketing Fund at the end of the year will roll over to the next year. We will not use National Marketing Fees for advertising that principally is a solicitation for the sale of franchises.

We will prepare an annual, unaudited statement of National Marketing Fund collections and expenses and give it to you upon written request. We may have the National Marketing Fund audited annually, at the National Marketing Fund's expense, by an independent certified public accountant. We may incorporate the National Marketing Fund or operate it through a separate entity when we think appropriate. Our successor entity will have all of the rights and duties described here.

We may use collection agents and institute legal proceedings to collect National Marketing Fees at the National Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the National Marketing Fund. Except as otherwise disclosed, we assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the National Marketing Fund. If we terminate the National Marketing Fund, we will (at our option) either spend the remaining National Marketing Fund assets or distribute the unspent assets to contributors (including us and our affiliates, if applicable) then contributing to the National Marketing Fund in proportion to their contributions during the preceding twelve (12) month period.

Franchisee Advisory Council. We currently do not have an advisory council that advises us on advertising policies, though we may establish such a council in the future.

Franchise System Website. You must not, directly or indirectly, establish or operate a website, domain name, email address, social media account, username, other online presence or presence on any electronic medium of any kind (an "Internet Account") that in any way concerns, discusses or alludes to us, the Doodle Bugs! System, or your franchise. You may not use the Marks as part of or with any Internet Account, unless we specifically approve such use. You may not establish or permit anyone else to establish any links to any Internet Account. We currently provide you with a webpage on the Doodle Bugs! main website, which lists information about your Center. We control the information disclosed on the webpage for your Center.

Electronic Cash Registers and Computer Systems

We require you to use certain computer equipment and software. You may select any computer hardware that meets or exceeds our current minimum requirements.

Electronic Cash Register. We do not currently have an electronic cash register. However, we may require you to purchase specified point of sale or register equipment and software and/or portable hand-held devices.

Hardware. We require you to purchase at least the following computer hardware for your Center:

- 1 Microsoft Windows-based PC running the latest version of Windows Operating System to operate as a server.
- 2 Microsoft Windows-based touch computers or PCs with touch monitor running the latest version of Windows Operating System to operate as Check Point Stations.
- 1 Microsoft Windows-based PC running the latest version of Windows Operating System to operate as front desk computer.
- 2 Microsoft Windows-based laptops running the latest version of Windows Operating System for use by the Center Director and the Business Manager.
- 10-inch tablet computers running the latest version of iOS or Android for use in classrooms--1 for each infant room; 1 for each toddler room; 1 for every 4 children in each preschool room and Pre-Kindergarten classroom; 1 for every 5 children in each school-age classroom
- HD Webcam
- Wired and wireless routers, Ethernet switches, and other peripheral hardware necessary for Internet access
- WatchMeGrow Internet Surveillance System hardware, including the latest version of the video processing/recording server; video/audio camera devices for each classroom, each general assembly area, playgrounds, vestibule, lobby, kitchen, supply room, housekeeping room, and hallways

Software. We require you to purchase at least the following computer software for your Center:

- Pro Care Software. "Pro Care" is business management software provided by a third-party vendor, Pro Care Software.
- NEWare-Paradox Security Software. This system controls your Center's alarm system.

- QuickBooks. This is an accounting software package that integrates with other proprietary software.

- Microsoft Office.

- We also require you to subscribe to cloud-based subscription software, including a backup service, Internet filtering service, cloud-based file storage service, customer relations management, customer service survey, and e-mail account.

We have no contractual obligation to provide support for Microsoft software, Adobe Software, Intuit Software, or other third-party vendors of required software programs. You may be able to obtain support from your computer hardware manufacturer or directly from Microsoft. We have no contract with Microsoft or with any hardware manufacturer to provide you with service or support. We cannot estimate the cost of updates and upgrades and there is no limit to the frequency with which you may require them or the amount of the cost. We have not approved any alternative software at this time.

Maintenance Agreement. We require that you enter into a maintenance agreement with Pro Care Software, our approved vendor for Pro Care Management System. This management system provides technical support. The annual cost of this service is $948.

Our Access to Information and Data. We will have independent, unlimited access to the information and data stored and generated in your computer systems, including data stored using cloud-based storage. There are no contractual limitations on our rights to access this information and data. The information and data will include all information we require, including information about the families attending your Center and prospective families inquiring about your Center, employee and payroll information, accounts receivable, accounts payable, general accounting ledger, curricula, and audio and video footage from any video surveillance system we require you to use at your Center.

Ongoing Computer System Upgrades. You are responsible for maintaining, updating, and upgrading your hardware and software. We may recommend or require you to purchase or lease additional software or hardware. We do not provide any support for computer hardware or software operated on your computer systems. You must install and use upgrades and replacement software and hardware when we require it, which we may do at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs.

Manuals

The current table of contents for each of the Manuals is attached to this Disclosure Document as Exhibit D. We may modify the Manuals periodically to reflect changes in system standards. There are a total of 2,873 pages in the Manuals.

Training

Initial Training. Before opening your Center, you (or your approved Principal Owner if you are an entity) and your Center Director must successfully complete our initial training program (the "Initial Training") to our satisfaction. The Initial Training program will be conducted on an as-needed basis in Buffalo, New York, or at such other location(s) as we specify, which may include at an existing Center or virtually, such as through an online video-conferencing service. Each person who attends training will be required to execute a Consent, Waiver and Release for Training before beginning training. This document releases us or our other franchisees who might be involved in the Initial Training of liability for wages, benefits, and for injury, damages or harm that might occur while attending training. You will be responsible for all salaries, compensation, benefits, and living and travel expenses for yourself and your trainees. If you or your trainees do not satisfactorily complete the Initial Training, we may terminate your Franchise Agreement. We reserve the right to determine whether your trainees have satisfactorily completed the Initial Training.

Currently, the Initial Training lasts approximately 15 days. We may vary the length and content of the Initial Training based upon the experience and skill level of the individuals attending the Initial Training. We provide instructional materials and resources at the Initial Training.

The Initial Training will be conducted under the direction of Caroline Kozakiewicz, our Director of Center Operations. Ms. Kozakiewicz has 17 years of experience with us and 17 years of experience in the subjects taught.

There is no fee for up to 2 people to attend Initial Training if both people attend the same Initial Training at the same time and location. We may allow you to invite additional individuals to attend the Initial Training, but we may charge you $500 per day for each additional individual.

As of the issuance date of this Disclosure Document, we provide the following Initial Training program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Accounting Procedures	2	0	Buffalo, New York or other location designated by us**
Budgeting/Cost Control	3	0	Buffalo, New York or other location designated by us
Classroom Management	8	0	Buffalo, New York or other location designated by us

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Company Orientation & Objectives	2	0	Buffalo, New York or other location designated by us
Computer Systems	4	0	Buffalo, New York or other location designated by us
Crisis Management	2	0	Buffalo, New York or other location designated by us
Curriculum/Programs	16	0	Buffalo, New York or other location designated by us
Franchisor/Franchisee Relationship	1	0	Buffalo, New York or other location designated by us
Health & Safety	2	0	Buffalo, New York or other location designated by us
HR – Procedures & Management	4	0	Buffalo, New York or other location designated by us
HR - Professional Development	8	0	Buffalo, New York or other location designated by us
HR - Recruitment & Retention	4	0	Buffalo, New York or other location designated by us
Insurance	1	0	Buffalo, New York or other location designated by us
Licensing (State/Local)	2	0	Buffalo, New York or other location designated by us
Marketing & Advertising	4	0	Buffalo, New York or other location designated by us
New Center Development	4	0	Buffalo, New York or other location designated by us
Parent Relations	8	0	Buffalo, New York or other location designated by us
Parent Sales/ Enrollment Strategy	8	0	Buffalo, New York or other location designated by us
Policies & Procedures	4	0	Buffalo, New York or other location designated by us
Quality Assurance	4	0	Buffalo, New York or other location designated by us
Vendors	1	0	Buffalo, New York or other location designated by us
Total Hours	**92**	**0**	

** If necessary for safety reasons, we may require all or some portion of Initial Training to occur virtually, such as through an online video-conferencing service.

Center Director Training. In addition to the Initial Training, your Center Director must successfully complete our Center Director training program within 60 days after assuming the role of Center Director. Center Director training will be conducted in Buffalo, New York, or at such other location(s) as we specify, which may include at an existing Center or virtually. There is no fee for your 1st Center Director to attend Center Director training. If you hire a new Center Director, the new Center Director must complete Center Director training within 60 days after assuming the role of Center Director. For each Center Director after your 1st Center Director, you will pay a fee for the Center Director training. Our current fee for Center Director training is $350 per person per day. Center Director training typically lasts 10 days. You will be responsible for all salaries, compensation, benefits, and living and travel expenses for your Center Directors who attend Center Director training.

Additional Training. We may require you, your Center Director, and your employees to complete additional training if and as we determine in the future, including training programs provided by third parties. You will be responsible for our standard fees and any required travel expenses for such training, including all expenses incurred by your trainees.

Annual Franchise Conference. You must attend our annual franchise conference, if established, during the term of the Franchise Agreement. You will be responsible for all expenses incurred by you and your employees while attending the annual franchise conference, including transportation, lodging, meals, and wages. We will have the right to collect a conference fee from you for each person who attends the annual franchise conference.

ITEM 12.
TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may not relocate your franchise or establish additional franchise locations without our prior written consent.

You must operate your Center at a specific location we approve. We will grant you a geographic territory ("Territory") which we will describe in Exhibit B to the Franchise Agreement. If you are not in breach of the Franchise Agreement, we will not locate or open a competitor under the Doodle Bugs! marks and using the Doodle Bugs! system in your Territory, either company-owned or franchised, during the term of the Franchise Agreement. The Territory will generally be an area consisting of a 5-mile wide circle, with your Doodle Bugs! Children's Learning Academy located at the circle's center. In cities or towns with population in excess of 500,000 persons, the size of the Territory will be smaller, however, typically, no less than a 2-mile wide circle. The exact boundaries of your Territory will be further defined in the Franchise Agreement once the location is approved and the demographic information is fully analyzed by us. In determining the original size and boundaries of your Territory, we will consider demographic and other factors that we deem appropriate, including the number of people living within the market area, projected growth, age, income, marital status, age of children, workplace population, the number and size of competitors, location of elementary schools, traffic patterns, the competitive situation, economic data, business entities, rivers, mountains, major roads, and undeveloped land areas. Your Territory will not be identical to that of any other franchise and you must make your decision whether to purchase the franchise based upon your knowledge of your proposed Territory.

The Territory relates only to the location of other Doodle Bugs! sites and does not mean that we or other franchisees may not deal with customers who reside within your Territory. There are no restrictions on where customers may come from.

Your rights over your Territory are not dependent on achieving a certain sales volume, market penetration, or other contingency. However, the Franchise Agreement permits us to modify the boundaries and size of your Territory in a manner that we deem may support the development of other franchised or company-owned centers, if we determine in our discretion that the population and demographics of the Territory enables the Territory or any portion of the Territory to support an additional Center. If we modify your Territory, we will provide you with 30 days prior written notice which will include a description of the change to your Territory. If you otherwise meet our then current standards and requirements, we will give you the option to purchase the franchise in the new Territory which was formerly part of your Territory. Other than the option described above, you have no options, rights of first refusal, or similar rights to acquire additional franchises.

Centers, whether franchised or company-owned, are free to advertise, solicit and accept orders from any customers regardless of the location of your Center. There are no limitations on your ability to solicit customers from outside of your Territory. You may not sell any Center product or service through any alternative channel of distribution, including the Internet.

Except as described above, we and our affiliates retain all rights with respect to the location of other Doodle Bugs! centers and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities. These rights include the following activities:

(a) We may establish, and allow others to establish, other businesses and distribution channels (such as home shows, trade fairs, exhibitions, catalogs, mail order, independent retail outlets, and electronic media, including television, radio, the Internet and other new or emerging commercial technological media), wherever located, that operate under the Doodle Bugs! mark or any other trade names, trademarks, service marks or commercial symbols (other than a Doodle Bugs! center in your Territory) or any other name and selling products and/or services that are identical or competitive with childcare services.

(b) We may be acquired by a business providing competitive products and services, even if such business operates, franchises, and/or licenses competitive businesses in your Territory.

(c) We may acquire a business providing competitive products and services even if such business operates, franchises, and/or licenses competitive businesses in your Territory.

(d) We may engage in all other activities not expressly prohibited by the Franchise Agreement.

We are not required to pay you if we exercise any of the rights specified above inside or outside your Territory.

ITEM 13.
TRADEMARKS

We give you the non-exclusive right to use in your Center the name "Doodle Bugs!," and other trade names, trademarks, service marks, trade dress and logos we currently use or which we may adopt or approve. You must follow our rules when you use the Doodle Bugs! marks. You may only use the Doodle Bugs! marks exactly as we specify. You may not use any of the Doodle Bugs! marks in connection with the offer or sale of any unauthorized product or service.

We hold an irrevocable, worldwide license to use all of these Doodle Bugs! marks from our parent company, DBHC, which license is exclusive to our company-owned and franchised Centers.

In addition to its common law rights to the Doodle Bugs! marks, our parent company DBHC has secured federal trademark registrations as follows:

Mark	Registration Number	Registration Date
DOODLE BUGS!	2,423,391	January 23, 2001
BRAVO! – EARLY CHILDHOOD CURRICULUM	2,949,080	May 10, 2005

Mark	Registration Number	Registration Date
	5,327,129	November 7, 2017
	5,327,130	November 7, 2017
	5,333,759	November 14, 2017
DOODLE BUGS! Children's Learning Academy	5,349,204	December 5, 2017

All of these Doodle Bugs! marks are registered on the Principal Register of the United States Patent and Trademark Office (which we refer to as the USPTO) and all renewals and affidavits required as of the date of this Disclosure Document have been filed.

You must follow our rules when you use the Doodle Bugs! marks with modifying words, designs or symbols. You cannot use any mark in connection with the performance of any unauthorized services or the sale of any unauthorized products or in any other manner we have not expressly authorized in writing. Under the Franchise Agreement, you agree not to contest, directly or indirectly, our ownership, title, right or interest in the Doodle Bugs! marks, or our trade secrets, methods, procedures and techniques that are part of the Doodle Bugs! system or to contest our sole right to register, use or license others to use these Doodle Bugs! marks, trade secrets, methods, procedures and techniques.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state or any court. There are no pending infringement, opposition or cancellation proceedings or material litigation involving any of the principal trademarks.

There are no agreements currently in effect which significantly limit our rights to use or license the use of any trademarks, service marks, trade names, logo-types or other commercial symbols.

You must notify us immediately of any third party infringement or challenge to your use of any of the Doodle Bugs! marks, or of any claim by any person of any rights in any of the Doodle Bugs! marks or similar mark, and you may not communicate with any person other than us and our attorneys in connection with any such infringement, challenge or claim. We have the right to take whatever action we deem appropriate and to control exclusively any litigation or other proceeding arising from any infringement, challenge or claim relating to any of the Doodle Bugs! marks. You must sign any documents, provide such assistance and take any other lawful action that our attorneys say is necessary or advisable to protect and maintain our interests in any litigation or proceeding related to the Doodle Bugs! marks or otherwise to protect and maintain our interests in the Doodle Bugs! marks.

If we determine it is advisable for you to modify or discontinue the use of any of the Doodle Bugs! marks and/or use one or more additional or substitute trademarks or service marks, you must, at your expense, comply with our directions within 7 days after receiving notice.

Neither we nor our affiliates are obligated by the Franchise Agreement to protect your right to use the Doodle Bugs! marks or to protect you (by way of indemnification or otherwise) against infringement or unfair competition claims arising from your use of the Doodle Bugs! marks. However, we and our affiliates intend to take whatever action is necessary to protect their rights in the Doodle Bugs! marks and their right to set standards and guidelines to govern use of the Doodle Bugs! marks by franchisees.

We are aware of 2 potentially infringing uses of our trademarks, but we do not believe these potentially infringing uses materially affect your right to use our trademarks. Doodlebugs Childcare Center Corporation operates “Doodlebugs Gym and Preschool” in Carle Place, Nassau County, New York. “Sarah’s Little Doodlebugs Daycare” operates in Warsaw, Wyoming County, New York. We are not aware of the length of time of these potentially infringing uses. We are not obligated to take any actions against these centers.

Except as provided above, we do not actually know of either superior prior rights or infringing uses that could materially affect a franchisee’s use of our principal Doodle Bugs! marks.

ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise and have not filed any patent applications that are material to the franchise. We and/or our affiliates claim copyrights in the Manuals and revisions of all manuals and handbooks and construction plans loaned to you, and all training materials we provide or sell to you and your employees. We have not registered any copyrights with the United States Registrar of Copyrights, but may in the future.

The Manuals, the contents of each, and certain other information we will provide to you, including certain recipes and annual reports on marketing funds expenditures, if required, are all confidential trade secrets. All information we provide to you or which you develop in the course of performing under the Franchise Agreement which is not generally available to the public and which a competitor might find valuable are trade secrets. If we designate something as a "Trade Secret", you must treat it as a Trade Secret whether or not it would otherwise meet any definition of "Trade Secret". You are responsible for protecting all trade secrets and you cannot transfer them or sell them to anyone at any time. You must require your employees who have access to Trade Secrets to comply with your obligations under the Franchise Agreement to protect our Trade Secrets.

You must notify us immediately of any apparent infringement of or challenge to any of these copyrights, or of any claim by any person of any rights in any such copyright, and you may not communicate with any person other than us and our attorneys in connection with any such infringement, challenge or claim. We have the right to take whatever action it deems appropriate and to control exclusively any litigation or other proceeding arising from any infringement, challenge or claim relating to any of its copyrights. You must sign any documents, provide such assistance and take any action that our attorneys say is necessary or advisable to protect and maintain our interests in any litigation or proceeding related to its copyrights or otherwise to protect and maintain our interests in the copyrights.

If we determine it is advisable for you to modify or discontinue the use of any material covered by a copyright and/or use one or more additional or substitute materials, you must, at your expense, comply with our directions within 7 days after receiving notice.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials nor are there any infringing uses actually known to us that could materially affect a franchisee's use of the copyrighted materials in any jurisdiction. There are no agreements currently in effect that significantly limit our right to use or authorize franchisees to use the copyrighted materials. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the Doodle Bugs! system.

ITEM 15.
OBLIGATION TO PARTICIPATE IN THE OPERATION OF THE FRANCHISED BUSINESS

You must operate your Center in accordance with the provisions of the Franchise Agreement and the Manuals, perform all obligations contained in the Franchise Agreement and the Manuals and continuously exert your best efforts to promote and enhance the business of your Center for the term of the Franchise Agreement.

If you are a corporation, partnership or limited liability company, you must identify one of your owners, who owns at least a 25% ownership interest in your profits, and who must be approved by us (the "Principal Owner"). You may not change the Principal Owner without our prior written consent. You (or your Principal Owner) must devote your full time and effort to managing your Center. Unless we approve otherwise, in writing, your Center is to be at all times under your Center Director's direct on-premises supervision. The Center Director must be a different individual than the Principal Owner.

You may not engage in any other childcare related business or other business or enterprise that may be in competition with us during the term of the Franchise Agreement or for the period after termination of your Franchise Agreement as provided in the agreement. You must require every employee with access to trade secrets (including the Center Director) to sign a Confidentiality and Non-Competition Agreement. The current form of this agreement is Exhibit F to the Franchise Agreement.

You, or if you are a corporation, partnership, limited liability company or other business entity, each of your owners, must not only personally guarantee your obligations under the Franchise Agreement but also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, including monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. The current form of this guaranty of performance and payment is attached as Exhibit E to the Franchise Agreement. If any of your owners is married, their spouse may also be required to consent in writing to the owner's execution of the guaranty.

Under the Preliminary Agreement, if you are a corporation, partnership, limited liability company or other business entity, each of your owners, must sign an Individual Owner Addendum, attached as Exhibit B to the Preliminary Agreement, under which each of your owners agrees to be bound to the terms of the Preliminary Agreement governing covenants of non-disclosure, non-competition, non-assignment, the obligation to arbitrate, and other agreement provisions.

Quality staffing, in-service training and adherence to franchise operating procedures are important to establishing and maintaining a high-quality early childhood program. You (or if you are an entity, your Principal Owner) must complete the initial training program and provide at least 35 hours of on-premise supervision per week as business manager of your Center, and at all times during normal business hours you must appoint a qualified, fully trained employee to oversee the operations of the Center in the absence of you or your Principal Owner. In addition, this business manager/franchise owner must hire a qualified, fully trained center director (the "Center Director"), who must also provide at least 35 hours of on-site supervision and manage various aspects of your Center's day-to-day operations. Your Center Director can be the spouse of you or your business manager or another owner of the franchise. All other employees must meet our minimum requirements and must complete both an orientation program and continued in-service training. Your Center must maintain sufficient staffing as required in the Manuals.

We may require you, at our request, to remodel your Center at your expense so that it conforms to our then-current image for design, trade dress, color schemes and presentation of the Doodle Bugs! marks. We will not require you to remodel your Center more than once every 7 years.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may not offer for sale any products or services that do not meet our standards or approval. You may not use the Center for any other purposes other than the intended operations. We may make changes to include new curriculum, programs, or systems for educational, recreational, and childcare-related services and activities. You must implement any new curriculum, programs, or systems that we develop and must make any expenditures that are necessary for you to implement the new curriculum, programs, or systems.

Unless prohibited by law, we may periodically set a maximum or minimum price that you may charge for products and services offered by your Center. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including the maximum price we impose or down to and including the minimum price we imposes, but you may not charge any price in excess of the maximum price, or below the minimum price, set by us.

[*Remainder of page left blank intentionally.*]

ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
(a) Length of the franchise term	Section 1.01 of Franchise Agreement	15 years.
(b) Renewal or extension of the term	Article 9 of Franchise Agreement	If you are in good standing and we continue the franchise system in your area, we may permit you to renew for 1 additional term of 5 years under the then-current agreement, which may be materially different than the agreement we are now offering.
(c) Requirements for franchisee to renew or extend	Article 9 of Franchise Agreement	You must be current in payment of all fees and charges owed us, no more than 2 monetary defaults in last 3 years for which we gave you written notice, not be in material breach of any agreement with us, be in substantial compliance with your franchise agreement, pay a renewal fee, sign then-current Franchise Agreement, maintain possession of your Center, remodel your Center according to our then-current standards (regardless of cost), give us at least 6 months but not more than 12 months' notice, no unethical or dishonest acts during term of your franchise agreement and sign general release. The then-current form of Franchise Agreement that you must execute will supersede in all respects the terms of your original Franchise Agreement and may include materially different terms and conditions than your original Franchise Agreement, such as higher Royalty fees and Advertising fees.

Provision	Section in franchise or other agreement	Summary
(d) Termination by franchisee	Section 14.01 of Franchise Agreement Article 7 of Preliminary Agreement Section 8 of the Center Development Agreement	You may terminate the Franchise Agreement if we materially breach the agreement and do not cure default after notice from you. You may request the termination of the Preliminary Agreement, but you will lose all or a portion of the Preliminary Agreement Fee. You may terminate the Center Development Agreement if we materially breach the agreement and do not cure within 30 days after delivery of notice of the breach.
(e) Termination by franchisor without cause	Not applicable	We may not terminate the Franchise Agreement, Preliminary Agreement, or Center Development Agreement without cause.
(f) Termination by franchisor with cause	Section 14.02 of Franchise Agreement Section 8 of the Center Development Agreement	We may terminate only for cause. We may terminate the Center Development Agreement if you materially breach the agreement and do not cure within 30 days after delivery of notice of the breach. We may also terminate the Center Development Agreement if we terminate the Franchise Agreement.
(g) "Cause" defined–curable defaults	Section 14.02 of Franchise Agreement	You have 10 days to cure failure to maintain required insurance and monetary defaults; 72 hours to correct violation of any law, ordinance, rule or regulation; 30 days to cure operational defaults and other defaults not listed in (h) below); and 30 days to cure monetary defaults to third party vendors and/or suppliers.

Provision	Section in franchise or other agreement	Summary
(h) "Cause" defined–non-curable defaults	Section 14.02 of Franchise Agreement	Non-curable defaults under the Franchise Agreement include material misrepresentations or omissions; failure to open Doodle Bugs! Center within 18 months after you sign the Franchise Agreement; failure to satisfactorily complete initial training; abandonment; unapproved transfers; arrest for or conviction of a felony; being intoxicated or under the influence of illegal drugs while at the Center; dishonest or unethical conduct; unauthorized assignment of Doodle Bugs! Center, the franchise agreement, or ownership interest in you if you are a legal entity; loss of the right to occupy your premises; unauthorized use or disclosure of the Manuals or other confidential information; failure to pay taxes; understating Gross Revenues; repeated defaults (even if cured); an assignment for the benefit of creditors; appointment of a trustee or receiver; Doodle Bugs! Center is seized; filing of a petition of bankruptcy; default under any promissory note or other financing agreement; existence of any condition in or at the Doodle Bugs! Center or in connection with the operation of the Doodle Bugs! Center that presents an immediate health or safety concern for employees, children, or their families; or failure to comply with any other agreement with us or our affiliate and fail to cure within applicable cure period.

Provision	Section in franchise or other agreement	Summary
(i) Franchisee's obligations on termination/non-renewal	Article 16 and Section 19.17 of Franchise Agreement	Cease use of System, trademarks, telephone numbers, telephone listings, computer software, confidential information of the Manuals; notify required parties of termination; disable Internet Accounts or transfer to us; pay all amounts due; we have option to purchase or lease or assume lease for your Premises; pay continuing royalties on pending sales, if any; we have a right of first refusal to purchase any part of your business assets; pay us termination damages if the Franchise Agreement is terminated because of your default or by you without cause.
	Article 8 of Preliminary Agreement	Cease using the Manuals; return all our proprietary materials; cooperate with the transfer to us of the Center's site
	Section 8 of Center Development Agreement	If we terminate for cause or if you terminate without cause, you must pay us any balance due on the Center Development Program Fee and any outstanding reimbursements within 10 days.
(j) Assignment of contract by franchisor	Section 11.05 of Franchise Agreement and Article 12 of Preliminary Agreement	No restriction on our right to assign.
	Section 7 of the Center Development Agreement	We may not assign, except to our affiliate.

Provision	Section in franchise or other agreement	Summary
(k) "Transfer" by franchisee–defined	Section 11.01 of Franchise Agreement	Includes any assignment, transfer, sale, sublease or encumbrance of the Franchise Agreement, the franchise, the assets of your business, the Premises, or of any ownership interest in the franchisee if you are a corporation, partnership or limited liability company or other form of Entity.
(l) Franchisor approval of transfer by franchisee	Section 11.01 of Franchise Agreement	We have the right to approve or disapprove all transfers.
(m) Conditions for franchisor approval of transfer	Section 11.02 of Franchise Agreement	Your Center is open for business. All monetary obligations must be paid; you must not be in material breach of the franchise agreement or any other agreement; you have paid all debts owed for your Doodle Bugs! Center; if we request, you or transferee pays background check fee for transferee; transferee signs then-current forms of agreements (the provisions of which may differ materially from current agreements); transferee pays transfer fee; transferee pays training fee; transferee successfully completes training; transferee qualifies; transferee obtains approval to assume occupancy and possession of the premises; transferee obtains required approvals by applicable licensing agencies; transferee agrees to remodel or refurbish your Doodle Bugs! Center according to our specifications; you sign general release (unless prohibited by law); and we receive 60 day right of first refusal. The fee to transfer to an entity with identical ownership is $500.
(n) Franchisor's right of first refusal to acquire franchisee's business	Articles 11 and 16 of Franchise Agreement	We may match any offer for your business.

Provision	Section in franchise or other agreement	Summary
(o) Franchisor's option to purchase franchisee's business	Section 16.05 of Franchise Agreement	We have the right (but not the duty), exercisable by written notice to you given within 60 days after non-renewal, expiration or termination of the franchise, to purchase any assets of your business at fair market value.
(p) Death or disability of franchisee	Article 12 of Franchise Agreement	Your heirs or personal representative must, within 180 days, either (i) request the right to continue to operate the business, except that no transfer fee will be payable, or (ii) sell your Center to a third party, subject to the transfer conditions described in (m) above. If we deny a request to continue to operate the business, the 180 days to sell begins on the date of our denial. The same applies if you become disabled as defined in Article 14 of the Franchise Agreement.
(q) Non-competition covenants during the term of the franchise	Section 15.01 of Franchise Agreement Article 11 of Preliminary Agreement	You and your owners (and their immediate family members) may have no involvement, directly or indirectly, in any other business which primarily provides childcare and educational services to children aged 6 weeks to 12 years of age. No interference with our relationships with vendors, franchisees, or consultants. No direct or indirect participation in any childcare business within 15-mile boundary of your Designated Area or within 5 miles of any other Doodle Bugs! Children's Learning Academy then in existence or being built.

Provision	Section in franchise or other agreement	Summary
(r) Non-competition covenants after the franchise is terminated or expires	Section 15.02 of Franchise Agreement	For 24 months, you and your owners (and their immediately family) must not operate a childcare business within 15 miles of the boundaries of your Territory, solicit or divert any of our customers or vendors or customers or vendors of any other franchisee, or disclose any trade secrets. For 24 months, you will not be employed by or in business with any person or entity that does any of those things. For 24 months, you cannot locate a competing business within 5 miles of any Doodle Bugs! Children's Learning Academy, Company-owned or franchise location.
	Article 11 of Preliminary Agreement	For 24 months, no direct or indirect leasehold or ownership interest in any site identified as a potential site for a Doodle Bugs! Children's Learning Academy. For 24 months, no direct or indirect participation in any childcare business within 15-mile boundary of your Designated Area or within 5 miles of any other Doodle Bugs! Children's Learning Academy then in existence or being built.
(s) Modification of the agreement	Sections 1.05 and 19.12 of Franchise Agreement and Article 17 of Preliminary Agreement	Only by written agreement; we may modify the Manuals at any time.
	Section 13 of the Center Development Agreement	No modification except by written agreement of all parties.

Provision	Section in franchise or other agreement	Summary
(t) Integration / merger clause	Section 19.11 of Franchise Agreement Article 17 of Preliminary Agreement Section 12 of the Center Development Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representation or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Only the terms of the Preliminary Agreement are binding (subject to state law). Any representation or promises outside of the Disclosure Document and Preliminary Agreement may not be enforceable. Only the terms of the Center Development Agreement are binding (subject to state law). Any representation or promises outside of the Disclosure Document and Center Development Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Article 17 of Franchise Agreement; Article 13 of Preliminary Agreement; and Section 10 of the Center Development Agreement	Except for actions based on your use of the Marks, we and you must arbitrate all disputes at a location within 50 miles of Buffalo, New York.
(v) Choice of forum	Section 19.09 of Franchise Agreement; Article 17 of Preliminary Agreement; and Section 10 of the Center Development Agreement	Litigation or arbitration must be in the state of New York. (Unless prohibited by laws of the state where the center is located)

Provision	Section in franchise or other agreement	Summary
(w) Choice of law	Section 19.09 of Franchise Agreement; Article 17 of Preliminary Agreement; and Section 10 of the Center Development Agreement	Except for U.S. Federal Arbitration Act and other federal laws in the U.S., New York law applies.

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit F.

ITEM 18.
PUBLIC FIGURES

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

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing franchise location 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Doodle Bugs! Franchising Company, LLC, Anthony Insinna, President & CEO, 20 Losson Road, Suite 215, Buffalo, New York 14227, (716) 668-5111, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary for Years 2019 to 2021 [1]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	2	1	-1
	2020	1	1	0
	2021	1	1	0
Company-Owned [2]	2019	13	13	0
	2020	13	15	+2
	2021	15	16	+1
Total Outlets	**2019**	**15**	**14**	**-1**
	2020	**14**	**16**	**+2**
	2021	**16**	**17**	**+1**

1/ All dates in this and the other tables in this Item 20 are as of December 31 of each year.

2/ "Company-owned" outlets are owned and operated by DBNY.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the franchisor) for years 2019 to 2021

State	Year	Number of Transfers
All States	2019	0
	2020	0
	2021	0
Total	**2019**	**0**
	2020	**0**
	2021	**0**

Table No. 3

Status of Franchised Outlets for Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
New York	2019	2	0	0	0	1	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Totals	**2019**	**2**	**0**	**0**	**0**	**1**	**0**	**1**
	2020	**1**	**0**	**0**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**0**	**1**

Table No. 4

Status of Company-Owned Outlets for Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2019	2	0	0	1	0	1
	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
New York	2019	9	0	1	0	0	10
	2020	10	1	0	0	0	11
	2021	11	0	0	0	0	11
Pennsylvania	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	1	0	0	0	3
Totals	**2019**	**13**	**0**	**1**	**1**	**0**	**13**
	2020	**13**	**2**	**0**	**0**	**0**	**15**
	2021	**15**	**1**	**0**	**0**	**0**	**16**

Table No. 5

Projected Openings as of December 31, 2021

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
All States	0	0	0
Total	0	0	0

Exhibit C to this Disclosure Document contains a list of the names of all of our current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2021. No franchisee had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or did not communicate with us within 10 weeks of the Disclosure Document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the past 3 fiscal years, franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Doodle Bugs! franchise system. 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.

No independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21.
FINANCIAL STATEMENTS

Exhibit A to this Disclosure Document contains our audited financial statements for fiscal years 2021, 2020, and 2019. Our fiscal year ends on December 31.

ITEM 22.
CONTRACTS

The following contracts are attached as exhibits to this Disclosure Document.

Exhibit B - Franchise Agreement, which includes the following exhibits:

Exhibit C	Lease Conditional Assignment Agreement
Exhibit D	Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Accounts
Exhibit E	Personal Guaranty, Non-Competition and Transfer Restriction Agreement
Exhibit F	Confidentiality and Non-Competition Agreement (Franchisee's Employees)

Exhibit H - Preliminary Agreement, which includes the following exhibits:

Exhibit A	Mutual Termination of Preliminary Agreement and Release
Exhibit B	Individual Owner Addendum

Exhibit I - Center Development Agreement

Exhibit J - Representations and Acknowledgement Statement (Preliminary Agreement)

Exhibit K - Representations and Acknowledgement Statement (Franchise Agreement)

ITEM 23.
RECEIPTS

Exhibit L contains detachable documents acknowledging your receipt of this Disclosure Document.

EXHIBIT A

FINANCIAL STATEMENTS

Doodle Bugs! Franchising Company, LLC

Financial Statements
December 31, 2021, 2020 and 2019
With
Independent Auditors' Report

DOODLE BUGS! FRANCHISING COMPANY, LLC

Table of Contents

SBFR PARTNERS LLP
Certified Public Accountants & Consultants

Independent Auditors' Report

To the Board of Directors and Member
Doodle Bugs! Franchising Company, LLC

Opinion

We have audited the accompanying financial statements of Doodle Bugs! Franchising Company, LLC, which comprise the balance sheets as of December 31, 2021, 2020 and 2019, and the related statements of income and member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Doodle Bugs! Franchising Company, LLC as of December 31, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance 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 the Financial Statements section of our report. We are required to be independent of Doodle Bugs! Franchising Company, LLC 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Doodle Bugs! Franchising Company, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, 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.

2425 Sweet Home Road | Amherst, New York 14228 | Phone 716.389.2900 | Fax 716.260.1291 | sbfrpartners.com

Independent Auditors' Report (Continued)

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 an 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 Doodle Bugs! Franchising Company, 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 the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Doodle Bugs! Franchising Company, 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.

SBFR Partners LLP

Amherst, New York
March 23, 2022

DOODLE BUGS! FRANCHISING COMPANY, LLC

Balance Sheets
December 31, 2021, 2020 and 2019

	2021	2020	2019
ASSETS			
CURRENT ASSETS:			
Cash	**$ 47,612**	$ 62,652	$ 2,970
Accounts receivable	**1,299**	2,005	3,073
Total current assets	**48,911**	64,657	6,043
EQUIPMENT:			
Office equipment	**2,562**	2,562	2,562
Less: accumulated depreciation	**(2,562)**	(2,562)	(2,562)
	-	-	-
OTHER ASSETS:			
Intangible assets, net	**5,903**	7,411	8,919
	5,903	7,411	8,919
	$ 54,814	$ 72,068	$ 14,962
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)			
CURRENT LIABILITIES:			
Accounts payable	**$ -**	$ 117	$ 4,850
Deferred revenue - initial franchise fees (Note 2)	**6,367**	6,367	6,347
Total current liabilities	**6,367**	6,484	11,197
DEFERRED REVENUE - INITIAL FRANCHISE FEES	**22,814**	29,180	35,567
	29,181	35,664	46,764
MEMBER'S EQUITY (DEFICIT)	**25,633**	36,404	(31,802)
	$ 54,814	$ 72,068	$ 14,962

See Accompanying Notes to Financial Statements.

DOODLE BUGS! FRANCHISING COMPANY, LLC

Statements of Income and Member's Equity (Deficit)
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
REVENUES:			
Royalties	**$ 127,107**	$ 108,738	$ 253,136
Initial franchise fees (Note 2)	**6,367**	6,367	6,347
Merchandise sales	**1,930**	971	6,389
Other	**2,089**	11,114	4,610
	137,493	127,190	270,482
OPERATING EXPENSES:			
Professional fees	**11,278**	7,919	73,699
Cost of merchandise sold	**1,741**	834	5,102
Depreciation and amortization	**1,508**	1,508	1,548
Computer services	**1,090**	1,922	4,344
Other	**495**	584	612
	16,112	12,767	85,305
NET INCOME	**121,381**	114,423	185,177
MEMBER'S EQUITY (DEFICIT):			
Beginning of year	**36,404**	(31,802)	11,761
Cumulative effect of adoption of ASC 606 (Note 2)	**-**	-	(48,261)
Distributions	**(132,152)**	(46,217)	(180,479)
End of year	**$ 25,633**	$ 36,404	$ (31,802)

See Accompanying Notes to Financial Statements.

DOODLE BUGS! FRANCHISING COMPANY, LLC

Statements of Cash Flows
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 121,381**	$ 114,423	$ 185,177
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**1,508**	1,508	1,548
Net changes in operating assets and liabilities:			
Accounts receivable	**706**	1,068	7,341
Accounts payable	**(117)**	(4,733)	(20,303)
Deferred revenue - initial franchise fees	**(6,366)**	(6,367)	(6,347)
Net cash provided by operating activities	**117,112**	105,899	167,416
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributions	**(132,152)**	(46,217)	(180,479)
Net cash used in financing activities	**(132,152)**	(46,217)	(180,479)
NET INCREASE (DECREASE) IN CASH	**(15,040)**	59,682	(13,063)
CASH:			
Beginning of year	**62,652**	2,970	16,033
End of year	**$ 47,612**	$ 62,652	$ 2,970

See Accompanying Notes to Financial Statements.

DOODLE BUGS! FRANCHISING COMPANY, LLC

Notes to Financial Statements

For the Years Ended December 31, 2021, 2020 and 2019

1. NATURE OF OPERATIONS

Doodle Bugs! Franchising Company, LLC (the "Company"), a wholly-owned subsidiary of Doodle Bugs! Holding Company, Inc. ("DBHC"), was organized on January 11, 2006 in the State of New York to sell education-based child care franchises under the name "Doodle Bugs! Children's Centers" (Schools). The franchise offered is generally for a 15-year renewable term and provides franchisees the right to operate a School, offering preschool learning curriculum based programs. Under the standard franchise contract, the Company, among other duties, approves site locations, assists in obtaining financing, provides initial support and training of staff and provides operational support services to franchisees over the term of the agreement.

The Company is headquartered in Cheektowaga, New York. During the year ended December 31, 2019, DBHC acquired the Company's Greece, New York franchisee. As of December 31, 2021, the Company had one franchisee located in Victor, New York. The related franchise agreement expires in August 2032.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements have been presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents – The Company considers all cash accounts which are not subject to withdrawal restrictions and certificates of deposit with original maturities of three months or less to be cash equivalents. Cash and cash equivalents may exceed federally insured limits at various times throughout the year. The Company has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk with respect to its cash accounts.

Accounts Receivable – The Company evaluates customer creditworthiness prior to extending credit. Allowances for potential credit losses are determined based on historical experience and expected credit trends. When an account is deemed uncollectible, the Company charges expense. At December 31, 2021, 2020 and 2019, all accounts receivable were deemed fully collectible by management.

Equipment – Equipment is stated at cost. Depreciation over the estimated useful lives of the assets (7 years) is provided using accelerated methods for financial reporting purposes. Maintenance and repairs are expensed as incurred; significant betterments are capitalized. Depreciation expense was $40 for the year ended December 31, 2019. There was no depreciation expense for the years ended December 31, 2021 and 2020.

Intangible Assets – Intangible assets consist of the costs of developing the Company's franchise documents and are recorded at cost. Amortization expense is recognized over a 15-year period using the straight-line method. Amortization expense amounted to $1,508 for the years ended December 31, 2021, 2020 and 2019. As of December 31, 2021, 2020 and 2019, the amounts in the accompanying balance sheets are reflected net of accumulated amortization of $16,713, $15,205, and $13,697, respectively. Amortization expense is expected to be $1,508 for the ensuing three years and $1,379 for the subsequent fourth year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Revenue Recognition – The Company's revenues primarily consist of initial franchise fees and ongoing royalty, marketing and support fees. The Company's standard franchise agreement generally requires ongoing royalty fees of 6% of gross revenues, plus local marketing and local support fees of 2% of gross revenues, as defined. Additionally, the Company's standard franchise agreement also provides for an initial franchise fee of $95,500 which is comprised of the following:

- a preliminary agreement fee of $25,000
- a franchise license and development fee of $65,000, and
- a background check fee of $5,500

The Company recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Ongoing royalty income is based on a percentage of franchisee revenues and is recognized at the time such revenues are earned. Initial franchise fees are required to be recognized as the Company satisfies its performance obligation over the franchise period, which is generally on a straight-line basis over a 15-year term.

During the year ended December 31, 2019, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09") retrospectively which changed the timing in which the Company recognizes its initial franchise fee revenue. The adoption of ASU 2014-09 resulted in a cumulated adjustment of $48,261 being recorded as deferred revenue with an offsetting charge to member's equity. Initial franchise fee revenues are expected to approximate $6,367 per year through August 2027.

Income Taxes – The Company is a disregarded entity for federal and New York State income tax purposes; accordingly, no income tax provision has been reflected in the accompanying financial statements as income or loss from the Company is included in DBHC's income tax returns.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB Accounting Standards Codification 740, *Income Taxes*. Under this guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. As of December 31, 2021, 2020 and 2019, the Company had no unrecognized tax benefits recorded in the financial statements. DBHC may be subject to examination by taxing authorities, however at December 31, 2021 there were none in progress.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Subsequent Events – Management has evaluated events and transactions that occurred between January 1, 2022 and March 23, 2022, which is the date these financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

3. RELATED PARTY TRANSATIONS

The Company has a licensing agreement with DBHC for the use of the "Doodle Bugs!" trademark. The Company also has a servicing agreement with DBHC for the Company's allocable share of common administrative and management functions. During the years ended December 31, 2021, 2020, and 2019, the Company paid distributions to DBHC in the amounts of $132,152, $46,217, and $180,479, respectively.

4. COMMITMENTS AND CONTINGENCIES

Retirement Plan – The Company participates in DBHC's defined contribution plan which covers substantially all employees who have attained the age of 21 and completed one year of service. Eligible participants can elect to make voluntary pre-tax contributions to the plan up to the limits imposed by the Internal Revenue Service. The Company provides matching contributions of 50% of the first 4% contributed by employees. There were no Company contributions to the plan during the years ended December 31, 2021, 2020 and 2019.

Guarantees – The Company and DBHC have cross-guaranteed and cross-collateralized various notes payable of certain related entities. At December 31, 2021, 2020 and 2019, the total outstanding balance of the related debt approximated $22,350,000, $23,120,000 and $19,080,000 respectively.

Legal Proceedings – DBHC, the Company's parent, is involved in certain legal proceedings in the normal course of business. Management does not anticipate that the outcome of these proceedings will have a material effect on the Company's financial position or results of operations.

COVID-19 Global Pandemic – During March 2020, the United States of America experienced a national health emergency related to the global COVID-19 virus pandemic. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but have the potential to result in a significant economic downturn. The impact of this situation on the Company and its future results and financial position is not presently determinable as of the date of these financial statements.

* * * * * * * * * * * * *

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

Franchise Agreement Table of Contents

FRANCHISE AGREEMENT

Doodle Bugs! Franchising Company, LLC
A New York Limited Liability Company

20 Losson Road, Suite 215
Buffalo, New York 14227
716-668-5111

www.doodlebugs.com

Franchise Agreement No.: _________

DATED: ____________________________________ ("**Effective Date**")

BETWEEN: **Doodle Bugs! Franchising Company, LLC** ("**Franchisor**")

AND: ____________________________________ ("**Franchisee**")
____________________________________ (address of Franchisee)
____

RECITALS

WHEREAS, Franchisor holds a license to the trademarked name "Doodle Bugs!" and related logos, service marks, trade dress, and other commercial symbols as more fully described in this Agreement (hereinafter, collectively, the "**Marks**");

WHEREAS, Franchisor and its affiliates have developed a unique system--incorporating distinctive business formats, methods, rules, procedures, signs, designs, layouts, standards, and specifications--which primarily provides child care and educational services to children ages 6 weeks to 12 years of age under the Marks (hereinafter the "**System**");

WHEREAS, as between Franchisor and Franchisee, Franchisor is the sole and exclusive owner of all goodwill associated with and to become associated with the Marks, the value of which Franchisee acknowledges;

WHEREAS, Franchisee recognizes the advantages and value of the Marks and System and desires to obtain a license to own and operate a "Doodle Bugs! Children's Learning Academy" (a "**Center**");

WHEREAS, Franchisee recognizes the necessity and value of maintaining high standards and uniformity of appearance, image, products, services and customer relations in conformity with the System as Franchisor may modify it from time to time;

WHEREAS, Franchisee is aware of the risks, business and otherwise, associated with owning a Doodle Bugs! Franchised Business and has independently evaluated those risks without relying upon any representations from Franchisor or Franchisor's agents regarding revenues, profits or probability of success, excepting only those representations and accompanying cautions contained in Franchisor's Franchise Disclosure Document—revenues, profits or probability of success being affected primarily by factors beyond Franchisor's control, including Franchisee's skill, personality, diligence and dedication and general regional or local economic or demographic conditions;

WHEREAS, Franchisor and Franchisee have previously entered into that certain Preliminary Agreement (the "**Preliminary Agreement**"); and

WHEREAS, Franchisor, in reliance upon Franchisee's representations, is willing to provide certain training and other services and to grant a license, but only on the terms of this Agreement, which terms Franchisee understands and accepts and both parties acknowledge to be reasonable and material.

NOW THEREFORE, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, Franchisor and Franchisee mutually agree as follows:

Article 1 - License and System

1.01 Grant of License and Term.

1.01.01 Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee a non-exclusive license to operate one (1) Doodle Bugs! Franchised Business (as defined below) using the System and the Marks for a term beginning on the Effective Date and expiring fifteen (15) years from that date, unless sooner terminated under Article 14. Franchisee's Franchised Business shall be located only at the location specified in Exhibit A hereto, or at such other location within the Territory (as defined below) as Franchisor may approve in writing. Franchisee, based upon Franchisee's own research and knowledge, has selected a location pursuant to the Preliminary Agreement, which was previously executed between the Franchisor and Franchisee, and said location shall be accurately stated in Exhibit A. Franchisee shall not relocate Franchisee's Premises (as defined below) without Franchisor's prior written approval.

Franchisee agrees at all times to perform its obligations under this Agreement faithfully, honestly, and diligently and to use its best efforts to promote the Franchised Business. Franchisee may use the Premises only for its Franchised Business. Franchisee shall not to conduct the business of its Franchised Business at any location other than the Premises.

1.01.02 If Franchisee enters into a lease for the Franchised Business, which must have an initial term of at least fifteen (15) years, and such lease is of a term which commences after the Commencement Date of this Agreement so that the term of the lease will expire after the expiration date of this Agreement, then the term of this Agreement automatically will be extended through the termination date of the Franchisee's lease, it being the intention of Franchisor and Franchisee that this Agreement and the Franchisee's lease terminate simultaneously and that the Franchised Business be open and operational for at least fifteen (15) years.

1.02 Location and Territory.

1.02.01 Except as specifically permitted by this Agreement, Franchisee's Franchised Business shall be the only Doodle Bugs! Children's Learning Academy located within the geographical territory described in Exhibit B hereto (the "**Territory**"). Franchisor will not locate or open a competitive Doodle Bugs! Children's Learning Academy in the Territory, either company-owned or franchised, during the term of this Agreement, unless the Territory is modified as provided below in Section 1.02.03, so long as Franchisee is not in breach of this Agreement. However, there shall be no geographic restrictions upon where customers may come from for any Doodle Bugs! Children's Learning Academy, company-owned or franchised. Franchisor may locate or open a competitive Doodle Bugs! Children's Learning Academy, either company-owned or franchised, immediately outside the boundaries of the Territory.

1.02.02 Exclusions from Territory. Except as expressly limited in Section 1.02.01, Franchisee acknowledges that Franchisor and its affiliates retain the right at all times during this Agreement's term to engage in any and all activities that Franchisor and its affiliates deem appropriate and are not expressly prohibited under this Agreement, wherever and whenever Franchisor and its affiliates desire, and whether or not such activities compete with Franchisee's Franchised Business, including, without limitation, the right to:

(a) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, home shows, trade fairs, exhibitions, catalogs, mail order, independent retail outlets, and electronic media, including television, radio, the Internet and other new or emerging commercial technological media), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from the Centers (other than a Doodle Bugs! center in the Territory), and that sell products and/or services that are identical or similar to, and/or competitive with, those that the Centers customarily sell under any terms and conditions Franchisor or its affiliates deem appropriate;

(b) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Centers, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory;

(c) acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) a business providing products and services similar to those provided at Centers even if such business operates, franchises and/or licenses competitive businesses in the Territory;

(d) engage in all other activities not expressly prohibited by this Agreement.

Without limiting the generality of subsection (a) above, Franchisor and its affiliates shall have no obligation to share with Franchisee any revenues from alternative distribution activities.

1.02.03 Modifications of Territory. Franchisor reserves the right to adjust the Territory from time to time if, in Franchisor's sole discretion, the population and demographics of the Territory enables the Territory, or any portion thereof, to support another Doodle Bugs! Children's Learning Academy. In each such event, Franchisor will give Franchisee 30 days' written notice of such change, which notice shall set forth Franchisee's adjusted Territory. In addition, provided that Franchisee satisfies Franchisor's then current qualifications and standards for new franchisees and Franchisee has fully complied with this Agreement, Franchisor shall offer Franchisee the option to purchase the new Doodle Bugs! franchise which Franchisor proposes to service any portion of Franchisee's original Territory. Any such purchase shall be pursuant to the terms contained in Franchisor's then-current form of franchise agreement, which must be executed by Franchisee prior to the end of such 30-day period. If Franchisee does not execute such then-current form of franchise agreement within that 30-day period, Franchisor may then open or sell franchises for the operation of a Doodle Bugs! Franchise Center within the portion of the original Territory. In any event, effective as of the end of such 90-day period, the Territory shall be adjusted as set forth in the notice from Franchisor to Franchisee described above.

1.03 Franchised Business.

1.03.01 The term "**Franchised Business**" means a business in which the Franchisee engages which primarily provides child care and educational services to children aged 6 weeks to 12 years of age under the System and the Marks.

1.04 System and Marks.

1.04.01 Franchisee agrees to operate the Franchised Business only according to the System and only under the Marks pursuant to the Manuals and otherwise in accordance with this Agreement. Franchisee acknowledges that Franchisor or its affiliates owns all rights to the System and the Marks and Franchisee has only such rights as this Agreement grants. For purposes of this Agreement, the "**System**" includes the rights and obligations set forth in this Agreement, the Manuals furnished to the Franchisee as amended from time to time, Franchisor's name, training, formulas, methods of operation, reputation, advertising, system and similar benefits pursuant to which the Franchisee operates the Franchised Business. Franchisor's unique trade dress, all common law rights with respect to the name Doodle Bugs! Children's Learning Academy and similar marks and all registered trademarks are part of the Marks.

1.04.02 Unless otherwise first approved by Franchisor in writing or unless otherwise required by applicable law, Franchisee agrees to do business only under the name "Doodle Bugs! Children's Learning Academy". Franchisee shall not use the Marks in any manner not specifically approved by Franchisor, including, without limitation, as part of any website, domain name, email address, social media account, username, other online presence or presence on any electronic medium of any kind (an "**Internet Account**"). Further, Franchisee may not use any of the Marks in its legal name if Franchisee is an entity.

1.04.03 Franchisee shall immediately notify Franchisor, in writing, if Franchisee learns of any attempt by any person to infringe the Marks or to wrongfully appropriate the System or any part of it. Franchisor may, in its sole discretion, take whatever action it deems appropriate to protect or defend the Marks or System but is not obligated to take any action whatsoever. Franchisee agrees to fully cooperate with Franchisor in any action anticipated by or taken by or on behalf of Franchisor. If it becomes advisable at any time, as determined by Franchisor, for Franchisor, its affiliates, and/or Franchisee to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, Franchisee agrees to comply with Franchisor's directions within a reasonable time after receiving notice. Franchisor need not reimburse Franchisee for its direct expenses of changing its Center's signs, for any loss of revenue due to any modified or discontinued Mark, or for Franchisee's expenses of promoting a modified or substitute trademark or service mark. Franchisor's rights in this paragraph apply to any and all of the Marks (and any portion of any Mark) that Franchisor authorizes Franchisee to use in this Agreement. Franchisor may exercise these rights at any time and for any reason, business or otherwise, that Franchisor thinks best.

1.04.04 Franchisor may change the System or any part of the System at any time, and as changed it shall remain the System pursuant to this Agreement. Franchisor shall own any improvements or changes in the System whether developed by Franchisor, by Franchisee or by other franchisee(s) and shall have the right to adopt and perfect such improvements or changes without compensation to Franchisee or other franchisees. Franchisee assigns any such improvements to Franchisor and covenants to execute any documentation required to effect such assignment. If Franchisor modifies the System, Franchisee shall, at Franchisee's own expense except to the extent specifically provided in this Agreement, adopt and use such modification(s) as if it were part of the System at the time of execution of this Agreement.

1.05 Manuals.

1.05.01 Franchisor agrees to loan to Franchisee during the term of this Agreement one or more operations manuals (the "**Manuals**"), together with such updates and modifications as Franchisor may from time to time provide to Franchisee.

1.05.02 Franchisor may make any changes or modifications in the Manuals as in Franchisor's sole judgment are desirable. Franchisee, shall at all times, insure that its copy of each confidential manual is kept current and up-to-date, Franchisee agrees that if there should, at any time, be a discrepancy between the terms of Franchisee's copies of the Manuals and the master copies maintained in Franchisor's offices, the terms of the master copies shall prevail. Franchisee agrees, at all times, to conform to the Manuals in all respects including to obtain any equipment, fixtures, personnel or technology necessary to do so.

1.05.03 The Manuals are and shall at all times remain the property of Franchisor and shall be returned to Franchisor upon expiration, termination or nonrenewal of this Agreement for any reason. Franchisee agrees not to disclose or make it available to any other person or permit another to make any copies of the Manuals or any portion thereof without Franchisor's prior written consent. Franchisee shall pay to Franchisor Two Thousand Dollars ($2,000.00) for each and every volume of the Manuals or part thereof (including the Doodle Bugs! Curriculum) that is not returned to Franchisor upon the expiration or other termination of this Agreement.

1.05.04 Franchisee will at all times treat the Manuals (including the Doodle Bugs! Curriculum), any other teaching, training or instructional materials created for or approved for use in the operation of the Franchised Business, and the information contained in the Manuals as confidential, and Franchisee will maintain that information as secret and confidential. Except as approved in writing by Franchisor, Franchisee will not at any time copy, duplicate, record, or otherwise reproduce such materials, in whole or in part, or otherwise make the materials available to any unauthorized person.

1.05.05 Franchisor shall have the right, but not the obligation, to maintain the Manuals on the Doodle Bugs! Intranet System and may do so in lieu of providing to Franchisee any hard copies thereof.

Article 2 - Franchise Fees and Advertising

2.01 Initial Fees.

Franchisee shall pay to Franchisor a Franchise License Fee of Sixty-Five Thousand Dollars ($65,000.00) in a lump sum on the date this Agreement is executed by the Franchisee. This Franchise License Fee is in addition to the Preliminary Agreement Fee and Background Check Fee paid by Franchisee under the Preliminary Agreement previously entered into between Franchisee and Franchisor. The Franchise License Fee is fully earned by Franchisor when Franchisee signs this Agreement and is not refundable under any circumstances.

2.02 Royalties.

2.02.01 Franchisee shall pay to Franchisor a fee in an amount equal to six percent (6%) of Gross Revenues (as defined below) (the "**Royalty Fee**").

2.02.02 Franchisor reserves the right to assign a regional manager or other representative (a "**Regional Manager**") to support numerous franchisee locations within specific geographic areas determined by Franchisor ("**Designated Markets**"). If Franchisee's Franchised Business is located within a Designated Market, Franchisee will be required to pay to Franchisor an additional fee equal to one percent (1%) of Gross Revenue (the "**Local Support Fee**"). The Regional Manager will perform the guidance and services designated by Franchisor in its sole discretion. Franchisee acknowledges and agrees that the Regional Manager will not be required to be at the Franchised Business for any specific time period and will not be responsible for supervising any of Franchisee's employees or overseeing the operation of the Franchised Business.

2.02.03 Franchisee will pay the Royalty Fee and Local Support Fee (together referred to as "**Royalties**") on or before Tuesday of each week by Electronic Funds Transfer for Gross Revenues during the preceding week (beginning on Sunday and ending on Saturday). Franchisor may require Franchisee to pay Royalties by check, pre-authorized check, or other mechanism or to pay on a different periodic basis.

2.02.04 Franchisor may require Franchisee to use and pay for all required computer software programs and accompanying services to calculate amounts due, prepare and submit the required weekly and other reports, and/or remit the Royalties due under this Agreement. Franchisee is required to cooperate with Franchisor in the use of any software program and in the payment of any amounts due hereunder.

2.03 Gross Revenues.

The term "**Gross Revenues**" shall mean the full price of all goods and services sold by Franchisee from or relating to the Franchised Business, whether or not Franchisee has received cash or other consideration. The only thing not included in Gross Revenues is taxes or fees Franchisee is required to collect on behalf of the government and which Franchisee actually remits. Gross Revenues are calculated at the time Franchisee sells the goods or services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefore. In the event Franchisee stops doing business due to fire, act of God, natural disaster or other casualty "Gross Revenues" shall include proceeds received from Franchisee's business interruption insurance, which shall be maintained pursuant to Section 8.02 below.

2.04 Management Assistance.

If Franchisee requests, and Franchisor agrees to provide, additional or special guidance, assistance, certification programs, or training, Franchisor may charge Franchisee its then applicable fee, including per diem charges and travel and living expenses for Franchisor's personnel.

2.05 Pre-Opening Marketing and Grand Opening.

Six (6) months prior to opening its Center, Franchisee shall create a marketing and advertising program for the Franchised Business that specifies the types and timing of the marketing and advertising to be completed, and submit such program to Franchisor for approval. Franchisee acknowledges that the approval by Franchisor of any marketing or advertising plan in no way guarantees the success of such marketing or advertising activities. Franchisee shall, within 30 days after the date that Franchisee is open for business, publicize and conduct a grand opening consistent with Franchisor's guidelines as provided in the Manuals. The grand opening shall be appropriate for Franchisee's territory, location, community, competitive environment and similar factors. The combined cost of the Pre-Opening Marketing and Grand Opening shall be no less than Twenty Five Thousand Dollars ($25,000.00), which cost shall be borne entirely by the Franchisee.

2.06 Local and Cooperative Marketing.

Franchisee shall spend, on a monthly basis, not less than the greater of: (a) one percent (1%) of Gross Revenues or (b) One Thousand Dollars ($1,000.00) on local and cooperative marketing (the "**Local Marketing Fee**"). The Local Marketing Fee shall be in addition to the National Marketing Fees paid pursuant to Section 2.07. Franchisor may direct Franchisee to deposit some or all of its Local Marketing Fee into a Regional Marketing Cooperative, as described in Section 2.06.02.

2.06.01 Local Marketing. In addition to complying with the specific marketing requirements required by this Agreement, Franchisee shall place and pay for such other marketing as Franchisee deems necessary and appropriate. All advertising, marketing, public relations and promotional materials and methods that Franchisee proposes to use in connection with the Franchised Business must be clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that Franchisor prescribes from time to time. Before Franchisee uses them, Franchisee shall send Franchisor for approval samples of all advertising, promotional, and marketing materials which Franchisor has not prepared or previously approved. If Franchisee does not receive Franchisor's written approval within twenty (20) days after receipt of the materials, they are deemed disapproved. Franchisee may not use any advertising, promotional, or marketing materials that Franchise has not approved or has disapproved. Franchisee must comply with all of Franchisor's standards for its advertising, including Franchisee's Internet Accounts.

2.06.02 Regional Marketing Cooperative. If there are two or more Doodle Bugs! Centers (including franchises and company-owned centers) in a marketing area, as determined by Franchisor, the franchisees in such marketing area shall, upon Franchisor's request, form a Regional Marketing Cooperative and Franchisee shall participate in said cooperative and shall contribute such sums thereto as may be assessed by a majority vote of the cooperative. No Regional Marketing Cooperative shall make assessments of more than 2% of Gross Revenues, unless agreed to by all the members of such Regional Marketing Cooperative. Funds contributed to any Regional Marketing Cooperative shall satisfy the Local Marketing Fee requirements pursuant to 2.06 and be in addition to the National Marketing Fee paid pursuant to paragraph 2.07. Each Regional Marketing Cooperative will be organized and governed by written documents in a form and manner, and begin operating on a date, that Franchisor determines in advance. Such written documents will be available for participating Regional Marketing Cooperative franchise owners to review. Franchisor may change, dissolve and merge Regional Marketing Cooperatives. Franchisor must approve in its sole discretion all marking plans and materials of any such Regional Marketing Cooperative prior to use. Franchisee acknowledges that the approval by Franchisor of any marketing or advertising plan in no way guarantees the success of such marketing or advertising activities.

Each Center contributing to a Regional Marketing Cooperative will have one (1) vote on matters involving the activities of the particular Regional Marketing Cooperative. Franchisor agrees to assist in the formulation of marketing plans and programs, which will be implemented under the direction of the Regional Marketing Cooperative. Franchisee acknowledges and agrees that, subject to Franchisor's approval and subject to availability of funds, the Regional Marketing Cooperative will have discretion over the creative concepts, materials and endorsements used by it. Franchisee agrees that the Regional Marketing Cooperative assessments may be used to pay the costs of preparing and producing video, audio and written advertising and direct sales materials for Centers in Franchisee's area; purchasing direct mail and other media advertising for Centers in Franchisee's area; implementing direct sales programs; and employing marketing, advertising and public relations firms to assist with the development and administration of marketing programs for Centers in Franchisee's area.

The monies collected by Franchisor on behalf of a Regional Marketing Cooperative will be accounted for separately by Franchisor from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses. Franchisee agrees to submit to

Franchisor and the Regional Marketing Cooperative any reports that Franchisor or the Regional Marketing Cooperative requires.

Franchisee understands and acknowledges that its Center might not benefit directly or in proportion to its contribution to the Regional Marketing Cooperative from the development and placement of advertising and the development of marketing materials. Regional Marketing Cooperatives for Centers will be developed separately and no cooperative will be intended to benefit the others. Franchisor will have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect amounts owed to the Regional Marketing Cooperative on behalf of and at the expense of the Regional Marketing Cooperative and to forgive, waive, settle and compromise all claims by or against the Regional Marketing Cooperative. Except as expressly provided in this Section 2.06.02, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Regional Marketing Cooperative.

2.06.03 Any costs associated with grand opening marketing fees, classified employee recruitment advertising, telephone directory advertisements, employee wages and benefits, faculty apparel, printed brochures and materials, business cards, on-premise events, and promotional items are separate obligations to be paid by the Franchisee and not to be included in the fees paid pursuant to this Section 2.06 and Section 2.07.

2.06.04 Franchisee will not, directly or indirectly, establish or operate an Internet Account except as approved in writing by Franchisor and in accordance with Franchisor's guidelines set forth in the Manuals or otherwise in writing from time to time. Franchisee shall not establish or permit or aid anyone else to establish any links to any Internet Account or any other electronic or computer generated advertising or communication arrangement which Franchisor may create. Franchisee must list its Center with the online directories and subscriptions that Franchisor periodically prescribes (such as Yelp® and Google®), and/or establish any other Internet Account that Franchisor requires or authorizes. If Franchisor approves the use of any such Internet Account in the operation of Franchisee's Center, Franchisee will develop and maintain such Internet Account only in accordance with Franchisor's guidelines, including Franchisor's guidelines for posting any messages or commentary on other third-party websites and Franchisor's guidelines, if any, with respect to the use and maintenance of applicable privacy policies. Franchisor will own the rights to each such Internet Account. At Franchisor's request, Franchisee agrees to grant Franchisor access to each such Internet Account, and to take whatever action (including signing assignment or other documents) Franchisor requests to evidence Franchisor's ownership of such Internet Account, or to help Franchisor obtain exclusive rights in such Internet Account.

2.07 National Marketing Fee.

2.07.01 Franchisor may establish a National Marketing Program, pursuant to which Franchisee shall pay to Franchisor a weekly National Marketing Fee (the "**National Marketing Fee**") of up to two percent (2%) of Gross Revenues, payable without setoff at the same time and in the same manner as Royalties. Franchisor may discontinue the National Marketing Fee at any time and may, thereafter, reinstate it upon a new thirty (30) calendar day notice. If Franchisor terminates the National Marketing Program, Franchisor will (at its option) either spend the remaining National Marketing Program assets in accordance with this Section 2.07 or distribute the unspent assets to contributors (including Franchisor and its affiliates, if applicable) then contributing to the National Marketing Program in proportion to their contributions during the preceding twelve (12) month period.

2.07.02 Franchisor may, upon at least sixty (60) calendar days prior written notice, increase or decrease the National Marketing Fee up to a maximum of two percent (2%) of Gross Revenues.

2.07.03 Franchisor will direct all programs that the National Marketing Program finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The National Marketing Program may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining a franchise system website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, e-mail, and display ad campaigns); to develop and maintain application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices; to implement a loyalty program or other marketing programs designed to encourage the use of Centers; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

2.07.04 Franchisor will account for the National Marketing Program separately from Franchisor's other funds and not use the National Marketing Program for any of Franchisor's general operating expenses. However, Franchisor may use the National Marketing Program to pay the reasonable salaries and benefits of personnel who manage and administer the National Marketing Program, the National Marketing Program's other administrative costs, travel expenses of personnel while they are on National Marketing Program business, meeting costs, overhead relating to National Marketing Program business, and other expenses that Franchisor incurs in activities reasonably related to administering or directing the National Marketing Program and its programs, including, without limitation, conducting market research; public relations; preparing advertising, promotion and marketing materials; and collecting and accounting for National Marketing Program contributions.

2.07.05 Contributions to the National Marketing Program will not be Franchisor's asset. The National Marketing Program is not a trust. Franchisor does not owe any fiduciary obligation to Franchisee for administering the National Marketing Program or any other reason. Franchisor will hold all National Marketing Program contributions for the benefit of the contributors and use contributions for the purposes described in this Section 2.07. The National Marketing Program may spend in any fiscal year more or less than the total National Marketing Program contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will use all interest earned on the National Marketing Program contributions to pay costs before using the National Marketing Program's other assets. Franchisor will prepare an annual, unaudited statement of National Marketing Program collections and expenses and give Franchisee the statement upon written request. Franchisor may have the National Marketing Program audited annually, at the National Marketing Program's expense, by an independent certified public accountant. Franchisor may incorporate the National Marketing Program or operate it through a separate entity whenever Franchisor deems appropriate. The successor entity will have all of the rights and duties specified in this Section 2.07.

2.07.06 Franchisor intends for the National Marketing Program to maximize recognition of the applicable Marks and patronage of Centers contributing to the National Marketing Program. Although Franchisor will try to use the National Marketing Program to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Centers contributing to the National Marketing Program, Franchisor need not ensure that National

Marketing Program expenditures in or affecting any geographic area are proportionate or equivalent to National Marketing Program contributions by Centers operating in that geographic area or that any Center benefits directly or in proportion to its National Marketing Program contribution from the development of advertising and marketing materials or the placement of advertising and marketing. Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings to collect National Marketing Program contributions at the National Marketing Program's expense. Franchisor also may forgive, waive, settle, and compromise all claims by or against the National Marketing Program. Except as expressly provided in this Section 2.07, Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, directing, or administering the National Marketing Program.

2.08 Rebates, Discounts and Allowances.

Franchisee acknowledges and agrees that Franchisor and/or its affiliates may derive revenue based on Franchisee's purchases and leases (including, without limitation, from charging Franchisee for products and services Franchisor or its affiliates provide to Franchisee and from payments made to Franchisor or its affiliates by suppliers that Franchisor designates or approves for some or all of Franchisor's franchise owners). Franchisor and any of its affiliates may use such revenue without restriction.

2.09 Interest and Late Charges on Late Payments

If Franchisor is unable to collect any payment from Franchisee when due pursuant to this Article 2 or any other payment when due as required by this Agreement, Franchisee will pay Franchisor, in addition to the overdue amount, interest on that amount from the date the amount was due until it is paid at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. In addition, any such amount which is not transferred as anticipated by this Article 2 or any other provision of this Agreement shall bear a late charge equal to ten percent (10%) of the total payment due to cover Franchisor's costs arising from the late payment. Entitlement to such interest and late charge will be in addition to any other remedies Franchisor may have. To insure the orderly electronic transfer of the royalties and all other fees as outlined in this Article 2 and in every other article and section of this Agreement, Franchisee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Franchisee to Franchisor.

Article 3 - Reports and Audits

3.01 Records and Reports.

Franchisee shall at all times maintain true and accurate business records in the manner specified by Franchisor. Franchisee shall, on a weekly basis or at such other intervals as specified by Franchisor, provide Franchisor with such report(s), in the form(s) specified by Franchisor, as Franchisor may require, and at such times as Franchisor may require, including, but not limited to, reports of Gross Revenues, reports of business expenses and overhead, customer information, copies of detailed purchase invoices, number and type of transactions, identity of vendors, the amount of marketing expenditures, detailed records of marketing expenditures, copies of inspection reports, and weekly or monthly sales summary. By submitting any reports to Franchisor, Franchisee is certifying that they are true and correct. Within fifteen (15) days following the end of each calendar quarter, Franchisee shall provide Franchisor with a copy of Franchisee's profit-and-loss statement for the preceding month and for year-to-date and a balance sheet current as of the end of the preceding month. Within ninety (90) days following the end of each calendar year, Franchisee shall provide Franchisor with a copy of Franchisee's balance sheet and an income and expense statement for the year. At the time they are filed, Franchisee shall provide Franchisor with copies of Franchisee's federal income tax return(s) and state and local excise tax returns, if applicable, together with all exhibits and schedules thereto and all amendments thereafter. Franchisor is authorized to rely upon such reports and financial documents and to disclose them to governmental authorities as and if properly requested. Franchisor may use data from the reports and financial documents in composite or statistical form for any purpose. Franchisor is authorized to obtain or verify the information and reports described herein by electronic means from Franchisee's computer(s), at any time, without prior notice. Franchisee shall retain all business records for at least five (5) years or such longer period of time as may be required by applicable law.

3.02 Failure to Report.

If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalties and National Marketing Fees for each relevant week and effect an electronic funds or other transfer of such funds calculated as the greater of (a) Franchisee's average weekly Royalties and National Marketing Fees over the prior twelve months or (b) the average weekly Royalties and National Marketing Fees of all similar franchisees within Franchisee's region as defined by Franchisor. Franchisee hereby authorizes Franchisee's bank to make such transfers upon Franchisor's request. No action taken under this sub-paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee's liability to pay fees under this Agreement.

3.03 Audits and Inspections.

Franchisor shall have the right, at any time, to enter the Premises (either physically or electronically, including without limitation, by accessing cloud-based data) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement. Should any audit or inspection reveal that Franchisee has underreported the amount of Gross Revenues, Franchisee shall immediately pay to Franchisor the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and one-half percent (1.5%) per month, but not more than the maximum interest allowed by applicable law. If an audit or inspection reveals that Franchisee has underreported Gross Revenues by three percent (3%) or more for any week, then Franchisee shall also pay, immediately, the cost of the audit or inspection. In all other cases, Franchisor shall bear the entire cost of the audit or inspection, including incidental costs. Should Franchisee at any time cause an audit to be made of Franchisee's Franchised Business, Franchisee shall cause a copy of the report of said audit to be delivered to Franchisor without any cost or expense to Franchisor.

In addition, Franchisor and its designated agents or representatives, may at all times and without prior notice to Franchisee: (i) inspect the Premises; (ii) photograph the Premises and observe and videotape the operation of the Center for consecutive or intermittent periods Franchisor deems necessary; (iii) interview the personnel and families of the Center; (iv) inspect the Computer System (defined below in Section 7.09), including hardware, software, security, configurations, connectivity, and data access; and (v) inspect and copy any books, records, and documents relating to the operation of the Center. Franchisee agrees to cooperate with Franchisor fully. If Franchisor exercises any of these rights, it will not interfere unreasonably with the operation of the Center. Franchisee agrees to present to its families the evaluation forms that Franchisor periodically prescribes and to participate and request its families to participate in any surveys performed by or for Franchisor.

3.04 Contact with Others.

Franchisor shall have the right, and without further notice to Franchisee or to any other person or entity, to contact any of: the families that attend or previously attended the Center; the Franchisee's landlord; the Franchisee's accountant; any vendors who supplied or serviced the Center; or other persons within Franchisee's Territory or otherwise for the purpose of verifying the accuracy of any information submitted by Franchisee, for quality assurance or for any other purpose not inconsistent with this Agreement.

Article 4 - Training

4.01 Initial Training.

Prior to the opening of Franchisee's Center, Franchisee (or its approved Principal Owner if Franchisee is an entity) and Franchisee's designated Center Director (as defined below) shall successfully complete Franchisor's initial training program (the "**Initial Training**"). The Initial Training program will be conducted at such location(s) as Franchisor specifies, including without limitation, at an existing Doodle Bugs! Children's Learning Academy owned by Franchisor, an affiliate of Franchisor or another franchisee. Alternatively, Franchisor may conduct Initial Training virtually, such as through the use of online video-conferencing software. Each individual who attends training will be required to execute a Consent, Waiver and Release for Training before beginning training, relieving Franchisor or other franchisees who might be involved in the training of liability for wages, benefits, and for injury, damages or harm that might occur while training in the facilities of Franchisor or another franchisee. Franchisee shall be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. After the Initial Training, Franchisor will be available for such consultation as Franchisor deems appropriate. Franchisor reserves to itself the exclusive right to determine whether Franchisee and other trainees have satisfactorily completed the training program. If Franchisee (or its approved Principal Owner if Franchisee is an entity) and Franchisee's designated Center Director, if applicable, do not satisfactorily complete the Initial Training program, Franchisor may terminate this Agreement. Franchisee acknowledges that such failure to satisfactorily complete the Initial Training program is cause for termination of this Agreement.

4.02 Center Director; Training.

Franchisee shall, prior to opening its Center and at all times during the term of this Agreement, retain a full-time employee who shall be responsible for implementing the curriculum for the Franchised Business and overseeing all teaching duties (the "**Center Director**"). At all times, Franchisee's Center Director shall be an individual who has successfully completed Franchisor's Center Director training program and who otherwise meets Franchisor's Center Director criteria. Any new Center Director shall successfully complete Franchisor's Center Director training program within 60 days after assuming the role of Center Director. The costs of training the initial Center Director are included in the Franchise License Fee payable pursuant to Section 2.01. Unless otherwise agreed to in writing by Franchisor, Franchisee shall bear the cost of training additional Center Directors after the first Center Director attended training.

4.03 Employee Training.

At all times, Franchisee shall employ only persons who have successfully completed the employee orientation process according to the Manuals and any other training requirements prescribed by the state and local child care licensing office. Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. It will be solely Franchisee's responsibility to ensure that all new employees and current employees are trained to perform their duties in a proper manner, at Franchisee's expense, for all of the employees of the Franchised Business according to specifications, standards and procedures provided in the Manuals as amended from time to time. All employees must have all certifications and credentials required by applicable state laws, licensing regulations and Franchisor, and must meet all continuing educational training requirements as may be specified by applicable laws, regulations and Franchisor.

4.04 Subsequent Training.

Franchisor may require Franchisee and Franchisee's Center Director and employees to complete additional training at a location determined by Franchisor, including courses and programs provided by third parties. Franchisee shall pay Franchisor's then-current fee(s) for such mandatory training. Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees.

4.05 Training Materials.

Franchisor may, from time to time, provide or make available to Franchisee training materials and equipment for providing training for Franchisee, Franchisee's Center Director(s) and employees. Franchisor may charge a fee for such materials and equipment. Franchisee agrees that all such materials are Trade Secrets pursuant to this Agreement. Franchisee agrees to require all of its Center Directors and employees, as applicable, to successfully complete any such training program(s) if Franchisor designates them as mandatory.

4.06 Annual Franchise Conference

Franchisee must attend Franchisor's Annual Franchise Conference, if established, during the term of this Agreement. Franchisee will be responsible for all expenses incurred by Franchisee and its employees in connection with attendance at the Annual Franchise Conference, including without limitation to transportation, lodging, meals and wages. Franchisor shall have the right to collect a conference fee from Franchisee for each individual who attends the Annual Franchise Conference.

4.07 No Warranty of Success.

Franchisor's determination that Franchisee or Franchisee's employee(s) have successfully completed any training shall not be a warranty or representation that the person can or will successfully operate the Franchised Business or any aspect thereof.

4.08 Entity Franchisee.

If Franchisee is an Entity as provided in Section 10.01 below, the Principal Owner (as defined in Section 7.02 below) of Franchisee or another individual as approved by Franchisor in writing shall attend all trainings required for Franchisee hereunder.

4.09 Safety.

Franchisor will not be required to send any of its personnel to the Center to provide any assistance or services if, in Franchisor's determination, it is unsafe to do so. Such determination by Franchisor will not relieve Franchisee from Franchisee's obligations under this Agreement (including, without limitation, to pay monies owed) and will not serve as a basis for Franchisee's termination of this Agreement.

Article 5 - Trade Secrets and Confidentiality

Franchisee will have access during the term of this Agreement to Trade Secrets that are the property of Franchisor. "**Trade Secrets**" include, but are not limited to: the System; the Manuals; formulas; methods; information relating to Franchisee's Center's children such as parents' names, addresses, telephone numbers, e-mail addresses, preferences, demographic information, and related information ("**Family Information**"); vendor and pricing lists and policies; the Initial Training program and all Center Director, employee and other training programs and materials; and other programs, techniques and policies as they may be developed by Franchisor from time to time. Franchisee acknowledges that the Trade Secrets derive independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons who could obtain economic value from their disclosure or use. Franchisee agrees to not disclose or in any way make available to any unauthorized person(s), during the term of this Agreement and after the Termination Date (defined in Section 15.02), any Trade Secret(s) or any information regarding any Trade Secret(s) or any proprietary information made available to Franchisee by Franchisor. Franchisee shall hold all such information in complete confidence. Franchisee will not disclose any Trade Secrets whatsoever to any person(s) not employed by or under contract with Franchisee. Franchisee will disclose Trade Secrets only to those employees and agents of Franchisee with a legitimate need to know, each of whom Franchisee warrants will be subject to this Article 5. Franchisee shall cause every Center Director and every employee who has access to Trade Secrets at any time during the term of this Agreement to sign a Confidentiality and Non-Competition Agreement in the form prescribed by Franchisor, the current form of which is Exhibit F hereto. Franchisee agrees that Franchisor shall have sole discretion in determining what items or information are Trade Secrets and that any items or information designated Trade Secrets by Franchisor in the Manuals or otherwise in writing shall be treated as Trade Secrets under this Agreement whether or not such items or information would be trade secrets under any other applicable legal or other definition(s), including any applicable statutes.

Franchisee acknowledges and agrees that, as between Franchisor and Franchisee, Franchisor is the sole owner of all right, title, and interest in and to the Franchise System and any Trade Secrets. All improvements, developments, derivative works, enhancements, or modifications to the Franchise System and any Trade Secrets (collectively, "Innovations") made or created by Franchisee, Franchisee's employees or Franchisee's contractors, whether developed separately or in conjunction with Franchisor, shall be owned solely by Franchisor. Franchisee represents, warrants, and covenants that Franchisee's employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to Franchisee. To the extent that Franchisee, its employees or its contractors are deemed to have any interest in such Innovations, Franchisee hereby agree to assign, and does assign, all right, title and interest in and to such Innovations to Franchisor. To that end, Franchisee shall execute, verify, and deliver such documents (including assignments) and perform such other acts (including appearances as a witness) as Franchisor may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Franchisee's obligation to assist Franchisor with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event Franchisor is unable for any reason, after reasonable effort, to secure Franchisee's signature on any document needed in connection with the actions specified in this section, Franchisee hereby irrevocably designates and appoints Franchisor and its duly authorized officers and agents as Franchisee's agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on Franchisee's behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this section with the same legal force and effect as if executed by Franchisee. The obligations of this section shall survive any expiration or termination of the Agreement.

Article 6 - Pre-Opening Obligations

6.01 Securing Location for Franchised Business.

6.01.01 Prior to entering into this Agreement, Franchisee has selected the location for the Franchised Business according to the terms of the Preliminary Agreement and Site Selection Manual. Such location has been approved by the Franchisor and is identified in Exhibit A (hereinafter "**Premises**"). Franchisee shall not sign a lease, sub-lease or purchase agreement until after Franchisee has received Franchisor's approval of the lease, sub-lease or purchase agreement in writing. Approval of the Premises or the lease, sub-lease or purchase agreement by Franchisor does not constitute a representation or warranty by Franchisor that the Premises will be good and does not constitute a legal or other opinion as to any term of the lease, sub-lease or purchase agreement.

6.01.02 Franchisee and Franchisee's landlord must execute the Lease Conditional Assignment Agreement in the form of Exhibit C, attached.

6.01.03 In the event the lease, sub-lease, or purchase agreement for the Premises is executed, but a contingency in the lease, sub-lease or purchase agreement is not met and as a result, the lease, sub-lease or purchase agreement is terminated, Franchisor will not refund any portion of the Preliminary Agreement Fee, Franchise License Fee, or Background Check Fee paid by Franchisee. Franchisor's sole obligation to Franchisee in such circumstances is to assist Franchisee, at no additional cost to Franchisee, in Franchisee's efforts to locate an alternative site. In all such cases, Franchisee must locate an alternative site that meet's Franchisor's specifications within a twelve (12) month period from the date of termination of original lease, sub-lease or purchase agreement. If an alternative site is not located within this twelve (12) month period, this Agreement shall automatically terminate and Franchisor will not refund any portion of the Preliminary Agreement Fee, Franchise License Fee, or Background Check Fee paid by Franchisee.

6.01.04 In some instances, Franchisor may have already entered into a master lease for the Premises. In such event, Franchisee shall execute a sublease or assignment agreement, as appropriate, subject to the same terms and conditions as the master lease. The sublease or assignment may provide that Franchisee shall pay rent and other obligations directly to the master landlord.

6.01.05 Franchisee or the Franchisee's landlord are responsible for obtaining all necessary governmental child care licensing approvals, zoning approvals, site plan approvals, project approvals, easements and all permits for construction. The Franchisor may provide assistance to Franchisee in obtaining these approvals, however, it is ultimately the Franchisee's obligation to obtain and maintain all such approvals. Any travel or related costs incurred by Franchisor in relation to such approvals shall be paid by the Franchisee.

6.02 Design and Construction.

6.02.01 Franchisee's Franchised Business shall operate only from Premises meeting Franchisor's specifications. Franchisee shall refer to and adhere to the Construction Manual and the Pre-Opening Manual provided to Franchisee by Franchisor for all specifications.

6.02.02 Franchisor will make available, at no charge to Franchisee, one set of sample Doodle Bugs! plans (not-for-construction), for the design and layout of a Doodle Bugs! Children's Learning Academy. The Franchisee, at Franchisee's sole cost and expense, must employ the Franchisor's approved Architect and other professionals to complete, adapt, modify or substitute the sample plans and specifications necessary for the construction of the Franchised

Business. All changes to the plans and the final set of "for-construction" plans and specifications must be approved in writing by Franchisor prior to construction.

6.02.03 Franchisee or Franchisee's landlord shall use a licensed, bondable general contractor approved in advance in writing by Franchisor to perform construction work at the Premises. Franchisee acknowledges that the approval by Franchisor of the general contractor in no way guarantees the performance by the general contractor. Franchisor shall have access to the Premises while work is in progress and may require such alteration or modification of the construction of the Premises as it deems necessary. The Franchisee shall not open if the Premises do not conform to the plans and specifications approved by Franchisor, including any changes to such plans and specifications accepted by Franchisor. Although Franchisor shall be permitted to inspect and ensure conformity with its plans and specifications, Franchisor and its agents are not licensed contractors and shall not be responsible for delays in the construction, equipping or decoration of the Premises or for any loss or damage to Franchisee or any third party resulting from the design or construction of the Premises.

6.02.04 Franchisee shall not open the Franchised Business until: (a) Franchisor notifies Franchisee in writing that the Premises are completed to the satisfaction of the Franchisor; (b) Franchisee (or its approved Principal Owner if Franchisee is an entity) and Franchisee's designated Center Director (as defined below) have satisfactorily completed initial training; (c) Franchisee has paid the initial franchise fee and all other amounts then due to Franchisor; (d) Franchisee has given Franchisor a copy of its fully executed lease for the Premises; (e) Franchisee gives Franchisor certificates for all required insurance policies; and (f) Franchisee has obtained all licensing and permits required for the operation of the Franchised Business. Once Franchisee has opened for business, Franchisee must operate its Franchised Business continuously for the remainder of the term of this Agreement.

6.03 Required Equipment

Franchisee shall acquire, install, and use, at Franchisee's sole cost and expense, the equipment required by Franchisor ("**Required Equipment**"). Franchisee shall not deviate from the Required Equipment, unless written approval is received by Franchisor. Required Equipment shall meet or exceed Franchisor's specifications. Franchisee shall purchase the Required Equipment only from vendors approved by Franchisor.

6.04 Appearance of Premises.

6.04.01 The Franchisee shall not open the Franchised Business if the Premises do not conform to the specifications designated by Franchisor. Franchisee or Franchisee's landlord shall complete all necessary leasehold and/or real property improvements; purchase and install all necessary building, classroom, playground and office equipment; purchase all necessary classroom learning materials, cleaning supplies, office supplies and food items; and maintain the interior and exterior of the Premises and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with Franchisor's requirements.

6.04.02 No construction debris or supplies, trailers, storage containers, or boxes from Required Equipment shall be permitted in or around the Premises prior to and during the operation of the License Business, unless agreed upon by Franchisor in writing.

6.05 Child Care Licensing & Government Operating Permits

At Franchisee's sole expense, Franchisee shall obtain and maintain in good standing all licenses, permits and approvals required by governmental agencies to operate the Franchised Business, including but not limited to, state and county child care licensing agencies, state and county health departments, and local municipal agencies that may regulate the operation of a child care center.

6.06 Pre-Opening Inspections

Franchisor maintains the right to enter and inspect or photograph the Premises at any time prior to opening by the Franchisee. Franchisee will cooperate at all times and in every manner with Franchisor's representatives in those inspections by rendering whatever assistance they may reasonably request. Upon notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee will take such steps as may be necessary to correct immediately any and all deficiencies detected during any such inspection, including without limitation, immediately correcting any problems with construction, leasehold improvements and equipment and supplies, and immediately desisting from the further use of any equipment, designs, advertising materials, products, child care methods or supplies that do not conform with Franchisor's then current plans and specifications, standards or requirements.

6.07 Opening Timeframe

Franchisee shall complete the construction and development of the Premises, and shall have the Franchised Business ready to open and commence the conduct of its business no later than eighteen months from the date this Agreement is executed. If the Premises are not ready to open or if Franchisee has not completed all required training pursuant to Article 4 within eighteen (18) months of this Agreement, then this Agreement and the Franchise granted hereby may be terminated upon the giving of written notice to Franchisee by Franchisor. Thereafter, Franchisee shall have no further nor other rights, claims, or causes against Franchisor arising out of the grant of this Franchise, or any matter related to the facts causing or allowing such termination.

6.08 Opening Assistance

In addition to Franchisor's Initial Training program, Franchisor shall also provide one operational supervisor for a period of up to ten (10) business days to assist in the opening of the Franchised Business. The cost of such services is included in the Franchise License Fee and shall include the cost of such training, including travel and related costs.

Article 7 - Operation of Franchised Business

7.01 Independent Contractor.

Each party to this Agreement is and shall remain an independent contractor and shall control the manner and means of operation of its respective business and shall exercise complete control over and responsibility for all labor relations and the conduct of its agents and employees. Neither party shall be considered or held out to be agent(s), joint ventures, partners or employee(s) of the other, except as specifically authorized by this Agreement. Neither party shall negotiate or enter into any agreement or incur any liability in the name of or on behalf of the other unless, and to the extent, specifically authorized by this Agreement. Franchisee shall prominently display signs at all times in the manner specified by Franchisor, indicating the name of the Franchisee and stating that the Franchised Business is independently owned and operated. Franchisee's business forms that bear the Marks shall contain Franchisee's name and a statement that the Franchised Business is independently owned and operated in such form as Franchisor may specify.

7.02 Management.

7.02.01 Throughout the term of this Agreement, Franchisee shall devote Franchisee's full time and effort to actively manage the Franchised Business. If Franchisee is a corporation, partnership or limited liability company (an "**Entity**"), the Franchisee must delegate its management to a responsible person, with at least a twenty-five percent (25%) ownership interest in the profits and losses of the Franchisee, who must be approved in writing by the Franchisor (the "**Principal Owner**"). Notwithstanding any delegation of authority hereunder, Franchisee, or its approved Principal Owner (if Franchisee is an Entity), shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Franchised Business. The Franchisee, or its approved Principal Owner (if Franchisee is an Entity), must spend at least thirty-five (35) hours per week at the Franchised Business during normal business hours, acting as the primary business manager, and at all times during normal business hours Franchisee must appoint a qualified, fully trained employee to oversee the operations of the Franchised Business in the absence of the Franchisee (or its Principal Owner if Franchisee is an Entity). Franchisee will not change, or permit a change of, the Principal Owner without Franchisor's prior written consent, which may be conditioned on the requirement that the proposed Principal Owner attends Initial Training (or any other training program that Franchisor deems necessary) and completes such training to Franchisor's satisfaction. Franchisee shall pay Franchisor's then-current fee(s) for such mandatory training. Franchisee shall be solely responsible for all salaries, compensation, benefits, and living and travel expenses of the proposed Principal Owner.

7.02.02 The Franchised Business will at all times be under the direct supervision of a qualified, Doodle Bugs! trained Center Director, who shall spend at least thirty-five (35) hours per week at the Franchised Business during normal business hours. The Center Director shall be a different individual than the Principal Owner. The Center Director shall be required to attend and successfully complete Franchisor's training program, as provided in Article 4 above. Franchisee shall keep Franchisor informed at all times of the identity of the Franchisee's Center Director and shall immediately inform Franchisor if such person tenders his/her resignation or is terminated by Franchisee.

7.03 Retail Prices.

Unless prohibited by applicable law, Franchisor may periodically set a maximum or minimum price that Franchisee may charge for products and services offered by Centers. If Franchisor imposes such a maximum or minimum price for any product or service, Franchisee may charge any price for the product or service up to and including the maximum price Franchisor imposes or down to and including the minimum price Franchisor imposes, but may not charge any price in excess of the maximum price, or below the minimum price, set by Franchisor. For any product or service for which Franchisor does not impose a maximum or minimum price, Franchisor may require Franchisee to comply with an advertising policy adopted by Franchisor which will prohibit Franchisee from advertising any price for a product or service that is different than Franchisor's suggested retail price. Although Franchisee must comply with any advertising policy Franchisor adopts, Franchisee will not be prohibited from selling any product or service at a price above or below the suggested retail price unless Franchisor imposes a maximum price or minimum price for such product or service.

7.04 Compliance with Laws.

7.04.01 Franchisee shall be solely responsible, at Franchisee's sole cost and expense, for obtaining and maintaining all necessary or required permits and licenses in order to operate the Franchised Business. Franchisee is solely responsible for strictly complying with each and every law, ordinance and regulation applicable to the Franchised Business, including, but not limited to, laws, ordinances and regulations governing: licensing; health and safety; environmental matters; consumer privacy; use, sharing, correction, and deletion of personal information regarding consumers; and labor. Franchisee shall timely pay all applicable taxes as they come due, but may challenge the amount or applicability thereof; provided, that Franchisee hereby agrees to indemnify, hold harmless and defend Franchisor from any and all liabilities for taxes based upon Franchisee's operations.

7.04.02 Operational Inspections by Governmental Authorities. Franchisee hereby grants any and all governmental authorities having jurisdiction over the Franchised Business the right to enter and inspect the Premises pursuant to applicable statutes and regulations. Franchisee will take such steps as may be necessary to correct, as required by statute or regulation, the deficiencies detected during any such inspection. Further, Franchisee will mail, via first-class mail, and send, via email (or another electronic means specified by Franchisor, including by facsimile), to Franchisor, within two (2) calendar days of Franchisee's receipt of any report from any governmental authority regarding any such inspection, a complete copy of such report in the same form the report is issued by the governmental authority.

7.04.03 Notification of Complaints. Franchisee shall notify Franchisor immediately via telephone, and in no event more than three (3) hours of receiving notification of a complaint made by the state or county child care licensing agency. Franchisee shall also send, via email (or another electronic means specified by Franchisor, including by facsimile), to Franchisor a complete copy of such violation notification. Franchisee shall have the allotted time frame set forth in the agency complaint to cure any violations noted by the agency unless no time frame is provided; in which case, Franchisee shall have seven (7) calendar days to cure any such violation or such longer period if approved in writing by Franchisor. If Franchisee fails to cure any such violations within the allotted time frame, Franchisee shall be in default of this Agreement. Franchisee, its agents, and employees shall fully cooperate with Franchisor in all state or county child care licensing agency investigations to the extent Franchisor deems necessary.

7.05 Franchisee Business Operation.

Franchisee understands and acknowledges that every detail of the System and of the operation of the Franchised Business is important to Franchisee, Franchisor and other Doodle Bugs! franchisees in order to maintain and further develop high and uniform operating standards, to increase the demand for goods and services sold by Franchisor and all franchisees, to enhance the image of Franchisor and the Marks, and to protect Franchisor's reputation and goodwill. Therefore, Franchisee agrees that:

7.05.01 Compliance with Manuals. Franchisee shall operate the Franchised Business in conformity with such uniform methods, standards and specifications as Franchisor may prescribe, in the Manuals or otherwise ("**System Standards**"), to insure that the highest degree of quality and service is uniformly maintained. Franchisee shall acquire and maintain, at all times, all equipment and software required by Franchisor for operation of the Franchised Business. Franchisee shall offer all of the goods and services designated by Franchisor and no others without the written consent of Franchisor, which consent Franchisor may withhold for any reason. Franchisee shall assure that all telephone calls are answered in compliance with the Manuals.

7.05.02 Image. Franchisee shall, at all times, work to protect and enhance Franchisor's image and, specifically, shall maintain employees or workers in the Franchised Business whose appearance, attire, attitude, reputation and demeanor are consistent with Franchisor's image. Franchisee acknowledges and agrees that Franchisor shall have sole discretion in determining what constitutes Franchisor's image, and further acknowledges that said image is constantly evolving as markets change and evolve.

7.05.03 Business Dealings. Franchisee shall not, at any time, engage in any business dealings in relation with the Franchised Business or the Franchise which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor or its affiliates, the goodwill associated with the Marks, or to any customer or vendor of Franchisee.

7.05.04 Advisory Committees. Franchisee shall participate, at Franchisee's sole expense, in local, regional and national franchisee advisory committees or councils if established or sanctioned by Franchisor.

7.05.05 Operational Inspections by Franchisor. Franchisee hereby grants Franchisor and its agents the absolute right, with or without notice, to enter the Premises to view the operations of the Franchised Business during hours of operation in order to inspect, photograph or videotape any and all services provided to insure compliance with all requirements of this Agreement. Upon receiving written notice from Franchisor of a scheduled inspection, Franchisee must be present during such inspection. Franchisee will cooperate with Franchisors representatives in those inspections by rendering whatever assistance they may reasonably request, including assistance necessary to enable Franchisor to contact and interview Franchisee's clients and enrolled children, and former clients and former enrolled children. Upon notice from Franchisor, and without limiting Franchisors other rights under this Agreement, Franchisee will take such steps as may be necessary to correct immediately the deficiencies detected during any such inspection.

7.05.06 Crisis Notification. Franchisee will notify Franchisor immediately upon the occurrence of any situation that has or could reasonably be expected to have a material impact on the Franchisee, the Franchised Business, Franchisor or its affiliates, or the Marks. Franchisee shall follow all of Franchisor's policies, procedures and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by the Franchisor or as specified in the Manuals.

7.05.07 Upon Franchisor's request, Franchisee shall furnish to the parents of all children enrolled, and previously enrolled, in the Franchised Business survey forms prescribed by the Franchisor. Franchisor shall have the right to contact such parents directly regarding the survey forms.

7.06 Restrictions on Sources of Products and Services.

7.06.01 Specifications. As to all equipment, fixtures, supplies and inventory ("**Items**"), Franchisor reserves the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Items and the products and services that Franchisor periodically authorizes for use at Franchisee's Center. During this Agreement's term, Franchisee must purchase or lease all Items and other products and services for Franchisee's Center only according to Franchisor's standards and specifications and, if Franchisor requires, only from suppliers or distributors that Franchisor designates or approves (which may include or be limited to Franchisor and/or its affiliates). Franchisee acknowledges and agrees that Franchisor does not provide any warranty to any Items or other products that Franchisor requires Franchisee to purchase or lease. Franchisee acknowledges and agrees that Franchisor and/or its affiliates may derive revenue based on Franchisee's purchases and leases (including, without limitation, from charging Franchisee for products and services Franchisor or its affiliates provide to Franchisee and from payments made to Franchisor or its affiliates by suppliers that Franchisor designates or approves for some or all of its franchisees).

7.06.02 Items Bearing Marks and Proprietary Items. Franchisee shall purchase all Proprietary Items (as defined below) only from Franchisor, unless Franchisor approves another supplier to sell such Proprietary Items. In addition, Franchisee shall purchase from a supplier approved by Franchisor, all signs used to identify the Franchised Business.

7.06.03 Approval of Alternative Suppliers. If Franchisee would like Franchisor to consider approving a supplier that is not then approved, Franchisee must submit its request in writing before purchasing any items or services from that supplier. Franchisor will not be obligated to respond to Franchisee's request, and any actions Franchisor takes in response to Franchisee's request will be at Franchisor's discretion, including the assessment of a fee to compensate Franchisor for the time and resources Franchisor spends in evaluating the proposed supplier. Franchisor may, with or without cause, revoke approval of any supplier at any time.

7.06.04 Unspecified Products. Franchisee may obtain any Item used in the Franchised Business that Franchisee is not required to purchase in accordance with specifications or from an approved supplier from any source, so long as the Item is consistent with Franchisor's image. Should Franchisor later publish specifications or require use of an approved supplier, Franchisee shall comply with that requirement.

7.06.05 Quantity of Items. Franchisee shall, at all times, maintain at the Premises the quantity of Items designated by Franchisor.

7.06.06 Training and Other Services. Certain services may be available to Franchisee only through Franchisor or an affiliate, including mandatory training. Franchisee will be required to pay the then-current price for any of these services, unless otherwise provided in this Agreement.

7.07 Minimum Hours.

Franchisee shall keep the Premises open to the public Monday thru Friday of each week during the year except for Labor Day, Thanksgiving Day, Christmas Day, New Year's Day, Independence Day, and Memorial Day unless otherwise specified by Franchisor or agreed in writing by Franchisor or unless required by law. The normal hours of operation shall be from 6:30 a.m. to 6:30 p.m.; provided, however, Franchisor may, from time to time, and on at least ten (10) day's notice to Franchisee, specify different hours of operation. Franchisee may request different hours for good cause. The dates and hours of operation may not be the same for all Franchised Businesses or all franchisees, even in the same general area, because of local conditions.

7.08 Signs.

Franchisee agrees to obtain, install and maintain on the Premises and on certain vehicles used in the Franchised Business, appropriate signs bearing the Marks as specified by Franchisor. Any deviation from the required signage shall be subject to Franchisor's prior written approval.

7.09 Computer System.

7.09.01 Franchisee shall purchase specified computer hardware and software ("**Computer System**") for use in operation of the Franchised Business as required by Franchisor. In addition, Franchisee may be required, from time to time, to purchase replacement hardware or software or software upgrades, all of which Franchisee shall install and use as required by Franchisor, including, without limitation, point of sale and communications software and hardware. Franchisee must install and maintain and use, at Franchisee's expense, a dedicated data line or transmission facility as specified by Franchisor. Except as otherwise provided in this Agreement or in the Manuals, Franchisee may obtain the Computer System and related components and services from any source as long as the equipment, software and service meets or exceeds Franchisor's specifications. Franchisee shall be solely responsible for maintenance, repair and replacement of the Computer System. Without limiting the applicability of this paragraph, Franchisee shall, at all times, use and maintain the software as required by Franchisor. Franchisee shall not block or attempt to block or limit Franchisor's access, including electronically, to any data or programs contained on Franchisee's Computer System and Franchisee shall maintain information relating to the Franchised Business only on the Computer System(s) or cloud-based storage sites to which Franchisor has access.

7.09.02 Franchisee must enter into an agreement with Franchisor's designated vendor to purchase or lease the center management software approved by Franchisor for use by Doodle Bugs! Children's Learning Academy. Franchisee shall also subscribe to the required cloud services, which provides remote hosting. If upgrades or support for this program are required, this will be provided by the vendor at an additional cost to the Franchisee. Franchisor may require Franchisee, at any time during this Agreement and with ninety (90) calendar days written notice, to purchase an alternate center management software package.

7.09.03 Franchisor may provide Franchisee with an e-mail address under the domain name doodlebugs.com, with the format as [city/town/neighborhood].[state]@doodlebugs.com. Franchisee may only utilize such e-mail address for matters related to the Franchised Business. If Franchisor elects to provide a doodlebugs.com e-mail address to Franchisee, Franchisee acknowledges and agrees that Franchisor is only providing Franchisee with the right to use such e-mail address, and Franchisee has no obligation to back up or archive any e-mail sent or received through the domain. Franchisor retains the right to monitor and view all e-mails to and from such address to ensure compliance with this Section.

7.09.04 Franchisee shall maintain a redundant backup system of all data pertaining to the Franchised Business according to the standards set by Franchisor.

7.09.05 Franchisee shall provide Franchisor, immediately upon Franchisor's request and demand, with any and all Computer System and software passwords and/or any master password, so that Franchisor may have access to and inspect Franchisee's records.

7.09.06 Franchisee shall subscribe to and/or purchase any additional software/web applications as deemed necessary by the Franchisor. Franchisee shall comply with these new requirements within ninety (90) calendar days' written notice.

7.09.07 Franchisor will have independent, unlimited access to the information and data stored and generated in Franchisee's Computer System, including data stored using cloud-based storage. Any and all data collected or provided by Franchisee, downloaded from the Computer System, and otherwise collected from the Computer System by Franchisor or provided to Franchisor, including data collected via Franchisor's access to Franchisee's cloud-based data storage, shall be owned exclusively by Franchisor, and Franchisor will have the exclusive right to use such data in any manner Franchisor deems appropriate without compensation to Franchisee; provided, however, under this Agreement, Franchisee is licensed (without any additional fee) to use such data solely for the purpose of operating the Center, and such license will automatically and irrevocably expire when this Agreement terminates or expires, without additional notice.

7.09.08 Franchisee must implement all administrative, physical, and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers, credit-report information, and Family Information (defined below) (collectively, "**Personal Information**") in accordance with applicable law and industry best practices. It is entirely Franchisee's responsibility (even if Franchisor provides Franchisee with any assistance or guidance in that regard) to confirm that the safeguards Franchisee uses to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal, and disclosure of Personal Information. If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, Franchisee must notify Franchisor immediately and specify the extent to which Personal Information was compromised or disclosed.

7.10 Internet Surveillance System.

Franchisee shall purchase, install and use in the Franchised Business an approved internet video and audio surveillance system at all times throughout the term of the Agreement. Franchisee must provide Franchisor, immediately upon Franchisor's request and demand, with any and all internet surveillance system passwords and/or any master password, so that Franchisor may have access to and inspect Franchisee's internet surveillance system and Premises.

Franchisee acknowledges and agrees that Franchisor or its affiliates may monitor Franchisee's internet surveillance system or other video or audio recording system required in the future by Franchisor (including by monitoring audio) at any time. Franchisee consents to such video and/or audio surveillance at any time Franchisor or its affiliate may choose. Franchisee shall obtain from its employees, students' parents/guardians, and any visitor entering the Premises the appropriate consent as required by law to allow Franchisor or its affiliate to monitor the video/audio surveillance system. Franchisee acknowledges that the sole purpose of Franchisor's monitoring is to insure compliance with System and the requirements under this Agreement and that Franchisee is solely responsible for the operation of its business.

7.11 Maintenance and Refurbishing.

7.11.01 Maintenance. Franchisee shall, at Franchisee's sole cost and expense, maintain the Premises, inside and out, in the highest degree of sanitation, organization, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto as may be required for that purpose, including without limitation, periodic cleaning, repainting, repairs to impaired equipment and replacement of obsolete signs and equipment. Franchisee shall maintain all landscaping and other outside areas of the Premises in an attractive and clean condition.

7.11.02 Remodeling. At Franchisor's request, which shall not be more often than once every seven (7) years, Franchisee shall remodel the Premises at Franchisee's sole expense, to conform to the design, trade dress, color schemes and presentation of the Marks consistent with Franchisor's then-current image. Such remodeling may include, without limitation, structural changes, installation of new materials and equipment, remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements.

7.12 Warranties.

Franchisor does not provide any warranty, including, without limitation, any implied warranty of merchantability or fitness for a specific purpose, to the Franchisee as to the quality of any product purchased or service received under this Agreement, or for any future purchases from any of the Franchisor's approved vendors.

7.13 Marketing.

Franchisee shall, at all times, comply with Franchisor's requirements in all advertising.

7.14 Leads and Service Area.

Except as specifically permitted by Franchisor, Franchisee shall not engage in marketing outside of Franchisee's Territory without the written consent of the Franchisor.

7.15 New Developments.

All ideas, concepts, techniques, or materials relating to a Center, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's and its affiliates' sole and exclusive property, part of the System, and works made-for-hire for Franchisor and its affiliates. To the extent that any item does not qualify as a "work made-for-hire" for Franchisor and its affiliates, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to Franchisor and its affiliates and agrees to take whatever action (including signing assignment or other documents) Franchisor requests to evidence Franchisor's and its affiliates' ownership or to help Franchisor and its affiliates obtain intellectual property rights in the item.

7.16 Staffing Requirements.

7.16.01 Franchisee shall, at all times, comply with the minimum staffing requirements specified by Franchisor (as specified in the Manuals or otherwise in writing from time to time). Franchisee acknowledges and agrees that Franchisee is solely responsible for all decisions relating to employees, agents, and independent contractors that Franchisee may hire to assist in the operation of the Center. Franchisee agrees that any employee, agent, or independent contractor that Franchisee hires will be Franchisee's employee, agent, or independent contractor, and not Franchisor's employee, agent, or independent contractor. Franchisee also agrees that Franchisee is exclusively responsible for the terms and conditions of employment of Franchisee's employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. Franchisee agrees to manage the employment functions of the Center in compliance with federal, state, and local employment laws, and to comply with applicable laws and regulations governing child care licensing and minimum staffing levels. All personnel employed by Franchisee must meet every requirement imposed by applicable law.

7.16.02 All persons employed by Franchisee having access to any confidential information, knowledge or know-how concerning the System shall execute a noncompetition and nondisclosure agreement in the form attached as Exhibit F, or such other form as Franchisor may require from time to time, and Franchisor reserves the right to be a third-party beneficiary under any such agreements with independent enforcement rights. Franchisee acknowledges that any form of non-disclosure and non-competition agreement that Franchisor requires Franchisee to use, provides to Franchisee, or regulates the terms of (including the agreement attached as Exhibit F) may or may not be enforceable in a particular jurisdiction. Franchisee agrees that Franchisee is solely responsible for obtaining its own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-compete agreement that Franchisee's employees, agents and independent contractors sign.

7.17 Family Information.

All Family Information will be owned by Franchisor. Franchisee agrees to (1) use Family Information only for the promotion of the Center during the term hereof and (2) refrain from using or selling Family Information to third parties for use in connection with the advertisement or promotion of any children's education center, daycare, or similar facility (except for any facility operated by Franchisee at the Premises during the term of this Agreement). Franchisee will comply with all applicable laws governing the use, protection, and disclosure of Family Information. If there is a suspected or actual breach of security or unauthorized access involving Family Information, Franchisee will notify Franchisor immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Family Information was compromised or disclosed.

At all times during the term of this Agreement, Franchisee shall maintain accurate records of Family Information uploaded to and maintained on the Computer System. Without limiting the generality of Section 7.09.01 regarding Franchisor's right to access Franchisee's Computer System, Franchisee shall not block or attempt to block or limit Franchisor's access, including electronically, to Family Data contained on Franchisee's Computer System and Franchisee shall maintain Family Information only on the Computer System(s) to which Franchisor has access. Franchisee agrees that Franchisor and its affiliates may use Family Information in their business activities and may disclose Family Information (such as the number of families), but during the term of this Agreement Franchisor will not publicly disclose any Family Information unless Franchisor makes such public disclosure without disclosing Franchisee's identity or Franchisee's Center's Family Information on an individual (i.e., unconsolidated) basis. Upon termination of this Agreement, Franchisor reserves the right to make any and all disclosures that Franchisor deems necessary or appropriate.

7.18 Telephone Numbers and Directory Listings.

Franchisee agrees that each telephone or facsimile number, directory listing, and any other type of contact information used by or that identifies or is associated with the Center (any "**Contact Identifiers**") will be used solely to identify the Center in accordance with this Agreement. Franchisee must execute the form of Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Accounts attached as Exhibit D to grant Franchisor with full power and control over the Contact Identifiers and Internet Accounts upon termination or expiration of this Agreement.

Article 8 - Indemnity and Insurance

8.01 Indemnity.

Franchisee shall defend, hold harmless and indemnify Franchisor, its affiliates, and each of their respective officers, directors, shareholders, members, agents, employees, landlords and related companies (collectively, the "**Indemnified Parties**") from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses, arising directly or indirectly from the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee's Center Director(s), employees or agents in connection with the operation of the Franchised Business, the performance or breach of any obligation under this Agreement or the Preliminary Agreement, including all construction and pre-opening activities. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at Franchisee's expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration, termination, or non-renewal.

8.02 Insurance.

Franchisee shall secure and maintain insurance coverage required by Franchisor with insurance carriers acceptable to Franchisor and in accordance with Franchisor's then-current insurance requirements as amended from time to time. Franchisee shall provide evidence of obtaining such insurance in the form of a certificate of insurance thirty (30) days prior to the opening of the Franchised Business.

Current minimum insurance requirements include (which are subject to change and superseded by the requirements set forth in the Manuals as amended from time to time if different, and are further subject to any legal requirements or restrictions):

8.02.01 Comprehensive general liability insurance, including, without limitation, personal injury, premises liability, errors and omissions, products/completed operations, fire and contractual liability in the amount of One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) in the aggregate;

8.02.02 Teachers professional liability insurance in the amount of One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) in the aggregate, separate and apart from the comprehensive general liability insurance limits;

8.02.03 Sexual abuse and molestation liability insurance in the amount of One Million Dollars ($1,000,000.00) per occurrence and One Million Dollars ($1,000,000.00) in the aggregate, separate and apart from the comprehensive general liability insurance limits;

8.02.04 Employment practices liability insurance in the amount of One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) in the aggregate;

8.02.05 Comprehensive automobile liability insurance for both owned and non-owned vehicles, and property damage liability coverage, in the amount of One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) in the aggregate;

8.02.06 All risk insurance on the operations of the Franchised Business, including theft insurance coverage with primary and excess limits of not less than the full repair and replacement value of the Franchised Business, including all improvements, fixtures, equipment and supplies therein and thereon;

8.02.07 Student accident/medical insurance coverage, including accidental excess medical coverage, accidental death coverage and accidental dismemberment coverage;

8.02.08 Business interruption insurance coverage for no less than Franchisee's estimate of six months of revenue (tuition and fees). Franchisee agrees that the proceeds of its business interruption insurance will be included in "Gross Revenue" for purposes of calculating Franchisee's Royalty Fee in the event Franchisee ceases operating;

8.02.09 Umbrella liability insurance in the amount of no less than Three Million Dollars ($3,000,000.00) per occurrence and Three Million Dollars ($3,000,000.00) in the aggregate;

8.02.10 Workers' compensation, disability 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;

8.02.11 Vacant land insurance during period prior to opening Center (or cause site developer to maintain such insurance);

8.02.12 Doodle Bugs! Holding Company, Inc. and its subsidiaries, including Franchisor, must each be reflected as additional named insured on all of the above liability policies, using a form of endorsement approved by Franchisor. The certificate of insurance furnished by Franchisee must provide for a twenty (20) day minimum notice of cancellation for all Liability, Worker's Compensation, and/or Auto Liability coverage and shall be written with insurers carrying an A.M. Best rating of A or better and licensed in the respective state. Franchisee shall submit to Franchisor annually a copy of the certificate or evidence of the renewal or extension of each such insurance policy; and

8.02.13 Franchisor reserves the right to specify changes in the types and amounts of insurance coverage required by this Section 8.02 at any time and Franchise must procure such coverage within sixty (60) days of written notice to Franchisee. Should Franchisee fail or refuse to procure the required insurance coverage from an insurance carrier acceptable to Franchisor or to maintain it throughout the term of this Agreement or any renewal thereof, Franchisor may, but shall not be obligated to, procure such coverage for Franchisee in which event Franchisee agrees to pay the required premiums and/or to reimburse Franchisor therefore immediately upon receipt of Franchisor's invoice therefore.

8.02.14 The current minimum insurance requirements described above are not a representation and warranty of any kind that such coverage is sufficient for the Center's operations. Rather such requirements represent only the minimum coverage Franchisor deems acceptable to protect the interests of Franchisor and its affiliates. It is the sole responsibility of Franchisee to obtain insurance coverage Franchisee deems appropriate for Franchisee's Center based on Franchisee's independent investigation. No insurance coverage that Franchisee or any other party maintains will be deemed a substitute for Franchisee's obligations to indemnify Franchisor and its affiliates under Section 8.01 or otherwise.

Article 9 - Renewal

After expiration of the term of this Agreement, if Franchisor has made a business decision to continue the Doodle Bugs! Franchise System in Franchisee's area, Franchisee will be permitted to renew Franchisee's franchise for one additional term of five (5) years, but only upon the following terms and conditions:

9.01 Franchisee must be current in payment of all fees and charges to Franchisor and any of its related companies and must not have made more than two late payments within the last three years for which Franchisor gave written notice(s) of breach, which notice(s) were not withdrawn by Franchisor;

9.02 Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee and must have substantially complied with the System Standards and other criteria contained in the Manuals or otherwise communicated in writing by Franchisor;

9.03 Franchisee shall pay a renewal fee of $5,000, plus all legal costs involved, payable in full at the time of execution of the franchise agreement referred to in sub-paragraph 9.04;

9.04 Franchisee shall execute Franchisor's then-current form of franchise agreement, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including, without limitation, material differences in territorial boundaries and economic terms, the amount of royalties, National Marketing Fees, or entirely new categories of fees or mandatory expenses;

9.05 Franchisee must maintain possession of the Premises identified in Exhibit A for the renewal term or obtain substitute premises approved by Franchisor;

9.06 Franchisee, at Franchisee's sole cost and expense, shall remodel or refurbish the Premises and otherwise modernize and renovate the Premises, signs and equipment to be consistent with the then current image of the System and to meet Franchisor's then current specifications;

9.07 Franchisee shall give written Notice to Franchisor at least six months, but not more than twelve months, prior to the end of the term of this Agreement of Franchisee's desire to renew;

9.08 Franchisee must not, during the preceding term, have engaged in any business dealings in relation with the Franchised Business or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, any other franchisee, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee, Franchisor or of another franchisee;

9.09 Franchisee and its owners must sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owners, officers, directors, employees, agents, affiliates, successors, and assigns.

Article 10 - Entity Franchisee

10.01 Entity Definition.

An "**Entity**" is any form of business organization except for a sole proprietorship and includes all kinds of corporations, limited liability companies, limited partnerships and general partnerships and any other form of business organization involving either multiple equity owners or which attempts to provide limited liability.

10.02 Founding Document Restriction.

If Franchisee is an Entity or becomes an Entity or if Franchisee transfers Franchisee's interest under this Agreement or any interest in the Franchised Business to an Entity, the founding document(s) of the Entity must provide as follows:

> *This [insert type of Entity] shall not enter into any agreement or undertaking which would, directly or indirectly, limit any of the rights or obligations of the [insert type of Entity] or of any owner of the [insert type of entity] under the Doodle Bugs! Children's Learning Academy Franchise Agreement dated ______________, _____. Any such agreement or undertaking is void.*

10.03 Liability of Owner(s).

Every direct and indirect owner of an equity or other interest in any Entity franchisee (and any individual person who is an owner of an Entity which owns any equity interest in any Entity franchisees) shall provide an executed copy of the Personal Guaranty, Non-Competition and Transfer Restriction Agreement attached as Exhibit E to this Agreement. The spouse of each owner may also be required to acknowledge the guaranty. Any change in or addition of equity or other owner(s) shall be subject to the Assignment and Death and Incapacity provisions of this Agreement, as provided in Exhibit E. If two or more persons are at any time the owners of Franchisee and the Center, whether as partners or joint venturers, their obligations and liabilities to Franchisor will be joint and several.

10.04 Restriction on Certificates of Ownership.

Each and every document, if any, issued by any Entity franchisee evidencing ownership of an equity or other interest in the Entity must provide as follows:

> *Ownership of this [insert type of Entity] is restricted and cannot be transferred, assigned, sold or encumbered except in strict compliance with the Doodle Bugs! Children's Learning Academy Franchise Agreement dated ____________, ____. Any other transfer or attempted transfer is void.*

10.05 Additional Requirements of Entity Franchisee.

Franchisee shall, upon Franchisor's request, provide Franchisor or its designee with true copies of such of Franchisee's Entity records and documents as Franchisor shall designate, including, without limitation, the documents provided in Section 10.02, which shall be delivered herewith. An Entity Franchisee shall, at all times, have one individual person who shall be the designated principal who shall have authority to act on behalf of the Entity in all respects under this Agreement. The designated principal shall be the individual who is responsible for assuring compliance by the Entity with all of the terms of this Agreement. Notwithstanding the requirement of a designated principal, Franchisor shall be entitled to rely upon the acts or words of any principal, employee or agent of an Entity Franchisee whom Franchisor understands to be acting or speaking on behalf of the Entity.

Article 11 - Assignment or Transfer

11.01 Prior Consent.

Franchisee shall not assign, transfer, sell, sublease, sublicense or encumber (hereinafter collectively referred to as "**Assign**" or "**Assignment**"), in whole or in part, (i) this Agreement, (ii) the Franchisee, (iii) the Franchised Business, (iv) any option or first right of refusal relating to this Agreement, (v) the assets of the Franchised Business, (vi) the leasehold of the Franchised Business, (vii) any shares of stock of a Franchisee that is a corporation, (viii) any partnership interest of a Franchisee that is a partnership, (ix) any membership interest of a Franchisee that is a limited liability company, or (x) any equity or ownership interest or rights in any other form of entity (collectively, the "**Franchisee Interests**"), or represent to any person that such an Assignment has been made without Franchisor's prior written approval. Any attempted Assignment of a Franchisee Interest without Franchisor's prior written consent shall be void and a breach of this Agreement. If Franchisee intends to list the Center or Franchisee's rights under this Agreement for sale with any broker or agent, Franchisee shall only do so after obtaining Franchisor's written approval of the broker or agent and of the listing agreement.

11.02 Conditions of Assignment.

Franchisee agrees that there may be no Assignments before the Center opens for business. As preconditions for obtaining Franchisor's consent to an Assignment of a Franchisee Interest, the following terms and conditions must be met:

11.02.01 Franchisee must be current in payment of all fees and charges to Franchisor and any of its related companies;

11.02.02 Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee;

11.02.03 Franchisee must have paid in full all debts in connection with the Franchised Business;

11.02.04 The Franchisee or assignee must pay to Franchisor, upon Franchisor's request, the sum of $5,500 to obtain a background check on the assignee, and if the cost of the background check exceeds $5,500 due to international background checks or other reasons, Franchisee or assignee must pay to Franchisor any additional charge upon Franchisor's request;

11.02.05 The assignee must have agreed to assume all of the obligations of the Franchised Business and sign the form of franchise agreement and related documents then being offered by Franchisor for new franchisees, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

11.02.06 The assignee must pay to Franchisor a Transfer Fee in the amount of Twenty-Five Thousand Dollars ($25,000) plus all legal costs incurred by Franchisor, and execute the then current form of franchise agreement;

11.02.07 The assignee must pay to Franchisor on the date of the Assignment a training fee of Fifteen Thousand Dollars ($15,000.00) to reimburse Franchisor for its costs and expenses incurred in connection with the training of the assignee;

11.02.08 The assignee must successfully complete the then current initial training program;

11.02.09 The assignee must have met the then current standards of Franchisor for experience, financial strength, reputation and character required of new or renewal franchisees and provide consent to any background check or investigation Franchisor desires to complete;

11.02.10 The assignee must obtain such approvals as may be required to assume occupancy and possession and the continuing obligations relating to the lease or possession of the Premises, unless a new location has been approved in writing by Franchisor;

11.02.11 The assignee must obtain such approvals as may be required by the state and county child care licensing agencies;

11.02.12 The assignee, at the assignee's sole cost and expense, must agree to remodel or refurbish the Premises and otherwise modernize and renovate the Premises, signs and equipment to be consistent with the then current image of the System and to meet Franchisor's then current specifications;

11.02.13 Franchisee and its owners must sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owners, officers, directors, employees, agents, affiliates, successors, and assigns; and

11.02.14 Franchisor must have been given at least sixty (60) business days written first right of refusal by Franchisee, upon the same terms as those agreed upon by Franchisee with any proposed assignee; provided, however, Franchisor may substitute cash of equivalent value for any non-cash term. In the event Franchisor waives or fails to exercise its right of first refusal, if Franchisee thereafter agrees to accept a revised offer, regardless of the nature of the revision, Franchisor shall have a new right of first refusal hereunder on the new terms.

11.03 Assignment to an Entity.

Notwithstanding the foregoing, if Franchisee is an individual, Franchisee may assign this Agreement to an Entity, as defined in Section 10.01, formed under the laws of the state where the Franchised Business is located, which is wholly owned by Franchisee; provided that the individual Franchisee shall first provide written notice of the assignment to Franchisor and shall provide an executed Personal Guaranty, Non-Competition and Transfer Restriction Agreement in the form provided in Exhibit E to this Agreement. If Franchisee is an Entity, Franchisee may assign this Agreement to another Entity, formed under the laws of the state where the Franchised Business is located, of the same or different form, which has exactly the same ownership, including percentages of ownership as Franchisee; provided that each of the individual equity or other owners of the new Entity shall provide an executed Personal Guaranty, Non-Competition and Transfer Restriction Agreement in the form provided in Exhibit E to this Agreement. No assignment under this paragraph shall change or limit the liability of any person or entity under this Agreement. Franchisee shall pay to Franchisor a processing fee of five hundred dollars ($500.00) for an assignment pursuant to this paragraph 12.03.

11.04 Approval Process.

Franchisor may approve or reject prospective assignees in the same manner as if it was approving or rejecting any other new prospective franchisee, taking into consideration such factors as their financial ability, character, business reputation, experience and capability to conduct the type of business involved, including the results of any background check or investigation. The approval of one Assignment does not obligate Franchisor to approve any other or subsequent Assignment. If Franchisee is an Entity, notwithstanding any statute or agreement to the contrary, the addition, withdrawal or expulsion of any equity or other owner or the transfer, encumbrance or assignment of any equity or ownership or control interest of any equity or other owner or the dissolution or reorganization of the Entity for any reason is subject to the same considerations as any other Assignment, as provided in this Article 11.

11.05 Transfer by Franchisor.

There shall be no restriction upon Franchisor's right to encumber, transfer or assign this Agreement or the System. Following such a transfer or assignment, Franchisor shall have no further obligation or liability to Franchisee hereunder or otherwise so long as the assignee or transferee agrees to assume all of Franchisor's liabilities and obligations to Franchisee. Upon Franchisor's request, Franchisee shall execute and deliver a certificate to Franchisor in connection with an anticipated transfer or financing procedure by Franchisor. Franchisee agrees to accept any transferee of Franchisor, including any subfranchisor and perform for such transferee the same as for Franchisor.

11.06 No Sublicensing.

Franchisee shall not, directly or indirectly, sublicense or attempt to sublicense the Marks or the System or any part thereof to any person or entity for any purpose. Any attempted or purported sublicense shall be void and shall cause Franchisee to be in default under this Agreement.

Article 12 - Death or Incapacity

12.01 Alternatives upon Death or Incapacity.

In the event of the death or incapacity of an individual franchisee, or of any individual equity or other owner of an Entity franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual shall, within one hundred eighty (180) days of such event:

12.01.01 Apply to Franchisor for the right to continue to operate the franchise and the Franchised Business for the duration of the term of this Agreement and any renewals hereof, which right to continue to operate will be granted upon the fulfillment of all of the conditions set forth in Section 11.02 of this Agreement (except that no transfer fee shall be required); or

12.01.02 Sell, transfer or convey Franchisee's interest to a third party in compliance with the provisions of Article 11 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the one hundred eighty (180) days to sell, transfer or convey shall be extended by the amount of time between the date of death and the date of said rejection. For purposes of this paragraph, Franchisor's silence on an application to continue to operate through the one hundred eighty (180) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

12.02 Effect of Failure to Comply.

In the event of the death or incapacity of an individual franchisee, or any owner of an equity or other interest in an Entity franchisee where the provisions of this Article have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate and the parties shall proceed according to and have the rights provided for in Article 16.

12.03 Incapacity Defined.

For purposes of this Agreement, "incapacity" is the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis and in the usual manner by reason of any continuing physical, mental or emotional disability, chemical dependency or other similar limitation which has continued or will more likely than not continue for a period of sixty (60) consecutive calendar days or more. Franchisee shall advise Franchisor in writing, immediately, upon receipt of advice from any physician or other professional that Franchisee or a principal of an Entity Franchisee has an incapacity. However, Franchisee's failure or inability to advise Franchisor of Franchisee's incapacity shall not limit Franchisor's rights under this sub-paragraph. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the state in which the Franchised Business is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician. The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made. Notwithstanding the foregoing, if any insurance company pays to the Franchisee or Franchisee's Entity any disability benefits for sixty (60) consecutive calendar days, or more, of disability, the Franchisor may regard that as conclusive evidence of incapacity, which shall not be subject to dispute by Franchisee.

Article 13 - Successors and Assigns

This Agreement shall bind and inure to the benefit of the successors, permitted transferees and assigns, personal representatives, heirs and legatees of the parties hereto.

Article 14 - Termination

14.01 Termination by Franchisee. If Franchisee and its owners are fully complying with this Agreement and Franchisor materially fails to comply with this Agreement and does not (i) correct the failure within thirty (30) days after Franchisee delivers written notice of the material failure to Franchisor or, (ii) if Franchisor cannot correct the failure within thirty (30) days and fails to give Franchisee, within thirty (30) days after Franchisee's notice, reasonable evidence of Franchisor's effort to correct the failure within a reasonable time, Franchisee may terminate this Agreement effective an additional thirty (30) days after Franchisee delivers to Franchisor written notice of termination. Franchisee's termination of this Agreement other than according to this Section 14.01 will be deemed a termination without cause and a breach of this Agreement.

14.02 Franchisor may terminate this Agreement, effective upon delivery of written notice of termination to Franchisee, if:

a. Franchisee (or any of its owners) has made or makes any material misrepresentation or omission in acquiring the franchise or operating Franchisee's Center;

b. Franchisee does not open its Center for business within the time frame set forth in Section 6.07;

c. the Principal Owner and Center Director do not satisfactorily complete the initial training program;

d. Franchisee abandons or fails actively to operate its Center for three (3) or more consecutive business days;

e. Franchisee surrenders or transfers control of its Center's operation without Franchisor's prior written consent;

f. Franchisee (or any of its owners) is arrested for or has been convicted by a trial court of, or pleads or has pleaded no contest or guilty to, a felony;

g. Franchisee (or any of its owners) is intoxicated or under the influence of illegal drugs while at the Center;

h. Franchisee fails to maintain the insurance Franchisor requires and does not correct the failure within ten (10) days after Franchisor delivers written notice of that failure to Franchisee;

i. Franchisee (or any of its owners) engages in any dishonest or unethical conduct which, in Franchisor's opinion, adversely affects the reputation of Franchisee's Center or the goodwill associated with the Marks;

j. Franchisee (or any of its owners or, if one or more of its owners is an Entity, the owner of a controlling interest in that Entity) makes or attempts to make an unauthorized assignment of this Agreement, an ownership interest in Franchisee (or its owner), or Franchisee's Center;

k. Franchisee loses the right to occupy the Premises;

l. Franchisee (or any of its owners) knowingly makes any unauthorized use or disclosure of any part of the Manuals or any other Trade Secret;

m. Franchisee violates any law, ordinance, rule, or regulation of a governmental agency in connection with the operation of Franchisee's Center and fails to correct such violation within seventy-two (72) hours after Franchisee receives notice from Franchisor or any other party, regardless of any longer period of time that any governmental authority or agency may have given Franchisee to cure such violation;

n. Franchisee fails to pay Franchisor (or its affiliates) any amounts due and does not correct the failure within ten (10) days after Franchisor delivers written notice of that failure to Franchisee;

o. Franchisee fails to pay when due any federal or state income, service, sales, or other taxes due on the operation of Franchisee's Center, unless Franchisee is in good faith contesting its liability for these taxes;

p. Franchisee understates its Gross Revenues three (3) times or more during this Agreement's term or by more than five percent (5%) on any one occasion;

q. Franchisee (or any of its owners) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not Franchisor notifies Franchisee of the failures, and, if Franchisor does notify Franchisee of the failures, whether or not Franchisee corrects the failures after Franchisor's delivery of notice to Franchisee;

r. Franchisee makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; Franchisee consents to the appointment of a receiver, trustee, or liquidator of all or the substantial part of Franchisee's property; Franchisee's Center is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of Franchisee or its Center is not vacated within thirty (30) days following the order's entry;

s. Franchisee files a petition in bankruptcy or a petition in bankruptcy is filed against Franchisee;

t. Franchisee (or any of its owners) fails to comply with any other provision of this Agreement or any System Standard and does not correct the failure within thirty (30) days after Franchisor delivers written notice of the failure to Franchisee;

u. Franchisee defaults under any promissory note or other financing agreement with Franchisor or its affiliate;

v. Franchisee fails, refuses, or is unable to promptly pay when due any monetary obligation to a third-party vendor and/or supplier and does not correct such failure within thirty (30) days after such third-party vendor and/or supplier delivers notice of the failure to Franchisee;

w. Franchisee creates or allows to exist any condition in or at the Center, or in connection with the operation of the Center, that Franchisor reasonably determines to present an immediate health or safety concern for the Center's employees, children, or the families of the Center's children; or

x. Franchisee fails to comply with any other agreement with Franchisor or its affiliate and does not correct such failure within the applicable cure period, if any.

14.03 Assumption of Management.

14.03.01 Franchisor has the right (but not the obligation), under the circumstances described below, to enter the Premises and assume the management of Franchisee's Center management (or to appoint a third party to assume its management) for any period of time Franchisor deems appropriate. If Franchisor (or a third party) assumes the management of Franchisee's Center management under subparagraphs 14.03.02(a) and (b) below, Franchisee agrees to pay Franchisor (in addition to the Royalties, Local Marketing Fee, National Marketing Fee, and other amounts due under this Agreement) a reasonable per diem fee, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, for up to sixty (60) days after Franchisor assumes management. If Franchisor (or a third party) assumes the management of Franchisee's Center, Franchisee acknowledges that Franchisor (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses, or obligations Franchisee's Center incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services Franchisee's Center purchases, while Franchisor (or the third party) manages it.

14.03.02 Franchisor (or a third party) may assume the management of Franchisee's Center management under the following circumstances: (a) if Franchisee abandons or fails actively to operate its Center; (b) if Franchisee fails to comply with any provision of this Agreement or any System Standard and does not cure the failure within the time period Franchisor specifies in its notice to Franchisee; or (c) if this Agreement expires or is terminated and Franchisor is deciding whether to exercise its option to purchase Franchisee's Center under Section 16.05 below.

14.03.03 If Franchisor exercises its rights under subparagraphs 14.03.02(a) or (b) above, that will not affect Franchisor's right to terminate this Agreement under Section 14.02 above.

Article 15 - Competition with Franchisor

15.01 Competing Business Activities During Term.

During the term of this Agreement, Franchisee and its owners (and their immediate family members) shall not (a) engage, directly or indirectly, either personally or as an employee, partner, member, manager, franchisor, franchisee, agent, consultant, lessor, shareholder, director, officer, advisor or otherwise, in any other business the same as or similar to that defined under "Franchised Business" herein or which is or would directly or indirectly compete with the

Franchised Business or otherwise with the business of Franchisor or with any other franchisee of Franchisor or (b) interfere or attempt to interfere with Franchisor's or its affiliates' relationships with any vendors, franchisees or consultants.

15.02 Competing Business Activities After Term.

15.02.01 Franchisee and its owners (and their immediate family members) covenant and agree that, for a period of twenty-four (24) months following the effective date of any termination, expiration or non-renewal (the "**Termination Date**"), they shall not, directly or indirectly, either personally or as an employee, partner, member, manager, franchisor, franchisee, agent, consultant, lessor, shareholder, director, officer, advisor or otherwise, do any of the following:

a. Operate any business providing child care and/or educational services to children, any aspect of such Franchised Business as it exists on the Termination Date, or any business substantially similar thereto ("**Prohibited Activities**") within a fifteen (15) mile radius of the boundary of Franchisee's designated Territory, as it existed immediately before the Termination Date;

b. Operate a business which provides child care and educational services to children, within a five (5) mile radius of any Doodle Bugs! Children's Learning Academy then existing or being built, either company-owned or franchise location; or

c. Solicit, take away, or divert, and/or influence or attempt to influence any customers, franchisees, vendors, clients, and/or patrons of Franchisor or of any franchisee of Franchisor, including without limitation the families that attend or previously attended the Franchisee's Center (collectively, the "**Franchise Customers**") which Franchise Customers were served by Franchisor or a franchisee of Franchisor at any time during the two (2) years preceding the Termination Date, to transfer or divert their business or patronage from Franchisor or Franchisor's franchisee(s) to any other person or Entity engaged in the Prohibited Activities or anything similar to the Franchised Business.

15.02.02 Franchisee acknowledges and agrees that the periods of time of this covenant and the geographical areas of restriction imposed by this covenant are fair and required for the protection of Franchisor and its franchisees. Franchisee would desire at least this same protection against competitive activities by another former franchisee whose franchise agreement was either expired, terminated or non-renewed. Franchisee agrees that, in the event a court or arbitrator should determine any part of this covenant to be excessively broad, unenforceable, and/or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof. Franchisee further agrees that, in the event that any of the provisions of this Agreement relating to the geographic area of restriction or the periods of time of the covenants shall be deemed to exceed the maximum area or periods of time which a court of competent jurisdiction would deem enforceable, the geographic area or periods of time shall, without further action on the part of any person, be deemed to be modified, amended and/or limited, to the maximum geographic area or time periods which a court of competent jurisdiction would deem valid and enforceable in any jurisdiction in which such court shall be convened. Any such modification shall apply only in the jurisdiction of the deciding court or in the state where the arbitrator made the decision.

15.02.03 If any individual or Entity violates any of the restrictions contained in Section 15.02.01, the 24-month restricted period shall be extended by a period equal to the length of time from the commencement of any such violation until such time as such violation shall be cured.

15.02.04 It shall not be a violation of this Article for Franchisee to have or maintain a passive investment in stock of any publicly traded corporation, provided said stock holdings shall not exceed five percent (5%) of the issued and outstanding stock of such corporation.

15.02.05 For purposes of this Agreement, all references to Franchisor shall be deemed to include: (a) any corporation or entity which acquires all, or substantially all, of the assets of Franchisor, whether by statutory merger or otherwise, (b) any corporation, partnership, or other entity directly or indirectly controlled by or under common control with Franchisor or its successor, (c) any subfranchisor or other assignee of Franchisor, and (d) any other Affiliate of Franchisor.

15.02.06 Franchisee agrees that any violation of the covenants contained in this Article will cause irreparable harm to Franchisor and its other franchisees and may, as a matter of course, be restrained by process issued out of a court of competent jurisdiction, in addition to any other remedies provided by law.

15.02.07 Nothing in this Article 15 shall obligate Franchisor to take action to enforce this or any other covenant against competition against any other franchisee or former franchisee. Nothing in this Article 15 shall entitle Franchisee to take any action to enforce this or any other covenant against competition against any other franchisee or former franchisee.

15.02.08 The terms of this Article 15 shall survive the termination or expiration of this Agreement for any reason.

Article 16 - Effect of Termination

16.01 Loss of Rights.

As of and following the Termination Date, Franchisee shall have no further rights to use, in any manner, the System, the Marks, anything similar to the Marks, the Contact Identifiers, the Internet Accounts, any proprietary computer software, any Trade Secrets, or the Manuals. Franchisee shall immediately notify such persons as Franchisor shall reasonably require of Franchisee's loss of rights thereto. Franchisee will take any action as may be required to disable the Internet Accounts or transfer exclusive control and access to such Internet Accounts to Franchisor, as Franchisor determines in its sole discretion. All sums of money due from Franchisee to Franchisor or to any other Doodle Bugs! franchisee as of the Termination Date shall become immediately due and payable. As between the parties hereto, whether or not a Lease Conditional Assignment Agreement has been signed, Franchisor or Franchisor's designee shall have the option, exercisable within sixty (60) calendar days, to assume the lease for the Premises. If Franchisor elects to assume the lease for the Premises, pursuant to the Lease Conditional Assignment Agreement or otherwise, Franchisee agrees to cooperate in the transfer, to execute any documents which may be required for Franchisor or Franchisor's designee to assume the lease, and to otherwise take no actions which would interfere with the ability of Franchisor or its designee to assume the said lease. In the event Franchisee or any owner or affiliate of Franchisee owns the Premises, Franchisee agrees that Franchisor shall have the option to lease the Premises at fair market value for a term of up to ten (10) years, at Franchisor's election, such option exercisable by Franchisor within sixty (60) calendar days following the Termination Date.

16.02 De-Identification.

As of and following the Termination Date, Franchisee shall immediately refrain from holding itself out to the public in any way as a Franchisee or affiliate of Franchisor or as a former franchisee or affiliate of Franchisor. If directed by Franchisor, Franchisee shall, at Franchisee's sole cost and expense, make or cause to be made such changes in signs, telephone numbers, buildings or structures as Franchisor may direct to distinguish the Premises from its former appearance and from other Doodle Bugs! franchisees. If Franchisee fails to make such changes within ten (10) calendar days, then Franchisor shall have the right to enter upon the Premises, without liability for trespass or otherwise, and to make or cause to be made such changes at the expense of Franchisee, which expenses shall be paid by Franchisee upon demand. Franchisee shall immediately file the appropriate forms to abandon or withdraw any assumed name certificate or to change the name of its corporation or partnership to eliminate any reference to the System or the Marks. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the de-identification. Franchisee shall immediately return to Franchisor the Manuals, Trade Secrets, bulletins, instruction sheets, software, forms, Marks, designs, signs, printed matter and other material containing any part of the System or the Marks together with all copies thereof (including electronic or digital copies) that are or have been within Franchisee's custody or control.

16.03 Procedure for Transfer to Franchisor.

Upon termination of this Agreement, either by expiration, termination, non-renewal, or otherwise, if Franchisor or Franchisor's designee has indicated its intention to assume Franchisee's lease for the Premises and to operate a Doodle Bugs! business from that location, the parties agree to cooperate in the transfer of the Franchised Business to Franchisor, including by taking the steps set forth herein. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the transfer. In such case, the parties shall: notify the landlord of the change of tenancy pursuant to the Lease Conditional Assignment Agreement or otherwise and Franchisor shall be entitled to take control of the Premises, including by changing the locks; terminating vendor accounts at Franchisor's option; conducting an inventory of all equipment, fixtures, tenant improvements, supplies and inventory (if Franchisee elects to not participate in the inventory, Franchisor's inventory shall be presumed accurate and complete); Franchisor shall have the right to use Franchisee's equipment, furniture, fixtures and related items for up to sixty (60) calendar days and shall pay or credit Franchisee with the fair market rental value of that use; Franchisor shall be entitled to communicate directly with Franchisee's agents, employees, customers and vendors in order to facilitate a smooth transition to ownership by Franchisor or Franchisor's designee; Franchisor or its designee shall be entitled to all Gross Revenues received after the date of termination. No action taken pursuant to this paragraph shall constitute a waiver by Franchisor of any claims against Franchisee for any reason. The parties agree that there are no circumstances justifying a stay or delay in implementation of the terms of this paragraph and the parties specifically agree that any claims, including, but not limited to, allegations of wrongful termination, can be separately resolved and that an award of damages would be an adequate remedy.

16.04 Continuing Royalties.

Franchisor shall be entitled to receive royalties on all Gross Revenues received or receivable by Franchisee as of the Termination Date. All such royalties shall be due and payable on the Termination Date.

16.05 Franchisor's Option to Purchase the Franchised Business.

16.05.01 If Franchisee decides to transfer its Center and this Agreement, the Center's assets, or an ownership interest in Franchisee during this Agreement's term, the provisions of Article 11 generally will apply to the proposed transfer. However, upon (a) Franchisor's termination of this Agreement according to its terms and conditions, (b) Franchisee's termination of this Agreement without cause, or (c) expiration of this Agreement, then Franchisor has the option, exercisable by giving Franchisee written notice before or within sixty (60) days after the Termination Date to purchase some or all of the assets of Franchisee's Franchised Business, including without limitation, all leasehold improvements, equipment, computer hardware, furnishings, fixtures, signs, inventory, materials, and supplies and the lease or sublease for the

Premises. If Franchisee, any of its owners or any of their affiliates, owns the Premises, Franchisor and Franchisee shall (and, if applicable, Franchisee or its owners shall cause such affiliate to) enter into a lease for the Premises on terms and conditions that are commercially reasonable in light of the location and condition of the Premises and other relevant circumstances and for a fair market value rent. Franchisor has the unrestricted right to assign this option to purchase. Franchisor is entitled to all customary warranties and representations in Franchisor's asset purchase. The purchase price for Franchisee's Center will be its fair market value, provided that the fair market value will not include any value for (i) the Franchise or any rights granted by this Agreement; or (ii) goodwill attributable to Franchisor's Marks, brand image, and other intellectual property. Franchisor may exclude from the assets purchased any assets or other items that are not reasonably necessary (in function or quality) to the operation of Franchisee's Center or that Franchisor has not approved as meeting the standards for Centers, and the purchase price will reflect these exclusions.

16.05.02 If Franchisor and Franchisee cannot agree on fair market value, fair market value will be determined by one (1) independent accredited appraiser designated by Franchisor who will conduct an appraisal and, in doing so, be bound by the criteria specified herein. Franchisor agrees to select the appraiser within fifteen (15) days after Franchisor notifies Franchisee that Franchisor wishes to exercise its purchase option (if Franchisor and Franchisee have not agreed on fair market value before then). Franchisor and Franchisee will share equally the appraiser's fees and expenses. The appraiser must complete its appraisal within thirty (30) days after its appointment. The purchase price will be the appraised value.

16.05.03 Franchisor (or its assignee) will pay the purchase price at the closing, which will take place not later than sixty (60) days after the purchase price is determined. Franchisor may set off against the purchase price, and reduce the purchase price by, any and all amounts Franchisee or its owners owe Franchisor or its affiliates. At the closing, Franchisee agrees to deliver instruments transferring to Franchisor (or its assignee): (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by Franchisee; (b) all of Franchisee's licenses and permits for the Center which may be assigned or transferred; and (c) an assignment of the lease for the Premises in accordance with the terms of Section 16.01.

16.05.04 Franchisee and its owners further agree to execute general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owners, officers, directors, employees, agents, successors, and assigns. If Franchisor exercises its rights under this Section 16.05, Franchisee and its owners agree that, for two (2) years beginning on the closing date, they will be bound by the non-competition covenant contained in Section 15.02 above.

16.06 Payment and Terms.

Franchisor shall pay to Franchisee all sums due pursuant to this Article, and any other sums required by this Agreement or by law, within sixty (60) calendar days of termination, with interest thereon at the prime interest rate as published by Bank of America or its successor, if applicable, determined as of the end of the calendar quarter immediately preceding the Termination Date.

16.07 Survival of Terms.

All of Franchisor's and Franchisee's (and its owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effort subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire (including, without limitation, the post-termination restrictive covenant, dispute resolution and notice, and confidentiality provisions).

16.08 Family Notification upon Termination.

Upon termination or expiration of this Agreement, Franchisee must immediately notify all families with children enrolled in its Center that Franchisee's Center will cease to operate under the Marks.

If this Agreement is being terminated or is expiring without renewal, Franchisor may contact the parents/guardians of the children enrolled in Franchisee's Center and offer such parents/guardians continued rights to use one or more other Centers on such terms and conditions as Franchisor deems appropriate, which in no event will include assumption of any then-existing liability arising out of or relating to any enrollment agreement or act or failure to act by Franchisee or its Center.

If, upon expiration or termination of this Agreement, families of children enrolled in Franchisee's Center are legally entitled to a full or partial refund of any monies paid to Franchisee, Franchisee will refund such monies promptly and in full and will cooperate with Franchisor to preserve goodwill with such families. If Franchisee fails to refund these families as required pursuant to this Section 16.08, Franchisor reserves the right to refund such families in order to preserve good will and prevent damage to the Marks. Franchisee must reimburse Franchisor for all amounts Franchisor refunds to families of Franchisee's Center.

16.09 Center Telephone Number and Internet Accounts.

Upon the termination, expiration, or non-renewal of this Agreement, Franchisor has the sole rights to, and interest in, all Contact Identifiers and Internet Accounts that Franchisee uses in the operation or promotion of the Center. Further, upon the termination, expiration, or non-renewal of this Agreement, Franchisee will cease using, and at Franchisor's direction, either disable or notify the registrar of any Contact Identifiers or Internet Accounts to transfer exclusive control and access of such Contact Identifiers or Internet Accounts to Franchisor or its designee in accordance with the terms of the Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Accounts, which is attached as Exhibit D.

Article 17 - Arbitration of Disputes.

Franchisor and Franchisee agree that all controversies, disputes, or claims between Franchisor or any of its affiliates, and Franchisor's and their respective shareholders, officers, directors, agents, and employees, on the one hand, and Franchisee (and Franchisee's owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to:

(1) this Agreement or any other agreement between Franchisee (or any of Franchisee's owners) and Franchisor (or any of Franchisor's affiliates);

(2) Franchisor's relationship with Franchisee;

(3) the scope or validity of this Agreement or any other agreement between Franchisee (or any of Franchisee's owners) and Franchisor (or any of Franchisor's affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Article, which the parties acknowledge is to be determined by an arbitrator, not a court); or

(4) any System Standard,

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Article otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of Franchisor's, or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Buffalo, New York). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq*.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by Franchisor or its affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (the parties hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

Franchisor and Franchisee agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisor or Franchisee.

FRANCHISOR AND FRANCHISEE AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND ANY OF ITS AFFILIATES, OR FRANCHISOR'S AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND FRANCHISEE (OR FRANCHISEE'S OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON FRANCHISEE'S BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Article, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

The parties agree that, in any arbitration arising as described in this Article, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute.

The provisions of this Article are intended to benefit and bind certain third-party non-signatories.

The provisions of this Article will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Article.

Article 18 - Representations of Franchisee

Franchisee represents and warrants as follows:

18.01 Franchisee is not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by entering into this Agreement or which would directly or indirectly prohibit or restrict Franchisee's signing of this Agreement or performance thereunder;

18.02 Franchisee is executing this Agreement and purchasing the license herein for Franchisee's own account and not as an agent or representative of another (unless for an Entity otherwise named herein and in compliance herewith);

18.03 Franchisee intends to be actively involved in the Franchised Business for the entire term of this Agreement and knows of no reason that he/she might become a passive owner;

18.04 Franchisee is basing Franchisee's decision to purchase this license, in full, upon statements and representations contained in this Agreement and the Doodle Bugs! Franchise Disclosure Document and upon facts obtained pursuant to Franchisee's own investigation. Franchisee is not relying upon any statements or any information received either directly or indirectly from Franchisor or any person acting or purporting to act on behalf of Franchisor which information or statements are not contained in this Agreement or the Doodle Bugs! Franchise Disclosure Document or otherwise in writing and signed by an officer of Franchisor. Franchisee has not received any earnings claims or financial performance information, directly or indirectly, from Franchisor excepting only such information as may be contained in Item 19 of the Doodle Bugs! Franchise Disclosure Document.

18.05 Franchisee has not terminated and will not terminate Franchisee's existing employment or cease any other income-producing activity until after franchisee has an approved location, has successfully completed the Initial Training, and is open for business. If Franchisee elects, notwithstanding this sub-paragraph to terminate employment or income-producing activity, Franchisee knowingly assumes the risk of loss of income and does so contrary to Franchisor's advice.

Article 19 - Miscellaneous Provisions

19.01 Nonwaiver.

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

19.02 Attorneys' Fees.

The prevailing party in any arbitration or litigation shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such arbitration or litigation.

19.03 Severability.

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction or by an arbitration panel, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

19.04 Warranty of Authority.

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

19.05 Estoppel Certificate

In the event that Franchisor is considering transferring, assigning or encumbrancing this Agreement, the System, or any other of Franchisor's rights or assets, or upon request by Franchisor at any time, Franchisee shall, within ten (10) calendar days after Franchisor shall request the same, execute, acknowledge and deliver to Franchisor, a written certificate that (a) this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement as so modified is in full force and effect); (b) the date to which royalties or other charges have been paid in advance, if any; (c) there are not, to Franchisee's knowledge, any uncured defaults on the part of Franchisor or Franchisee hereunder, or specifying such defaults if any are claimed; (d) setting forth the dates of commencement and expiration of the Term of this Agreement; (e) Franchisee has and knows of no basis for any claims of any kind against Franchisor (or, if Franchisee has or knows of any such claims, a detailed statement of all such claims and a statement that Franchisee has and knows of no other claims); and (f) any other matter upon which certification is requested by Franchisor or a prospective assignee or encumbrancer. Franchisor may rely upon any certificate given pursuant to this sub-paragraph as may any prospective purchaser or encumbrancer of all or any portion of Franchisor's rights hereunder. Any failure or refusal to timely execute a truthful certificate pursuant to this sub-paragraph shall be a material breach of this Agreement.

19.06 Paragraph Headings.

The various paragraph headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

19.07 Recitals.

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs. All references to "Franchisee" shall include all owners, parents and subsidiaries of Franchisee if Franchisee is an entity.

19.08 No Third-Party Beneficiary.

Nothing in this Agreement shall be construed to give Franchisee any rights as a third-party beneficiary or otherwise arising out of any similar or other agreement(s) between Franchisor and any other franchisee(s). Nothing in this Agreement shall be construed to give to any other franchisee or any other person any rights arising out of this Agreement. Any action or inaction by Franchisor with regard to any other franchisee's performance or non-performance as to any term of this or any similar agreement shall not give rise to any claims or rights in favor of Franchisee under this Agreement.

19.09 Choice of Law; Consent to Jurisdiction.

19.09.01 All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 *et seq*.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 *et seq*.), or other United States federal law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Franchisee will be governed by the laws of the state of New

York without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchise owner will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

19.09.02 Subject to Article 17 above, Franchisee and its owners agree that all actions arising out of or relating to this Agreement or otherwise as a result of the relationship between Franchisor and Franchisee must be commenced exclusively in state or federal court nearest to Franchisor's, or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently Buffalo, New York), and Franchisor and Franchisee (and each owner) irrevocably consents to the jurisdiction of those courts and waives any objection to either the jurisdiction of or venue in those courts.

19.10 Notices.

All notices required or permitted by this Agreement ("**Notice**" or "**Notices**") shall be sent to the respective parties at the addresses set forth on the first page of this Agreement and/or with respect to any Notices that Franchisor provides to Franchisee or Franchisee's owners, at the Center's address. The place of Notice may be modified by appropriate Notice to the other party. All Notices shall be sent by certified mail, return receipt requested, postage prepaid, personally delivered, by facsimile, or via nationally recognized commercial courier service for next business day delivery. Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile, (b) two (2) business days following deposit with the United States Postal Service or its successor, with postage prepaid, (c) one (1) business day following submission to a nationally recognized commercial carrier, or (d) immediately upon refusal of delivery by the addressee.

19.11 Entire Agreement.

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior or contemporaneous representations, promises, contracts or agreements not contained in this Agreement or the Franchise Disclosure Document presented herewith, including, without limitation, the Preliminary Agreement, are hereby fully superseded. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to Franchisee.

19.12 Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Franchisor. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Franchisor.

19.13 Effective Date.

This Agreement shall have no force or effect unless and until signed by an officer of Franchisor. The effective date shall be the date of such corporate signature. Notwithstanding the order of signatures, this Agreement shall be deemed made and entered into in the state where the Franchised Business is located.

19.14 Time of Essence.

Time is of the essence of Franchisee's performance under this Agreement.

19.15 Franchisor's Rights.

Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement to the contrary.

19.16 Franchisor's Discretion.

Franchisee agrees that whenever this Agreement allows or requires Franchisor to take actions or make decisions, Franchisor may do so in its sole and unfettered discretion, even if Franchisee believes Franchisor's action or decision is unreasonable, unless the Agreement expressly and specifically requires that Franchisor acts reasonably or refrain from acting unreasonably in connection with the particular action or decision.

19.17 Damages

In the event this Agreement is terminated because of Franchisee's (or its owners) default or by Franchisee without cause, the parties agree that it would be difficult if not impossible to determine the amount of damages that Franchisor would suffer due to the loss or interruption of the revenue stream Franchisor otherwise would have derived from Franchisee's continued payment of Royalties, National Marketing Fee contributions, and Local Marketing Fee contributions, less any cost savings, through the remainder of the term of this Agreement (the "Damages"). The parties agree that a reasonable estimate of the Damages, and Franchisee agrees to pay Franchisor as compensation for the Damages, the then net present value of the standard Royalties, National Marketing Fee contributions, and Local Marketing Fee contributions that would have become due from the date of termination to the scheduled expiration date of this Agreement (the "Measurement Period"). For this purpose, Damages shall be calculated by multiplying (1) the number of calendar months in the Measurement Period by (2) the aggregate of the standard Royalty, National Marketing Fee contribution, and Local Marketing Fee contribution percentages, by (3) the average monthly Gross Revenues of Franchisee's Center during the twelve (12) months preceding the Termination Date; however, if as of the termination date, Franchisee's Center has not been operating for at least 12 months, Damages will be calculated based on the average monthly Gross Revenues during Franchisor's previous fiscal year immediately preceding the Termination Date of all Centers operating under the Marks during the entirety of that fiscal year. Franchisee and Franchisor agree that the calculation described in this Section is a calculation only of the Damages and that nothing herein shall preclude or limit Franchisor from proving and recovering any other damages caused by Franchisee's breach of the Agreement.

19.18 Security Interest

As security for the performance of Franchisee's obligations under this Agreement, including payments owed to Franchisor for purchase by Franchisee, Franchisee grants Franchisor a security interest in all of the assets of Franchisee's Center, including but not limited to inventory, fixtures, furniture, equipment, accounts, the Family Information, supplies, contracts, and proceeds and products of all those assets (including cash derived from the operation of the Center). Franchisee agrees to execute such other documents as Franchisor may reasonably request in order to further document, perfect and record Franchisor's security interest. If Franchisee defaults in any of its obligations under this Agreement, Franchisor may exercise all rights of a secured creditor granted to Franchisor by law, in addition to Franchisor's other rights under this Agreement and at law. If a third-party lender requires that Franchisor subordinate its security interest in the assets of Franchisee's Center as a condition to lending Franchisee working capital for the operation of the Center, Franchisor will agree to subordinate pursuant to terms and conditions determined by Franchisor.

19.19 Franchisee May Not Withhold Payments Due to Franchisor

Franchisee agrees that it will not withhold payment of any amounts owed to Franchisor on the grounds of Franchisor's alleged nonperformance of any of its obligations under this Agreement or for any other reason, and Franchisee specifically waives any right it may have at law or in equity to offset any funds Franchisee may owe Franchisor or to fail or refuse to perform any of Franchisee's obligations under this Agreement. Franchisee agrees to submit all claims, unless otherwise resolved by the parties' mutual agreement, to arbitration as provided in Article 17.

19.20 Waiver of Punitive Damages and Jury Trial

EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD-PARTY CLAIMS UNDER SECTION 8.01, FRANCHISOR AND FRANCHISEE (AND ITS OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY.

19.21 Limitations of Claims and Class Action Bar

EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISOR'S RELATIONSHIP WITH FRANCHISEE WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

THE PARTIES AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN FRANCHISOR AND ANY OF FRANCHISOR'S AFFILIATES, OR FRANCHISOR'S AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND FRANCHISEE (OR FRANCHISEE'S OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON FRANCHISEE'S BEHALF BY ANY ASSOCIATION OR AGENT.

NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

19.22 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original. Signatures transmitted by fax or scanned and e-mailed shall have the same effect as originals.

19.23 Rights of Parties Are Cumulative

Franchisee's and Franchisor's rights under this Agreement are cumulative, and a party's exercise or enforcement of any right or remedy under this Agreement will not preclude such party's exercise or enforcement of any other right or remedy which such party is entitled by law to enforce.

19.24 Injunctive Relief

Nothing in this Agreement, including the provisions of Article 17, bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause Franchisor, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. Franchisee agrees that Franchisor may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to Franchisor at law or in equity. Franchisee agrees that Franchisor will not be required to post a bond to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

Article 20 - Business Risk.

20.01 No Promises.

Franchisee has been informed by Franchisor, realizes and acknowledges that the business venture contemplated by this Agreement involves business risks and its success or failure will be largely dependent upon Franchisee's abilities in operating and managing the Franchised Business. Except to the extent expressly set forth in the Doodle Bugs! Franchise Disclosure Document, neither Franchisor nor anyone acting or purporting to act on behalf of Franchisor has made any promises or warranties, expressed or implied, as to Franchisee's potential sales, profits or success. As to those issues, Franchisee has made its own investigation and evaluation.

20.02 Receipt for Disclosure Document.

Franchisee has received a copy of the Doodle Bugs! Franchise Disclosure Document at least fourteen (14) days (ten 10 business days in New York) before signing this Agreement or paying any fee to Franchisor. Franchisee has been encouraged and provided ample opportunity to consult an attorney or other advisor(s) of its own choosing before entering into this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below.

Dated: _______/_______/_______ [effective date] Date signed: _______/_______/_______

Doodle Bugs! Franchising Company, LLC
(Franchisor)

By: ________________________________
________________, CEO
20 Losson Road, Suite 215
Buffalo, New York 14227
716-668-5111

____
(Franchisee)

By: ________________________________
Franchisee
Address: ____________________________
____
Phone ______________________________

EXHIBIT A

Location of Franchised Business

The location of Franchisee's "Doodle Bugs!" Franchised Business Premises shall be:

Street Address: ____

City: ____

State: ___________________________________ Zip:_________________________

EXHIBIT B
Territory

Franchisee's designated Territory shall be defined as:

EXHIBIT C

Lease Conditional Assignment Agreement

This Rider is attached to and is part of that certain Lease, by and between:

____
(Landlord) and ____
(Tenant) dated ______________________________ for the premises located at: _____________
____
____
(Address).

A. CONDITIONAL ASSIGNMENT: Tenant hereby conditionally assigns all of the Tenant's right, title and interest in this lease to Doodle Bugs! Franchising Company, LLC (hereinafter, "Franchisor"). This assignment shall become effective (upon effectiveness, an "Assignment") only upon the election of Franchisor and the occurrence of any one of the following conditions:

i. Termination of the Doodle Bugs! Franchise Agreement between Franchisor and Tenant as Franchisee for the operation of a Doodle Bugs! Children's Learning Academy franchise within the leased premises; or

ii. Default by Tenant of any of the terms, conditions or provisions or this lease; and

iii. Exercise by Franchisor, under the terms specified in this Agreement, of its option of assignment within sixty (60) calendar days after termination of said Franchise Agreement or notice from Landlord of Default by Tenant of this lease.

B. Landlord hereby consents to the said conditional Assignment and hereby agrees that if said conditional Assignment becomes effective, and Landlord further agrees as follows:

Franchisor shall have no liability for any default caused by Tenant occurring before the effective date of the Assignment; and

Franchisor shall have no financial obligation to reimburse Landlord or any other party for the lease payments, debts and expenses incurred by Tenant prior to the effective date of the Assignment; and

Franchisor shall be permitted to operate the Doodle Bugs! Children's Learning Academy under the terms of this lease for a period of one (1) year from the effective date of this Assignment; and

Franchisor shall have the right, within a period of one (1) year from the effective date of this Assignment, to reassign this lease to a new Doodle Bugs! franchisee; and

Landlord shall reasonably approve such new franchisee within thirty (30) days and upon the same criteria Landlord approved original Tenant; and

Upon this assignment to a new franchisee, the Tenant shall be relieved of all liability accruing under this lease after the effective date of this Assignment; and

If Franchisor chooses to operate the Doodle Bugs! Children's Learning Academy as a company owned location, within the one (1) year period from the effective date of this Assignment, Franchisor shall thereafter be substituted for Tenant as the Tenant in this lease and Tenant, and shall be relieved of all liability accruing under this lease after the effective date of this Assignment; and

If a new franchisee is not selected or approved by Landlord within one (1) year from the effective date of this Assignment, and the Franchisor chooses not to further operate the Doodle Bugs! Children's Learning Academy as a company owned location, Franchisor will have no further liability or obligation under the lease.

C. Tenant agrees that, upon effectiveness of this Assignment, Tenant will immediately vacate the demised premises without removing any furniture, fixtures, equipment, parts, or accessories except as authorized in the Franchise Agreement and Landlord will permit Franchisor to enter upon and take possession of the demised premises. Landlord will cooperate in all legal action necessary to remove Tenant if Tenant refuses to vacate premises.

D. Landlord is hereby authorized and directed to rely solely upon written notice by Franchisor of the termination of the said Doodle Bugs! Franchise Agreement and exercise by Franchisor of its option to become the Tenant under this lease and is hereby relieved of any and all liability to Tenant for any action it takes in so relying.

E. DEFAULT BY TENANT: Landlord agrees to give Franchisor sixty (60) calendar days prior written notice of its intention to reenter and repossess the premises and to cancel the lease on account of Tenant's default of any of the terms, conditions or provisions thereof. During the sixty (60) calendar day period Franchisor may exercise its rights under the conditional assignment.

F. OPTION TO RENEW: In the event that Tenant fails to exercise any option which he might have under the lease to renew same prior to the expiration thereof, Landlord agrees to notify Franchisor in writing of Tenant's failure to renew the lease and Franchisor shall then have sixty (60) calendar days from the receipt of such notice to exercise any option to renew and replace Tenant as the Tenant under the lease.

G. SUCCESSORS AND ASSIGNS: All of Franchisor's rights, privileges and interests under this Rider and the Lease shall inure to the benefit of Franchisor's successors and assigns. Franchisor may assign its rights under this Rider to any designee. All provisions in this Rider applicable to Tenant and Landlord shall be binding on any successor or assign of Tenant or Landlord under the Lease.

IN WITNESS WHEREOF, the parties have caused these present to be executed under seal the day and year written below.

Dated: _______/_______/_______ [effective date]

DBFC:
Doodle Bugs! Franchising Company, LLC

By ________________________________
________________, CEO
20 Losson Road, Suite 214
Buffalo, New York 14227
(716) 668-5111

Date signed: _______/_______/_______

Tenant: _____________________________

By: _________________________________
Tenant
Address: ____________________________
____
Phone: ______________________________

Date signed: _______/_______/_______

Landlord: ___________________________

By: _________________________________
Landlord
Address: ____________________________
____
Phone: ______________________________

EXHIBIT D

Collateral Assignment of Telephone Numbers, Telephone Listings, and Internet Accounts

THIS COLLATERAL ASSIGNMENT (this "**Assignment**") is entered into _____________ _________________, in accordance with the terms of the Doodle Bugs! Franchise Agreement (the "**Franchise Agreement**") between Doodle Bugs! Franchising Company, LLC ("**Franchisor**") and ____ ("**Franchisee**"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a center under the Doodle Bugs! brand (the "**Center**") located at ____ ____.

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) all telephone numbers and regular, classified, online or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**") and (2) all websites, domain names, email addresses, social media accounts, usernames, and other online presence or presence on any electronic medium of any kind (collectively the "**Internet Accounts**") associated with Franchisor's trade and service marks used from time to time in connection with the operation of the Center. This Assignment is for collateral purposes only and, except as specified herein, Franchisor has no liability or obligation of any kind whatsoever in connection with this Assignment, unless Franchisor notifies the telephone company, the telephone listing agencies and the companies managing the Internet Accounts (the "**Service Providers**") to effectuate this assignment.

Upon termination or expiration of the Franchise Agreement (without extension), Franchisor has the right to effectuate the assignment of the Telephone Numbers and Listings and the Internet Accounts. In such event, Franchisee will have no further right, title or interest in the Telephone Numbers and Listings and the Internet Accounts, and will remain liable to the Service Providers for all past due fees owing to the Service Providers before the date of this assignment.

Franchisee agrees that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor has the sole right to the Telephone Numbers and Listings and the Internet Accounts, and Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Service Providers to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee will immediately notify the Service Providers to assign the Telephone Numbers and Listings and the Internet Accounts to Franchisor. If Franchisee fails to promptly direct the Service Providers to assign the Telephone Numbers and Listings and the Internet Accounts to Franchisor, Franchisor will direct the Service Providers to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Service Providers may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in the Telephone Numbers and Listings and the Internet Accounts upon such termination or expiration and that such assignment will be made automatically and effective immediately upon a Service Provider's receipt of such notice from Franchisor or Franchisee. The parties further agree that if any Service Provider requires that the parties execute the Service Provider's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of the forms or documentation on behalf of Franchisee will effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish this assignment upon termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, the parties have caused these present to be executed under seal the day and year written below.

Dated: _______/_______/_______ [effective date]

Doodle Bugs! Franchising Company, LLC
(Franchisor/Assignee)

By: ________________________________
________________, CEO
120 Losson Road
Buffalo, New York 14227
(716) 668-5111

Date signed: _______/_______/_______

____
(Franchisee/Assignor)

By: ________________________________
Franchisee/Assignor
Address: ___________________________
____
Phone: _____________________________

EXHIBIT E

Personal Guaranty, Non-Competition and

Transfer Restriction Agreement

IN CONSIDERATION of and to induce the consent by Doodle Bugs! Franchising Company, LLC, a New York limited liability company corporation ("Franchisor") to the assignment of all right, title, and interest in and to the Doodle Bugs! Franchise Agreement dated _________ ___________ to ____ (as amended, modified, restated, or supplemented from time to time, the "Franchise Agreement"), a ________ _________________ [Type of Entity and State of organization] ("Franchisee"), [or alternatively, in consideration of and to induce Franchisor's consent for the undersigned to enter into the Franchise Agreement], and for other good and valuable consideration, I/we, and each of us jointly, severally, absolutely and unconditionally guarantee to Franchisor:

1.01 Payment of Obligations.

The punctual payment and satisfaction of each and every claim, demand, default, liability, indebtedness, right or cause of action of every nature whatsoever, including expenses, damages and fees, now or hereafter existing, due or to become due, or held by Franchisor, its subsidiaries, divisions, or related companies, together with any interest as it may accrue, and all costs, expenses and attorneys' fees paid or incurred by Franchisor or its subsidiary, division, or related company in collecting or attempting to collect the obligations of the Franchisee or in enforcing or attempting to enforce this Guaranty; and

1.02 Continuing Performance.

The timely performance of each term, covenant, and obligation of the franchise set forth in the Franchise Agreement. This is a continuing Guaranty which shall apply to the Franchise Agreement and any subsequent renewals, extensions, amendments or modifications thereof, and such renewals, extensions, amendments or modifications shall be conclusively presumed to be covered by this Guaranty without further notice to or acceptance by the undersigned.

2.01 Execution and Delivery.

The undersigned acknowledge(s) and agree(s) that possession of this Guaranty by Franchisor constitutes true and correct execution and actual and proper delivery of same to Franchisor, and the undersigned waive notice of acceptance of this Guaranty and of the incurrence by Franchisee of any liability to which it applies or may apply, and waive presentment and demand for payment thereof, protest, notice of protest and notice of dishonor or non-payment thereof, collection thereof including any notice of default in payment thereof or other notice to, or demand of payment therefore on, any party. The undersigned further waive any right to have security applied before enforcing this Guaranty, any right to require suit against the Franchisee or any other party before enforcing this Guaranty, and any right to subrogation to Franchisor's rights against the Franchisee until the Franchisee's liabilities and obligations to Franchisor are paid and satisfied in full. Payment by the undersigned shall be made at the office of Franchisor in Buffalo, New York, or such other location as Franchisor may designate in writing.

3.01 Rights of Company

Franchisor may, at any time, without the consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, upon or without any terms or conditions and in whole or in part:

3.01.01 change the manner, place or terms of payment or change or extend the time of payment of, renew, or alter any obligation, liability or right of the Franchisee under the Franchise Agreement hereby guaranteed, or any liabilities incurred directly or indirectly hereunder, and the guaranty herein made shall apply to the obligations and liabilities of the Franchisee, so changed, extended, renewed or altered;

3.01.02 exercise or refrain from exercising any rights against Franchisee or others, or otherwise act or refrain from acting;

3.01.03 settle or compromise any liabilities hereby guaranteed or hereby incurred, and may subordinate the payment of all or any part of such liabilities to the payment of any liabilities which may be due to Franchisor or others; and

3.01.04 apply any sums paid to any liability or liabilities of Franchisee to Franchisor regardless of what liability or liabilities of Franchisee remain unpaid. Franchisor may, without the consent of or notice to the undersigned, apply to the payment of the liability created by this guaranty, at any time after such liability becomes payable, any moneys, property, or other assets belonging to the undersigned in the possession, care, custody and control of Franchisor.

4.01 Restrictions Applicable from Franchise Agreement

4.01.01 Restrictions on Transfer. The undersigned agrees that the provisions of Article 11 and Article 12 of the Franchise Agreement (collectively, the “Assignment Restrictions”), which Assignment Restrictions are incorporated by reference herein and made a part hereof, shall apply to any Assignment (as defined in the Franchise Agreement) of the undersigned’s ownership interest in Franchisee. For purposes of this Section 4.01.01, references to “Franchisee” in such Assignment Restrictions as incorporated herein shall include the undersigned and references to the “Franchisee Interests” in such Assignment Restrictions as incorporated herein shall include the undersigned’s ownership interest in Franchisee.

4.01.02 Competition with Franchisor. The undersigned agrees that the provisions of Article 15 of the Franchise Agreement (collectively, the “Competition Restrictions”), which Competition Restrictions are incorporated by reference herein and made a part hereof, shall apply to the undersigned. For purposes of this Section 4.01.02, references to “Franchisee” in such Competition Restrictions as incorporated herein shall include the undersigned.

4.02 Restrictions on Distribution

The undersigned, if a business entity, retirement or investment account, or trust, acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, no dividends or distributions may be made by such undersigned business entity, retirement or investment account, or trust, to its owners, accountholders, beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

5.01 Irrevocable.

This agreement shall not affect in any manner the right of Franchisor to terminate the Franchise Agreement pursuant to the terms thereof, and this Guaranty shall survive the termination, expiration, or cancellation of the Franchise Agreement. Franchisor may elect to take no action pursuant to this Guaranty or the Franchise Agreement without waiving any rights under either. The undersigned do further agree that it will not be necessary for Franchisor, in order to enforce the terms of this agreement against them, to first institute suit or exhaust its remedies against the Franchisee or any others. This Guaranty shall operate as a continuing Guaranty and shall be non-revocable, except with the express written consent of Franchisor.

5.02 Joint and Several Liability.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term “undersigned” shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

5.03 Successors and Assigns.

This Guaranty shall bind and inure to the benefit of the heirs, executors, administrators, successors, and assigns of Franchisor and of the undersigned.

5.04 Bankruptcy or Insolvency of Franchisee.

In the event that a petition in bankruptcy or for an arrangement or reorganization of the Franchisee under any state or federal bankruptcy law or for the appointment of a receiver for the Franchisee or any of its property is filed by or against the Franchisee, or if the Franchisee shall make an assignment for the benefit of creditors or shall become insolvent, all indebtedness and other obligations of the Franchisee shall, for purposes of this Guaranty be immediately due and payable.

5.05 Spousal Representation

Each of the undersigned guarantors represents and warrants that, if no signature appears below for such guarantor’s spouse, such guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have executed this guaranty as of ______________________________.

______________________________ [SIGNATURE] _______% owner of Franchisee	______________________________ [SIGNATURE] _______% owner of Franchisee
Address: __________________________________	Address: __________________________________
______________________________ [SIGNATURE] _______% owner of Franchisee	______________________________ [SIGNATURE] _______% owner of Franchisee
Address: __________________________________	Address: __________________________________

The undersigned, as the spouse of the guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to guarantor’s performance of this guaranty.

______________________________ [Signature of Guarantor’s Spouse]	______________________________ [Signature of Guarantor’s Spouse]
______________________________ [Name of Guarantor’s Spouse -- Typed or Printed Legibly]	______________________________ [Name of Guarantor’s Spouse -- Typed or Printed Legibly]
______________________________ [Name of Guarantor - Typed or Printed Legibly]	______________________________ [Name of Guarantor - Typed or Printed Legibly]
______________________________ [Signature of Guarantor’s Spouse]	______________________________ [Signature of Guarantor’s Spouse]
______________________________ [Name of Guarantor’s Spouse -- Typed or Printed Legibly]	______________________________ [Name of Guarantor’s Spouse -- Typed or Printed Legibly]
______________________________ [Name of Guarantor - Typed or Printed Legibly]	______________________________ [Name of Guarantor - Typed or Printed Legibly]

EXHIBIT F

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This "**Agreement**" is made and entered into as of ________________________, by and among Franchisee, Covenantor and Doodle Bugs! Franchising Company, LLC, a New York limited liability company ("**Franchisor**").

"**Franchisee**": ____

"**Covenantor**": _________________________________, being [an employee of Franchisee who will have access to Confidential Information], [an officer], or [a director] or [general partner] or [managing member] of Franchisee.

Address of Covenantor :____

____

____

1. Preambles.

Franchisor has executed or intends to execute a Franchise Agreement with Franchisee under which Franchisor grants to Franchisee certain rights with regard to a Doodle Bugs! Children's Learning Academy (the "**Center**"). Before allowing Covenantor to have access to the Confidential Information, and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by Franchisor from time to time for use in the operation of Franchisee's Center and Franchisor's proprietary rights in and Franchisee's right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

As a condition of Covenantor's employment or continued employment with Franchisee or Covenantor's appointment as a director or officer of Franchisee and to induce Franchisor to enter into the Franchise Agreement, Covenantor agrees to enter into this Agreement. Due to the nature of Franchisor's and Franchisee's business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. Definitions.

Certain terms that are capitalized in this Agreement are defined in this section or at the places they first appear.

(a) The term "**Competitive Business**" as used in this Agreement means (i) any business which primarily provides child care and educational services to children aged 6 weeks to 12 years of age and (ii) any business granting franchises or licenses to others to operate the types of businesses specified in subparagraph (i).

(b) The term "**Confidential Information**" as used in this Agreement means certain confidential and proprietary information relating to the development and operation of Doodle Bug! Children's Centers, which includes, but is not limited to: the distinctive business formats, methods, rules, procedures, signs, designs, layouts, standards, and specifications of the Centers; operations manuals; formulas; methods; information relating to Franchisee's Center's children such as parents' names, addresses, telephone numbers, e-mail addresses, preferences, demographic information, and related information ("**Family Information**"); vendor and pricing lists and policies; if applicable, the initial training program and all Center Director, employee and other training programs and materials; and other programs, techniques and policies as they may be developed by Franchisor from time to time.

3. Protection of Confidential Information.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that neither Covenantor nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and/or other Centers owned by Franchisor or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he or she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or in written form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement, the restrictions on Covenantor do not apply to (a) disclosure or use of information, methods, or techniques which are generally known and used in the industry (as long as the availability is not because of a disclosure by Covenantor or Covenantor's agents, and such disclosure or use is not otherwise prohibited by this Agreement), provided that Covenantor has first given Franchisor written notice of his or her intended disclosure and/or use; and (b) disclosure of the Confidential Information in legal proceedings when Covenantor is legally required to disclose it, provided that Covenantor has first given Franchisor the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially.

Notwithstanding any provisions in this Agreement or company policy applicable to the unauthorized use or disclosure of trade secrets, Covenantor is hereby notified that, pursuant to the Defend Trade Secrets Act of 2016, 18 U.S.C. § 1833(b):

An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

4. In-Term Restrictive Covenant.

Covenantor acknowledges and agrees that Franchisor and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among Centers if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses. Covenantor therefore agrees that for as long as Covenantor is (a) a director, officer, general partner, or managing member of Franchisee, or (b) an employee of Franchisee who will have access to Confidential Information, neither Covenantor nor Covenantor's spouse shall (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business; or (ii) perform services as a director, officer, member, employee, manager, consultant, lessor, representative, agent or otherwise for any Competitive Business. Covenantor further acknowledges that the restrictions contained in this Section will not hinder his or her activities or those of members of his or her immediate family under this Agreement or in general.

5. Restrictive Covenant upon Termination or Expiration of the Franchise Agreement or Covenantor's Association with Franchisee.

Upon the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Covenantor is neither (i) a director, officer, general partner or managing member of Franchisee or (ii) an employee of Franchisee who will have access to Confidential Information (each of these events is referred to as a "**Termination Event**"), Covenantor agrees that for a period of two (2) years commencing on the effective date of a Termination Event, neither Covenantor nor Covenantor's spouse shall have any direct or indirect interest as a disclosed or beneficial owner in, or assist or perform services as a director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for, a Competitive Business located or operating within a 15-mile radius of Franchisee's Center or within a 5-mile radius of any other Center then existing or being built.

6. Surrender of Documents.

Covenantor agrees that as of the effective date of a Termination Event Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

7. Costs and Attorneys' Fees.

If Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

8. Waiver.

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

9. Severability.

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.

10. Rights of Parties Are Cumulative.

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

11. Benefit.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

12. Effectiveness.

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

13. Governing Law.

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the State of New York without regard to its conflict of laws principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Covenantor: ______________________________________
Signature

____
Print Name

Franchisee: ______________________________________
Signature

____
Print Name and Title

Franchisor: ______________________________________
Signature

____
Print Name and Title

EXHIBIT C

LIST OF CURRENT FRANCHISEES

List of Current Franchisees
As of December 31, 2021

Legacy Childcare Ventures, LLC
7383 State Route 96
Victor, NY 14564
585-742-1200

EXHIBIT D

OPERATIONS MANUALS TABLE OF CONTENTS

OPERATIONS MANUALS TABLE OF CONTENTS

Total Number of Pages: 2,873

EXHIBIT E

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

EXHIBIT E

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Department of Financial Protection & Innovation:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

2101 Arena Blvd.
Sacramento, California 95834
(916) 445-7205

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(agent for service of process)

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236   Phone
(212) 416-6042   Fax

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex
Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(agent for service of process)
Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial
Institutions
4022 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial
Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT F

STATE ADDITIONAL DISCLOSURES AND AGREEMENT RIDERS

ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
DOODLE BUGS! FRANCHISING COMPANY, LLC

The following are additional disclosures for the Franchise Disclosure Document of DOODLE BUGS! FRANCHISING COMPANY, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

MARYLAND

1. **Initial Fees**. The following is added to the end of the 3rd and 4th paragraphs of Item 5:

> Any general release required as a condition of obtaining a refund of the Preliminary Agreement Fee will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following language is added as the last paragraph of Items 5 and 7:

> All initial fees and payments will be deferred until such time as we complete our initial obligations under the Preliminary Agreement and our initial obligations under the Franchise Agreement and the Center Development Agreement and you have begun operating the Doodle Bugs! Center.

3. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following is added to the end of the "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**:

> The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

5. The "Summary" section of Item 17(v), entitled **Choice of forum**, is amended to add the following:

> , except that you may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of the chart in Item 17:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

NEW YORK

1. The following information is added to the cover page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

With regard to us, a predecessor, a person identified in Item 2, or an affiliate offering franchises under our 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. In addition, no such party has civil actions pending against that party, 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.

B. 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.

C. 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 injunctive 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 Item 4:

Except as provided above, with regard to us, our affiliate, our predecessor, officers or general partners, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document, no such party, has during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; or (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

We apply the Franchise License Fee to defray our costs of recruiting and screening franchisees, training, and assisting in the opening of your Center.

5. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for 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.

6. The following is added to the end of the "Summary" section of Item 17(d), entitled **Termination by franchisee**:

The franchisee may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), entitled **Assignment of contract by franchisor**:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and Item 17(w), entitled **Choice of law**:

> However, the governing choice of law and choice of forum will not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE DOODLE BUGS! FRANCHISING COMPANY, LLC
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is by and between **DOODLE BUGS! FRANCHISING COMPANY, LLC**, a New York limited liability company with its principal office at 20 Losson Road, Suite 215, Buffalo, New York 14227 ("Franchisor"), and ____ __________________________________, whose principal business address is ___________ ____ ______ ("Franchisee").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____________________, 20___ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in Maryland, and/or (b) the Doodle Bugs! Children's Learning Academy that Franchisee will operate under the Franchise Agreement will be located in Maryland.

2. **Initial Fees**. The following language is added to the end of Section 2.01 of the Franchise Agreement:

> All initial fees and payments shall be deferred until such time as Franchisor completes its initial obligations under this Agreement and Franchisee has begun operating its Center.

3. **Releases**. The following is added to the end of Sections 9.09, 11.02.13 and 16.05.04 of the Franchise Agreement:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **Insolvency**. The following is added to the end of Section 14.02(r) and 14.02(r) of the Franchise Agreement:

> ; however, Franchisor and Franchisee acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **Representations of Franchisee**. The following is added to the end of Article 18 of the Franchise Agreement:

> These acknowledgments are not intended to act, nor shall they act, as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. **Consent to Jurisdiction**. The following language is added to the end of Section 19.09.02 of the Franchise Agreement:

> Notwithstanding the foregoing, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **Class Action Bar and Limitation of Claims**. The following is added to the end of Section 19.21 of the Franchise Agreement:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

IN WITNESS WHEREOF, the parties have executed this Rider on the day and year indicated below, to be effective as of the date of the Franchise Agreement.

Dated: _______/_______/_______ [effective date] Date signed: _______/_______/_______

Doodle Bugs! Franchising Company, LLC (Franchisor)	________________________________ (Franchisee)
By: ______________________________ ________________, CEO	By: ______________________________ Franchisee
20 Losson Road, Suite 215 Buffalo, New York 14227 716-668-5111	Address: __________________________ ________________________________ Phone __________________________

RIDER TO THE DOODLE BUGS! FRANCHISING COMPANY, LLC
FRANCHISE AGREEMENT
FOR USE IN NEW YORK

THIS RIDER is by and between **DOODLE BUGS! FRANCHISING COMPANY, LLC**, a New York limited liability company with its principal office at 20 Losson Road, Suite 215, Buffalo, New York 14227 ("DBFC"), and ____ ________________________________, whose principal business address is ___________ ____ ______ ("Applicant").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ____________________, 20___ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in New York and the Doodle Bugs! Children's Learning Academy that Franchisee will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **Releases**. The following language is added to the end of Sections 9.09, 11.02.13 and 16.05.04 of the Franchise Agreement:

> Notwithstanding the foregoing, all rights enjoyed by Franchisee and any causes of action arising in Franchisee's 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

3. **Transfer by Franchisor**. The following language is added to the end of Section 11.05 of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

4. **Termination by Franchisee**. The following language is added to the end of Section 14.01 of the Franchise Agreement:

> Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Choice of Law; Consent to Jurisdiction**. The following statement is added at the end of Sections 19.09.01 and 19.09.02 of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed this Rider on the day and year indicated below, to be effective as of the date of the Franchise Agreement.

Dated: _______/_______/_______ [effective date] Date signed: _______/_______/_______

Doodle Bugs! Franchising Company, LLC (DFBC)	________________________________ (Applicant)
By: ________________________________	By: ________________________________
________________, CEO	Applicant
20 Losson Road, Suite 215	Address: ____________________________
Buffalo, New York 14227	________________________________
716-668-5111	Phone ____________________________

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE PRELIMINARY AGREEMENT

RIDER TO THE DOODLE BUGS! FRANCHISING COMPANY, LLC
PRELIMINARY AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is by and between **DOODLE BUGS! FRANCHISING COMPANY, LLC**, a New York limited liability company with its principal office at 20 Losson Road, Suite 215, Buffalo, New York 14227 ("DBFC"), and ____ ____________________________________, whose principal business address is ___________ ____ ____________ ("Applicant").

1. **Background**. DBFC and Applicant are parties to that certain Preliminary Agreement dated _____________________, 20___ (the "Preliminary Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Preliminary Agreement. This Rider is being signed because (a) Applicant is domiciled in Maryland, and/or (b) the Doodle Bugs! Children's Learning Academy that Applicant proposes to operate under the Franchise Agreement will be located in Maryland.

2. **Preliminary Agreement Fee**. The following language is added to the end of Article 1 of the Preliminary Agreement:

> All initial fees and payments shall be deferred until such time as DBFC completes its initial obligations under this Agreement and Applicant has begun operating the Doodle Bugs! Franchise Center.

3. **Representations of Applicant**. The following is added to the end of Article 14 of the Preliminary Agreement:

> These acknowledgments are not intended to act, nor shall they act, as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. **Consent to Jurisdiction**. The following language is added to the ninth paragraph of Article 17 of the Preliminary Agreement:

> Notwithstanding the foregoing, Applicant may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **Class Action Bar and Limitation of Claims**. The following is added to the end of eleventh paragraph of Article 17 of the Preliminary Agreement:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

IN WITNESS WHEREOF, the parties have executed this Rider on the day and year indicated below, to be effective as of the date of the Preliminary Agreement.

Dated: _______/_______/_______ [effective date] Date signed: _______/_______/_______

Doodle Bugs! Franchising Company, LLC (DBFC)	________________________________ (Applicant)
By: ________________________________	By: ________________________________
________________, CEO	Applicant
20 Losson Road, Suite 215	Address: ____________________________
Buffalo, New York 14227	________________________________
716-668-5111	Phone ____________________________

RIDER TO THE DOODLE BUGS! FRANCHISING COMPANY, LLC
PRELIMINARY AGREEMENT
FOR USE IN NEW YORK

THIS RIDER is by and between **DOODLE BUGS! FRANCHISING COMPANY, LLC**, a New York limited liability company with its principal office at 20 Losson Road, Suite 215, Buffalo, New York 14227 ("DFBC"), and ____ ____________________________________, whose principal business address is ___________ ____ ______ ("Applicant").

1. **Background**. DBFC and Applicant are parties to that certain Preliminary Agreement dated ______________________, 20___ (the "Preliminary Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Preliminary Agreement. This Rider is being signed because (a) Applicant is domiciled in New York and the Doodle Bugs! Children's Learning Academy that Applicant proposes to operate under a franchise agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Preliminary Agreement occurred in New York.

2. **Termination of Agreement by Applicant or DBFC**. The following language is added to the end of Article 7 of the Preliminary Agreement:

> Applicant also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **Choice of Law; Consent to Jurisdiction**. The following statement is added at the end of eighth ("Choice of Law") and ninth ("Consent to Jurisdiction") paragraphs of Article 17 of the Preliminary Agreement:

> This section shall not be considered a waiver of any right conferred upon Applicant by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed this Rider on the day and year indicated below, to be effective as of the date of the Preliminary Agreement.

Dated: _______/_______/_______ [effective date] Date signed: _______/_______/_______

Doodle Bugs! Franchising Company, LLC (DFBC)	________________________________ (Applicant)
By: ________________________________ ________________, CEO 20 Losson Road, Suite 215 Buffalo, New York 14227 716-668-5111	By: ________________________________ Applicant Address: ____________________________ ________________________________ Phone ____________________________

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE CENTER DEVELOPMENT AGREEMENT

RIDER TO THE DOODLE BUGS! FRANCHISING COMPANY, LLC
CENTER DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is by and between **DOODLE BUGS! FRANCHISING COMPANY, LLC**, a New York limited liability company with its principal office at 20 Losson Road, Suite 215, Buffalo, New York 14227 ("Franchisor"), and ____ ___________________________________, whose principal business address is ___________ ____ ____________ ("Franchisee").

1. **Background**. Franchisee and Franchisor are parties to that certain Center Development Agreement dated _____________________, 20___ (the "Center Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Center Development Agreement. This Rider is being signed because (a) Franchisee is domiciled in Maryland, and/or (b) the Doodle Bugs! Children's Learning Academy that Franchisee will operate will be located in Maryland.

2. **Initial Fees**. The following language is added to the end of Section 4.d of the Center Development Agreement:

> All initial fees and payments shall be deferred until such time as Franchisor completes its initial obligations under this Agreement and the Franchise Agreement.

3. **Dispute Resolution**. The following language is added to the end of Section 10 of the Center Development Agreement:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise. All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have executed this Rider on the day and year indicated below, to be effective as of the date of the Center Development Agreement.

Dated: _______/_______/_______ [effective date]	Date signed: _______/_______/_______
Doodle Bugs! Franchising Company, LLC (Franchisor)	___________________________________ (Franchisee)
By: ______________________________ ________________, CEO	By: ______________________________ Franchisee
20 Losson Road, Suite 215 Buffalo, New York 14227 716-668-5111	Address: ___________________________ ___________________________________ Phone ____________________________

**RIDER TO THE DOODLE BUGS! FRANCHISING COMPANY, LLC
CENTER DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK**

THIS RIDER is by and between **DOODLE BUGS! FRANCHISING COMPANY, LLC**, a New York limited liability company with its principal office at 20 Losson Road, Suite 215, Buffalo, New York 14227 ("Franchisor"), and ____ ________________________________, whose principal business address is ___________ ____ ______ ("Franchisee").

1. **Background**. Franchisor and Franchisee are parties to that certain Center Development Agreement dated ____________________, 20___ (the "Center Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Center Development Agreement. This Rider is being signed because (a) Franchisee is domiciled in New York and the Doodle Bugs! Children's Learning Academy that Franchisee will operate will be located in New York, and/or (b) any of the offering or sales activity relating to the Center Development Agreement occurred in New York.

2. **Transfer by Franchisor**. The following language is added to the end of Section 7 of the Center Development Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume your obligations under this Agreement.

3. **Termination by Franchisee**. The following language is added to the end of Section 8 of the Center Development Agreement:

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **Dispute Resolution**. The following statement is added at the end of Section 10 of the Center Development Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed this Rider on the day and year indicated below, to be effective as of the date of the Center Development Agreement.

Dated: _______/_______/_______ [effective date] Date signed: _______/_______/_______

Doodle Bugs! Franchising Company, LLC (Franchisor)	___________________________________ (Franchisee)
By: _______________________________ ________________, CEO 20 Losson Road, Suite 215 Buffalo, New York 14227 716-668-5111	By: _______________________________ Franchisee Address: ___________________________ ___________________________________ Phone ____________________________

EXHIBIT G

FRANCHISE APPLICATION

Franchise Application

DOODLE BUGS! CHILDREN'S LEARNING ACADEMY

DATE OF APPLICATION

A complete investigative background report may be procured in connection with your application. In the event such an investigative consumer report is procured, upon your written request of this company, received within a reasonable period of time from the date of this application, you will be provided a complete and accurate disclosure of the nature and scope of the investigation requested.

CONTACT INFORMATION

APPLICANT (FIRST NAME)	APPLICANT (LAST NAME)

STREET ADDRESS	CITY	ZIP CODE

HOME PHONE	WORK PHONE	MOBILE PHONE

BEST TIME TO REACH YOU? ☐ **Morning** ☐ **Afternoon** ☐ **Evening**	FAX	EMAIL

PERSONAL INFORMATION

DATE OF BIRTH	SOCIAL SECURITY NUMBER	CITIZENSHIP

EDUCATION (CHECK HIGHEST LEVEL) ☐ **High School** ☐ **College** ☐ **Graduate Degree**	MARITAL STATUS ☐ **Single** ☐ **Married**	NUMBER OF DEPENDENTS

SPOUSE'S INFORMATION (IF APPLICABLE)

SPOUSE'S NAME	SPOUSE'S SOCIAL SECURITY NUMBER	SPOUSE'S CITIZENSHIP

SPOUSE'S EDUCATION (CHECK HIGHEST LEVEL) ☐ **High School** ☐ **College** ☐ **Graduate Degree**	SPOUSE'S OCCUPATION

CURRENT EMPLOYMENT

CURRENT EMPLOYER	JOB TITLE

STREET ADDRESS	CITY	ZIP CODE

SUPERVISOR	PHONE NUMBER

LENGTH OF EMPLOYMENT	CURRENT ANNUAL SALARY

EMPLOYMENT HISTORY *(Provide for the past ten years. Attach an additional sheet if necessary)*				
Employer	**Job Description**	**Annual Salary for Last Year of Employment**	**Employment Dates**	**Phone Number**

REFERENCES *(Provide three character references)*		
Name	**Phone Number**	**Relationship**

GENERAL INFORMATION

HOW DID YOU BECOME INTERESTED IN A DOODLE BUGS! CHILDREN'S CENTER FRANCHISE? (CHOOSE ONE)

☐ **Advertisement (Publication)** ____________________

☐ **Existing Franchise (Location)** ____________________

☐ **Web site (Explain)** ____________________

☐ **Other (Explain)** ____________________

DO YOU HAVE A PROPOSED LOCATION FOR YOUR DOODLE BUGS! CHILDREN'S CENTER? ☐ **Yes** ☐ **No**

If so, please provide in order of preference:

1st Preference ____________________

2nd Preference ____________________

3rd Preference ____________________

HAVE YOU EVER OWNED YOUR OWN BUSINESS?	HAVE YOU EVER BEEN A FRANCHISEE?
☐ **Yes** ☐ **No**	☐ **Yes (What company?)** ____________ ☐ **No**

HAVE YOU OPERATED A CHILD CARE FACILITY?	ARE YOU A LICENSED CHILDCARE PROVIDER?
☐ **Yes (Explain)** ____________ ☐ **No**	☐ **Yes (In what States?)** ____________ ☐ **No**

FINANCIAL INFORMATION *(Provide the following as of the date of your application)*

CURRENT ASSETS		CURRENT LIABILITIES	
Checking Account	**$** ______	**Notes Payable (Banks)**	**$** ______
Savings Account	**$** ______	**Notes Payable (Other)**	**$** ______
Stocks & Bonds	**$** ______	**Mortgage(s)**	**$** ______
Loans Receivable	**$** ______	**Other Liability(s) (Describe)**	**$** ______
Real Estate Income	**$** ______		
Home Fair Market Value	**$** ______		
Other Real Estate Fair Market Value	**$** ______		
Life Insurance (Cash value)	**$** ______		
Other Assets (Describe)	**$** ______		
TOTAL ASSETS	**$** ______	**TOTAL LIABILITIES**	**$** ______

NET WORTH (Total assets minus liabilities) **$** ______

HOW MUCH LIQUID CAPITAL DO YOU OR YOUR GROUP HAVE TO INVEST IN THE FRANCHISE?

DO YOU CURRENTLY HAVE A SOURCE OF FINANCING? ☐ **Yes** ☐ **No**	IF YES, EXPLAIN

WILL YOU HAVE A PARTNER OR OTHER INVESTORS (IF YES, PLEASE PROVIDE THEIR NAMES AND RESUMES OF ALL OPERATING PARTNERS)?
☐ **Yes** ☐ **No**

PARTNER (FIRST NAME)	PARTNER (LAST NAME)
PARTNER (FIRST NAME)	PARTNER (LAST NAME)
INVESTOR (FIRST NAME)	INVESTOR (LAST NAME)
INVESTOR (FIRST NAME)	INVESTOR (LAST NAME)

HAVE YOU EVER DECLARED BANKRUPTCY? ☐ **Yes** ☐ **No**	IF YES, EXPLAIN

HAVE YOU BEEN OR ARE YOU NOW PARTY TO A LAWSUIT? ☐ **Yes** ☐ **No**	IF YES, EXPLAIN

BANK REFERENCE

BANK NAME	ACCOUNT TYPE ☐ **Checking** ☐ **Savings**	
BANK ADDRESS	CITY	ZIP CODE
CONTACT NAME	PHONE NUMBER	

TERMS AND CONDITIONS OF APPLICATION

I understand that the granting of a franchise is at the sole and absolute discretion of Doodle Bugs! Franchising, LLC ("Franchisor"). I understand that the submittal of this Application is an initial step in the process towards qualification as a franchisee and in no way obligates Franchisor or applicant in any manner. Each owner, partner, member and shareholder associated with the applicant's purchase of the franchise must complete an Application. I understand that this Application does not constitute an offer to sell a franchise, and that this information is being provided to Franchisor solely for the purpose of evaluating my personal, professional and financial qualifications, and that the information provided by me will be relied upon by the Franchisor as a material factor in considering my application to become a franchisee. I understand that such an offering is commenced only by Franchisor's delivery of a prospectus in compliance with the Federal Trade Commission Rule on Franchising and various state laws regulating the sale of franchised opportunities. Franchisor's acceptance or approval of this Application shall not be considered as a grant of a franchise, the grant of which is completed only by executing a written franchise agreement.

I understand that the information I may receive from Franchisor relating to a franchise is confidential, has been developed with a great deal of effort and expense, is being made available to me because of this Application, and shall be held by me in strictest confidence. As such, I will not divulge or use any data, customer or employee names and addresses, techniques, methods, advertising materials, forms, or other information of whatever kind received from the Franchisor without its prior express written consent, which may be withheld in Franchisor's sole and absolute discretion.

I hereby authorize Franchisor to obtain a credit report or any other investigative consumer report and to contact references and other sources, whether provided by me in this Application or otherwise, including former employers, in order to obtain personal information about me. I understand that any credit or investigative consumer report may contain information about my background, character, general reputation, mode of living, credit worthiness, ability and job performance. I understand that, within a reasonable period following written request, I am entitled to additional information concerning the nature and scope of this investigation.
I hereby release Franchisor, its affiliates, and their respective members, officers, agents, employees and servants from any liability arising from the receipt or use of information obtained through these sources and from any investigation relating thereto. This authorization for release of information includes, but is not limited to, matters of opinion relating to my character, ability, reputation, criminal record and past performance. I hereby authorize all persons, schools, companies, corporations, past or present employers, credit bureaus, and law enforcement agencies to release such information without restriction or qualification to Franchisor, its affiliates, and any of their members, officers, agents, employees and servants. I voluntarily waive all recourse and fully release them from liability for complying with this authorization. This authorization/release shall apply to this as well as any future request for an investigative consumer report. I authorize that a photocopy or facsimile of this release be considered as valid as the original.

By signing below, I hereby certify that all of the information submitted in connection with this Application, including any personal and professional financial statements attached to or provided pursuant to this Application, is true and accurate as of the date of submittal, and I agree to notify Franchisor of any material change in my personal, professional or financial status while this Application is pending.

APPLICANT SIGNATURE

PRINT NAME	DATE

SIGNATURE

Doodle Bugs! Franchising Company, LLC
A New York Limited Liability Company

20 Losson Road | Cheektowaga, New York 14227
866.668.5111 | www.doodlebugsfranchise.com

EXHIBIT H

PRELIMINARY AGREEMENT

PRELIMINARY AGREEMENT

Preliminary Agreement Table of Contents

PRELIMINARY AGREEMENT

Doodle Bugs! Franchising Company, LLC
A New York Limited Liability Company
20 Losson Road, Suite 215
Buffalo, New York 14227

716-668-5111

www.doodlebugs.com

Preliminary Agreement No.: __________

DATED: ___________________________________(“Effective Date”)

BETWEEN: **Doodle Bugs! Franchising Company, LLC** (“DBFC”)

AND: ___________________________________(“Applicant”)

____

____

RECITALS

WHEREAS, DBFC’s parent owns the trade name "Doodle Bugs!" and related logos and marks and trade dress as more fully described in this Agreement (hereinafter the "Marks");

WHEREAS, DBFC has developed a unique system which primarily provides child care and educational services to children ages 6 weeks to 12 years of age under the Doodle Bugs! Marks, (hereinafter the "System");

WHEREAS, DBFC holds an irrevocable worldwide license to use and sublicense the Marks in connection with granting franchises using the System;

WHEREAS, as between DBFC and Applicant, DBFC or its affiliate is the sole and exclusive owner of all goodwill associated with and to become associated with the Marks, the value of which Applicant acknowledges;

WHEREAS, Applicant recognizes the advantages and value of the Marks and System and desires to obtain a license for a "Doodle Bugs! Children’s Learning Academy" business (hereinafter the "Franchised Business," or “Doodle Bugs! Franchise Center”);

WHEREAS, Applicant recognizes that it must first locate and procure a site acceptable to DBFC, prior to executing a Franchise Agreement with DBFC;

WHEREAS, Applicant has applied to DBFC for assistance in locating an acceptable site within the following designated area (the Designated Area):

____

____

and **WHEREAS,** DBFC has accepted Applicant's written application in reliance upon the representations made in such application.

NOW THEREFORE, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, DBFC and Applicant mutually agree as follows:

Article 1 - Fees

A. Preliminary Agreement Fee. Applicant has paid to DBFC a Preliminary Agreement Fee (the "Preliminary Agreement Fee") in the amount of Twenty-Five Thousand Dollars ($25,000.00), receipt of which is hereby acknowledged by DBFC. The Preliminary Agreement Fee is deemed fully earned upon its receipt by DBFC, and is non-refundable, except as otherwise specifically set forth below.

In consideration of the Preliminary Agreement Fee, DBFC will loan the Applicant a copy of the "Site Selection Manual" developed by DBFC. Contained within this Site Selection Manual are DBFC's systems and strategies that will guide the Applicant in identifying prospective sites within the Designated Area. The Site Selection Manual will contain DBFC's site selection criteria and site evaluation Analysis.

B. Background Check Fee. Applicant agrees to pay all reasonable costs of DBFC's financial and criminal background investigation of Applicant (the "Background Check Fee"), which are currently estimated to be $5,500 for two (2) individuals. In the event that the Preliminary Agreement is terminated, for whatever reason, no portion of the Background Check Fee will be returned.

Article 2 - Applicant's Identification of Prospective Sites

The Applicant shall utilize the Site Selection Manual and in its best efforts seek locations within the Designated Area which meet the site selection criteria of DBFC. The Applicant shall complete a Site Evaluation Analysis form for each prospective site and provide a copy of such analysis to DBFC upon completion. In completing the site analysis, the Applicant shall include (i) a property description, (ii) a demographic profile relating as to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Center on or within the site, (iv) a site analysis reflecting competing centers within the subject area, (v) information relative to the community within which the site is located, (vi) major employers within which the site is located, (vii) shopping and activity factors within which the site is located, (viii) schools and school districts within which the site is located, (ix) traffic patterns, and (x) any other information requested by DBFC.

Article 3 - DBFC Site Selection Assistance

DBFC shall perform services that DBFC determines to be necessary or appropriate to assist the Applicant in identifying sites acceptable for a Doodle Bugs! Franchise Center. Such services may include the following:

A. DBFC will review information provided by Applicant to determine if prospective sites are in accordance with DBFC's criteria;

B. DBFC will provide assistance to Applicant, by communicating with real estate brokers, landlords and/or developers, licensing agencies, building departments, and approved architects or other design professionals throughout the term of this Agreement, regarding the prospective sites;

C. DBFC will visit up to eight (8) prospective sites with Applicant that meet DBFC's criteria; and

D. DBFC will provide assistance to Applicant, in negotiating up to four (4) leases or land purchase agreements for sites which are acceptable to both DBFC and Applicant. Applicant acknowledges and agrees that such lease negotiations, review, and approval of locations are for DBFC's sole benefit and the benefit of the Doodle Bugs! System and are not intended to imply or guarantee the success or profitability of the franchised location. Applicant further acknowledges agrees that it is not relying on DBFC's lease negotiations or site approval for such purposes.

For any additional prospective site visits over the eight (8) as per item C above, along with negotiating any additional lease or land purchase agreements over four (4) as per item D above, DBFC may charge Applicant a fee of $60 per hour of assistance, per person, plus expenses including, but not limited to, meals, travel and lodging.

Applicant acknowledges that the demographic and competitive information, in addition to the other information provided in such Site Evaluation Analysis, will not be determinative of the success or failure of the Doodle Bugs! Franchise Center, and DBFC in no way guarantees the success of such Doodle Bugs! Franchise Center. Applicant further acknowledges and agrees that in rendering the services contemplated in this Article 3, DBFC is not required to commit to any minimum number of hours, and it shall determine the appropriate amount of time to spend in rendering the services.

Article 4 - DBFC Site Approval

Prior to DBFC's approval of an Applicant's site, the following must be submitted to DBFC:

A. Proof that Applicant has sufficient funds and/or financing to meet the financial requirements outlined in Item 7 of the most current version of Doodle Bugs! Franchise Disclosure Document;

B. The completed DBFC Site Approval Form and Site Evaluation Analysis, both of which are contained in the Site Selection Manual, for the site that Applicant believes conform to the criteria established by DBFC; and

C. A draft copy of the lease, which Applicant may use the Specimen Lease provided in the Site Selection Manual; or draft letter of intent for the purchase of real estate from the Applicant to the seller of the real estate.

DBFC will respond to Applicant within twenty (20) days with written approval or rejection of each site after receiving Applicant's completed Site Approval Form and Site Evaluation Analysis; provided, however, if DBFC fails to provide its written approval within twenty (20) days, such failure shall be deemed DBFC's disapproval of the site. Applicant acknowledges that the approval by DBFC of any site in no way guarantees the success of such Doodle Bugs! Franchise Center.

DBFC hereby reserves the right to withdraw its approval of a site if a lease or land purchase contract for such site is not executed, in a form approved by DBFC, by Applicant within sixty (60) days after the date of DBFC's approval. Such site may be referred for use by another

DBFC franchise applicant or otherwise be developed as a Doodle Bugs! Children's Learning Academy.

Article 5 - DBFC Lease or Purchase Agreement Approval

Applicant shall not sign a lease or purchase agreement until all of the following conditions are met:

A. Prior to its execution, DBFC must approve the lease or land purchase agreement in its sole discretion; and

B. Concurrently with Applicant's execution of the lease or land purchase agreement, the Applicant will execute DBFC's then current form of Franchise Agreement; and

C. Concurrently with Applicant's execution of the lease or land purchase agreement, the Applicant will execute DBFC's then current Lease Conditional Assignment Agreement in the form attached to the Franchise Agreement; and

D. If Applicant proposes to lease the Doodle Bugs! Franchise Center from any owner, member, manager, partner, shareholder, officer, director or other affiliate (individual, corporate, or otherwise) of Applicant (each, a "Real Estate Affiliate"), DBFC may require such Real Estate Affiliate to sign the Franchise Agreement or an instrument personally guaranteeing payment and performance of the Franchise Agreement.

Applicant acknowledges that approval of the lease or land purchase agreement by DBFC does not constitute a representation or warranty by DBFC that the Doodle Bugs! Franchise Center will be successful and does not constitute a legal or other opinion as to any term of the lease, sub-lease or purchase agreement.

Article 6 - Term of Agreement

Applicant shall execute a lease or purchase contract for a site acceptable to DBFC within 12 months of the date this Agreement is signed, otherwise this Agreement will automatically terminate. Upon automatic termination of this Agreement, prior to approval by DBFC of a site pursuant to Article 4, DBFC will agree to refund Applicant $10,000 of the Preliminary Agreement Fee upon Applicant's signing of a Mutual Termination of Preliminary Agreement and Release, attached to this Preliminary Agreement as Exhibit A. Upon automatic termination after approval by DBFC pursuant to Article 4, DBFC will retain all $25,000.

Article 7 - Termination of Agreement by Applicant or DBFC

If for any reason Applicant requests that this Agreement be terminated before a lease or land purchase contract is signed, Applicant must request this to DBFC in writing. DBFC will agree to Applicant's request upon execution of the Mutual Termination of Preliminary Agreement and Release, attached to this Preliminary Agreement as Exhibit A. If this Agreement is terminated by Applicant, prior to approval by DBFC of a site pursuant to Article 4, DBFC will retain $15,000 of the Preliminary Agreement Fee and $10,000 will be returned to Applicant upon Applicant's signing of a Mutual Termination of Preliminary Agreement and Release, attached to this Preliminary Agreement as Exhibit A. Upon automatic termination after approval by DBFC pursuant to Article 4, DBFC will retain all $25,000.

In the event DBFC terminates this Agreement, which DBFC may do in its sole discretion at any time before Applicant executes a lease or purchase contract, DBFC will refund to Applicant the entire $25,000 Preliminary Agreement Fee. Applicant must, however, execute the Mutual

Termination of Preliminary Agreement and Release, attached to this Preliminary Agreement as Exhibit A, prior to receiving any refund.

Article 8 - Loss of Rights Upon Termination

Upon termination of this Agreement, Applicant shall have no further rights to use, in any manner, the Site Selection Manual, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or any other part of the Site Selection Manual. Applicant shall immediately return all items to DBFC, either loaned or provided to Applicant, and shall immediately notify such persons as DBFC shall require of Applicant's loss of rights thereto.

Upon termination of this Agreement, DBFC assumes all rights to each and every site identified under this Agreement by DBFC, the Applicant, or its agents. The Applicant agrees to cooperate in the transfer to DBFC of all documents, brochures, and any other information pertaining to the sites identified under this Agreement. The Applicant also agrees to cooperate in the transfer and to execute any documents which may be required for DBFC, or DBFC's designee, to assume the lease, land purchase contract, or encumbrance of such sites and to otherwise take no actions which would interfere with the ability of DBFC to do so.

Article 9 - Execution of Franchise Agreement

Unless this Agreement has been terminated pursuant to the terms of this Agreement, Applicant agrees that, concurrently with its execution of a lease or land purchase agreement for a Doodle Bugs! Franchise site, Applicant will execute DBFC's current form of Franchise Agreement, and this Agreement shall automatically terminate upon payment of the Franchise License Fee. At such time as the Franchise Agreement commences, the terms of the Franchise Agreement shall supersede this Agreement.

Article 10 - Trade Secrets and Confidentiality

Applicant will have access during the term of this Agreement to Trade Secrets that are the property of DBFC. "Trade Secrets" include, but are not limited to, the System, operations and other manuals ("Manuals"), formulas, methods, customer lists and related information, vendor and pricing lists and policies, training and other programs, techniques and policies as they may be developed by DBFC from time to time, and any construction designs, blueprints, schematics or related materials as they may be developed from time to time. Applicant acknowledges that the Trade Secrets derive independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons who could obtain economic value from their disclosure or use. Applicant agrees to not disclose or in any way make available to any unauthorized person(s) any Trade Secret(s) or any information regarding any Trade Secret(s) or any proprietary information made available to Applicant by DBFC. Applicant shall hold all such information in complete confidence. Applicant will not disclose any Trade Secrets whatsoever to any person(s) not employed by or under contract with Applicant. Applicant will disclose Trade Secrets only to those employees and agents of Applicant with a legitimate need to know, each of whom Applicant warrants will be subject to this article. Applicant agrees that DBFC shall have sole discretion in determining what items or information are Trade Secrets and that any items or information designated Trade Secrets by DBFC in the Manuals or otherwise in writing shall be treated as Trade Secrets under this Agreement whether or not such items or information would be trade secrets under any other applicable legal or other definition(s), including any applicable statutes.

Article 11 - Non-Competition

Applicant acknowledges that DBFC will devote significant time, effort and resources to assist Applicant in identifying potential sites suitable for the location and operation of a Doodle Bugs! Franchise Center. Applicant therefore agrees that if this Agreement is terminated for any reason, by Applicant or by DBFC, or if it expires pursuant to its terms, the Applicant will not, for a period of twenty-four (24) months after the termination date of this Agreement, obtain any direct or indirect ownership or leasehold interest in any site (i) which was identified by Applicant for a Doodle Bugs! Franchise Center or (ii) identified by DBFC on behalf of Applicant for a Doodle Bugs! Franchise Center.

Applicant further acknowledges that Applicant will receive additional, valuable confidential information in addition to the information regarding potential sites referred to in the preceding paragraph. This information can be utilized in the development or operation of a competing business. Therefore the Applicant further agrees that, during the term of this Agreement and for the twenty-four (24) month period after this Agreement is terminated, the Applicant will not directly or indirectly engage, whether as an employee, partner, owner, agent, stockholder, officer, director, member or other representative, in any child care business or development thereof within a 15-mile radius of the boundary of Applicant's Designated Area or within a 5-mile radius of any Doodle Bugs! Franchise Center then existing or being built (either company-owned or franchised).

Article 12 – Non-Assignment

Applicant may not assign or otherwise transfer this Agreement to any other person or entity except to a corporation, partnership or limited liability company owned entirely by Applicant. Personal guarantees for all obligations under this Agreement shall survive the transfer. Applicant shall obtain DBFC's approval of all legal documents prior to the transfer by Applicant. DBFC may fully assign this Agreement to any entity.

Article 13 - Arbitration of Disputes

DBFC and Applicant agree that all controversies, disputes, or claims between DBFC or any of its affiliates, and DBFC's and their respective shareholders, officers, directors, agents, and employees, on the one hand, and Applicant (and Applicant's owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to:

(1) this Agreement or any other agreement between Applicant (or any of Applicant's owners) and DBFC (or any of DBFC's affiliates);

(2) DBFC's relationship with Applicant; or

(3) the scope or validity of this Agreement or any other agreement between Applicant (or any of Applicant's owners) and DBFC (or any of DBFC's affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Article, which the parties acknowledge is to be determined by an arbitrator, not a court),

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Article otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of DBFC's, , or, as applicable, DBFC's successor's or assign's, then current principal place of business (currently, Buffalo, New York). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq*.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by DBFC or its affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (the parties hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

DBFC and Applicant agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. DBFC and Applicant further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either DBFC or Applicant.

DBFC AND APPLICANT AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN DBFC AND ANY OF ITS AFFILIATES, OR DBFC'S AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND APPLICANT (OR APPLICANT'S OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON APPLICANT'S BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Article, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

The parties agree that, in any arbitration arising as described in this Article, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute.

The provisions of this Article are intended to benefit and bind certain third-party non-signatories.

The provisions of this Article will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Article.

Article 14 - Representations of Applicant

Applicant represents and warrants as follows:

A. Applicant is not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by entering into this Agreement or which would directly or indirectly prohibit or restrict Applicant's signing of this Agreement or performance thereunder;

B. Applicant is executing this Agreement for Applicant's own account and not as an agent or representative of another (unless for an entity otherwise named herein and in compliance herewith);

C. Applicant is basing Applicant's decision to enter into this Agreement, in full, upon statements and representations contained in this Agreement and the Doodle Bugs! Franchise Disclosure Document and upon facts obtained pursuant to Applicant's own investigation. Applicant is not relying upon any statements or any information received either directly or indirectly from DBFC or any person acting or purporting to act on behalf of DBFC which information or statements are not contained in this Agreement or the Doodle Bugs! Franchise Disclosure Document or otherwise in writing and signed by an officer of DBFC.

Article 15 - Indemnity

Applicant shall defend, hold harmless and indemnify DBFC, its officers, directors, shareholders, agents, employees, landlords and related companies from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses, arising directly or indirectly from the acts or omissions (whether or not negligent or wrongful) of Applicant or of any employees or agents in connection with the performance or breach of any obligation under this Agreement. DBFC shall indemnify and hold harmless Applicant, its officers, directors and shareholders from any losses, claims, damages, liabilities or expenses of any kind or nature, arising from the wrongful acts or omissions of DBFC in connection with the performance or breach of any obligation under this Agreement.

Article 16 – Background Check

Applicant acknowledges that DBFC may complete a detailed background check of Applicant, including without limitation a detailed financial and criminal background check, in connection with Applicant’s entering into this Agreement. Applicant hereby authorize DBFC to obtain a credit report or any other investigative consumer report and to contact references and other sources, whether provided by Applicant or otherwise, including former employers, in order to obtain personal information about Applicant. Applicant understands that any credit or investigative consumer report may contain information about Applicant’s background, character, general reputation, mode of living, credit worthiness, ability and job performance. Applicant understands that, within a reasonable period following written request, Applicant is entitled to additional information concerning the nature and scope of this investigation. Applicant hereby releases DBFC, its affiliates, and their respective members, officers, agents, employees and servants from any liability arising from the receipt or use of information obtained through these sources and from any investigation relating thereto. This authorization for release of information includes, but is not limited to, matters of opinion relating to Applicant’s character, ability, reputation, criminal record and past performance. Applicant hereby authorizes all persons, schools, companies, corporations, past or present employers, credit bureaus, and law enforcement agencies to release such information without restriction or qualification to DBFC, its affiliates, and any of their members, officers, agents, employees and servants. Applicant voluntarily waives all recourse and fully releases them from liability for complying with this authorization. This authorization/release shall apply to this as well as any future request for an investigative consumer report. Applicant authorizes that a photocopy or facsimile of this release be considered as valid as the original.

If Applicant is an entity, Applicant agrees to provide a completed copy of the Individual Owner Addendum attached to this Agreement as Exhibit B from each of the equity owners of Applicant together with Applicant's submission of this Agreement.

Article 17 - Miscellaneous Provisions

Nonwaiver. No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

Attorneys' Fees. The prevailing party in any arbitration or litigation shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such arbitration or litigation.

Severability. In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction or by an arbitration panel, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

Warranty of Authority. Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

Paragraph Headings. The various paragraph headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

Recitals. The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs. All references to "Applicant" shall include all owners, parents and subsidiaries of Applicant if Applicant is an entity.

No Third-Party Beneficiary. Nothing in this Agreement shall be construed to give Applicant any rights as a third-party beneficiary or otherwise arising out of any similar or other agreement(s) between DBFC and any other Applicant(s). Nothing in this Agreement shall be construed to give to any other Applicant or any other person any rights arising out of this Agreement. Any action or inaction by DBFC with regard to any other Applicant's performance or non-performance as to any term of this or any similar agreement shall not give rise to any claims or rights in favor of Applicant under this Agreement.

Choice of Law. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 *et seq*.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 *et seq*.), or other United States federal law, this Agreement and all claims arising from the relationship between Applicant and DBFC will be governed by the laws of the state of New York without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchise owner will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

Consent to Jurisdiction. Subject to Article 13 above, Applicant and its owners agree that all actions arising out of or relating to this Agreement or otherwise as a result of the relationship between DBFC and Applicant must be commenced exclusively in the state or federal court of general jurisdiction which is closest to DBFC's, or, as applicable, DBFC's successor's or assign's, then current principal place of business (currently Buffalo, New York), and DBFC and Applicant (and each owner) irrevocably consents to the jurisdiction of those courts and waives any objection to either the jurisdiction of or venue in those courts.

Waiver of Punitive Damages and Jury Trial. EXCEPT FOR APPLICANT'S OBLIGATION TO INDEMNIFY DBFC FOR THIRD-PARTY CLAIMS UNDER ARTICLE 15, DBFC AND APPLICANT (AND ITS OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

DBFC AND APPLICANT IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY.

Limitations of Claims and Class Action Bar. EXCEPT FOR CLAIMS ARISING FROM APPLICANT'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS APPLICANT OWES DBFC, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR DBFC'S RELATIONSHIP WITH APPLICANT WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

THE PARTIES AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN DBFC AND ANY OF DBFC'S AFFILIATES, OR DBFC'S AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND APPLICANT (OR APPLICANT'S OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON APPLICANT'S BEHALF BY ANY ASSOCIATION OR AGENT.

NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

Notices. All notices required or permitted by this Agreement ("Notice" or "Notices") shall be sent to the respective parties at the addresses set forth herein. The place of Notice may be modified by appropriate Notice to the other party. All Notices shall be sent by certified mail, return receipt requested, postage prepaid, personally delivered, or by facsimile, overnight delivery, or telegraph. Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile or electronic mail, (b) two (2) days following deposit with the United States Postal Service or its successor, with postage prepaid, or (c) immediately upon refusal of delivery by the addressee.

Entire Agreement. This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior or contemporaneous representations, promises, contracts or agreements not contained in this Agreement or the Franchise Disclosure Document presented herewith are hereby fully superseded.

Modification. This Agreement shall not be modified or changed except by a written agreement executed by an officer of DBFC. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of DBFC.

Rights of Parties Are Cumulative. DBFC's and Applicant's rights under this Agreement are cumulative, and a party's exercise or enforcement of any right or remedy under this Agreement will not preclude such party's exercise or enforcement of any other right or remedy which such party is entitled by law to enforce.

Injunctive Relief. Nothing in this Agreement, including the provisions of Article 13, bars DBFC's right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause DBFC, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. Applicant agrees that DBFC may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to DBFC at law or in equity. Applicant agrees that DBFC will not be required to post a bond to obtain injunctive relief and that Applicant's only remedy if an injunction is entered against Applicant will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

Effective Date. This Agreement shall have no force or effect unless and until signed by an officer of DBFC. The effective date shall be the date of such corporate signature. Notwithstanding the order of signatures, this Agreement shall be deemed made and entered into in the state where the Designated Area is located.

Time of Essence. Time is of the essence of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below.

Dated: _______/_______/_______ [effective date]	Date signed: _______/_______/_______
Doodle Bugs! Franchising Company, LLC (DBFC)	____________________________________ (Applicant)
By ______________________________ ________________, CEO	By _________________________________ Applicant
20 Losson Road, Suite 215 Buffalo, New York 14227 (716) 668-5111	Address ____________________________ ____________________________ Phone ____________________

EXHIBIT A

Mutual Termination of Preliminary Agreement and Release

This Mutual Termination of Doodle Bugs! Preliminary Agreement and Release ("**Agreement**") is entered into by and between Doodle Bugs! Franchising Company, LLC, a New York limited liability company ("**DBFC**"), and ___________________________________ ___________________________ ____ (hereinafter referred to as "**Applicant**").

WHEREAS Applicant recognizes the advantages and value of the Doodle Bugs! System and Marks and desired to obtain a franchise for a "Doodle Bugs! Children's Learning Academy" business;

WHEREAS Applicant and DBFC entered into a Preliminary Agreement on _____/_____/_____ (the "**Preliminary Agreement**"), which set forth terms by which the Applicant would seek to locate and lease or purchase a suitable location for a Doodle Bugs! Children's Learning Academy Franchise;

WHEREAS Applicant and DBFC desire to mutually terminate the Preliminary Agreement and wind up and resolve all matters between them relating to or arising out of the Preliminary Agreement and their relationship;

WHEREAS Applicant and DBFC each desire to be bound by the terms of this Agreement; and

WHEREAS capitalized terms that are used but not defined in this Agreement will have the meanings ascribed to them in the Preliminary Agreement;

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this Agreement.

1. Applicant and DBFC each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Preliminary Agreement are terminated except only as specifically reserved herein.

2. Upon DBFC's receipt of this Agreement, fully executed by Applicant, and DBFC's receipt of the documents and materials described in Sections 7 and 8 below, DBFC shall promptly deliver to Applicant $___________, which amount the parties hereby acknowledge and agree is the portion of Applicant's Preliminary Agreement Fee to be returned to Applicant by DBFC.

3. Release of DBFC. Applicant, on behalf of itself and its respective current and former parents, affiliates, and subsidiaries, and its respective agents, spouses, heirs, principals, attorneys, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (the "**Applicant Releasing Parties**"), do hereby absolutely and irrevocably release and discharge DBFC and its parents, subsidiaries, and affiliates, and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the "**DBFC Released Parties**"), of and from any and all claims, obligations, debts, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever (collectively, "**Claims**"), whether known or unknown, suspected or unsuspected, at law or in equity, which any of them has, had or may have, from the beginning of time to the date hereof, including, without limitation, those arising out of or relating in any way to the Preliminary Agreement or the relationship created by the Preliminary Agreement. Applicant, on behalf of itself and on behalf of the other

Applicant Releasing Parties, further covenants not to sue any of the DBFC Released Parties on any of the Claims released by this Section 3, and warrants and represents that they have not assigned or otherwise transferred any Claims released by this Section 3.

4. Release of Applicant. Subject to Applicant's compliance with the terms and conditions of this Agreement, DBFC, on behalf of itself and its respective current and former parents, affiliates, and subsidiaries, and its respective agents, spouses, heirs, principals, attorneys, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (the "**DBFC Releasing Parties**"), do hereby absolutely and irrevocably release and discharge Applicant and its parents, subsidiaries, and affiliates, and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the "**Applicant Released Parties**"), of and from any and all Claims, whether known or unknown, suspected or unsuspected, at law or in equity, which any of them has, had or may have, from the beginning of time to the date hereof, including, without limitation, those arising out of or relating in any way to the Preliminary Agreement or the relationship created by the Preliminary Agreement. DBFC, on behalf of itself and on behalf of the other DBFC Releasing Parties, further covenants not to sue any of the Applicant Released Parties on any of the Claims released by this Section 4, and warrants and represents that they have not assigned or otherwise transferred any Claims released by this Section 4.

5. Applicant acknowledges that DBFC devoted significant time, effort and resources to assist Applicant in identifying potential sites suitable for the location and operation of a Doodle Bugs! Franchise Center. Applicant therefore agrees that notwithstanding the termination of the Preliminary Agreement, the following provisions shall continue in full force and effect, which provisions of the Preliminary Agreement are incorporated herein by reference: Article 11 regarding the covenant not to compete; Article 13 regarding arbitration; and any other provisions of the Preliminary Agreement which, either expressly or by implication, are intended to survive termination.

6. Applicant agrees to not disclose or in any way make available to anyone any Trade Secret(s) or any information regarding any Trade Secret(s) or any proprietary information made available to Applicant by DBFC. Applicant shall hold all such knowledge in complete confidence.

7. Applicant shall have no further rights to use, in any manner, the Site Selection Manual, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or any other part of the Manuals. Applicant shall immediately return all items to DBFC, either loaned or provided to Applicant, and shall immediately notify such persons as DBFC shall reasonably require of Applicant's loss of rights thereto.

8. Applicant acknowledges that DBFC immediately assumes all rights to each and every site identified under the Preliminary Agreement by DBFC, the Applicant, or its agents. The Applicant agrees to cooperate in the transfer to DBFC of all documents, brochures, and any other information pertaining to the sites identified under this Agreement. The Applicant also agrees to cooperate in the transfer and to execute any documents which may be required for DBFC, or DBFC's designee, to assume the lease, land purchase contract, or encumbrance of such sites and to otherwise take no actions which would interfere with the ability of DBFC to do so.

9. This Agreement shall be binding upon Applicant and the heirs, legal representatives, successor and assigns of Applicant and upon DBFC and its successors and assigns.

10. Applicant has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

11. Except as otherwise specified herein, this Agreement shall be governed by and construed under the laws of the State of New York, which laws shall be controlling in the event of any conflict of law.

12. In the event of litigation or arbitration to enforce this Agreement, the prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

13. The Effective Date of this Agreement shall be the date indicated below.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below.

Dated: _______/_______/_______ [effective date] Date signed: _______/_______/_______

Doodle Bugs! Franchising Company, LLC (DBFC)	____________________________________ (Applicant)
By ________________________________ ________________, CEO 20 Losson Road, Suite 215 Buffalo, New York 14227 (716) 668-5111	By __________________________________ Applicant Address ______________________________ ______________________________ Phone _____________________

EXHIBIT B

Individual Owner Addendum

This Individual Owner Addendum is being submitted together with the Preliminary Agreement between Doodle Bugs! Franchising Company, LLC ("Franchisor") and the Applicant identified below (the "Preliminary Agreement"). The undersigned Individual Owner is an equity owner of Applicant, and in connection with the Preliminary Agreement agrees as follows:

a. I acknowledge that Franchisor may complete a detailed background check of me, including without limitation a detailed financial and criminal background check, in connection with Applicant's entering into the Preliminary Agreement.

b. I hereby authorize Franchisor to obtain a credit report or any other investigative consumer report and to contact references and other sources, whether provided by me in this Application or otherwise, including former employers, in order to obtain personal information about me. I understand that any credit or investigative consumer report may contain information about my background, character, general reputation, mode of living, credit worthiness, ability and job performance. I understand that, within a reasonable period following written request, I am entitled to additional information concerning the nature and scope of this investigation. I hereby release Franchisor, its affiliates, and their respective members, officers, agents, employees and servants from any liability arising from the receipt or use of information obtained through these sources and from any investigation relating thereto. This authorization for release of information includes, but is not limited to, matters of opinion relating to my character, ability, reputation, criminal record and past performance. I hereby authorize all persons, schools, companies, corporations, past or present employers, credit bureaus, and law enforcement agencies to release such information without restriction or qualification to Franchisor, its affiliates, and any of their members, officers, agents, employees and servants. I voluntarily waive all recourse and fully release them from liability for complying with this authorization. This authorization/release shall apply to this as well as any future request for an investigative consumer report. I authorize that a photocopy or facsimile of this release be considered as valid as the original.

c. I hereby agree to be bound by the provisions of Articles 10, 11, 12, 13, and 17 of the Preliminary Agreement (governing covenants of non-disclosure, non-competition, non-assignment, the obligation to arbitrate, and miscellaneous agreement provisions), which provisions are incorporated by reference herein and made a part hereof.

Applicant Name: ________________________________

Individual Owner (Print Name): ________________________________

Individual Owner (Signature): ________________________________

Date: ________________________________

EXHIBIT I

CENTER DEVELOPMENT AGREEMENT

CENTER DEVELOPMENT AGREEMENT

This CENTER DEVELOPMENT AGREEMENT ("**Agreement**") is made as of the Effective Date, by and between [_________________, a _______________], with its principal business address at [____________________] ("**you**"), and Doodle Bugs! Franchising Company, LLC, a New York limited liability company with its principal business address at 20 Losson Road, Suite 215, Buffalo, New York 14227 ("**us**"). The "**Effective Date**" is the date on which we sign this Agreement, as indicated on the signature page hereto.

RECITALS

WHEREAS, we and you are parties to a Franchise Agreement dated as of [_________________, 20__] (the "**Franchise Agreement**"), pursuant to which we granted you the right to, and you undertook the obligation to, develop, own, and operate a Doodle Bugs! Children's Learning Academy (the "**Center**"); and

WHEREAS, we and you are parties to a Preliminary Agreement dated as of [_________________, 20__] (the "**Preliminary Agreement**"), pursuant to which you have identified land that we have approved for the development of the Center (the "**Approved Site**");

WHEREAS, upon execution of this Agreement, we and/or our affiliates shall be retained by you to provide certain services relating to the development of the Center (the "**Services**") as more fully described below; and

WHEREAS, all capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in the Franchise Agreement; and

WHEREAS, the Parties agree that this Agreement modifies and supersedes any contrary provisions of the Franchise Agreement.

NOW THEREFORE, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, we and you mutually agree as follows:

1. Recitals. The above recitals are incorporated by this reference into this Agreement.

2. Development of Center. If you execute this Agreement, we will provide the assistance outlined in Section 3, but you will otherwise be solely responsible to undertake all other requirements to develop your own Center, including but not limited to those requirements set forth in the Franchise Agreement.

3. Our Responsibilities. In exchange for the fees described in this Agreement, we will assist you in the development of the Center by providing the following Services that you are otherwise required to perform under the Franchise Agreement:

    a. coordinate and attend meetings with architects and engineers to prepare all required construction plans and specifications to comply with applicable ordinances, building codes, permit requirements, child care center construction licensing requirements, lease requirements and restrictions;

b. coordinate and attend meetings required by municipal building and planning departments;

c. coordinate and attend required building review meetings with the applicable state licensing agency;

d. assist you in negotiating with your landlord, developer, and/or general contractor;

e. assist your landlord, developer and/or general contractor in soliciting construction bids;

f. respond to all Requests for Information (RFIs) from contractors;

g. respond to all requests for substitutions;

h. assist in reviewing and qualifying subcontractors;

i. assist in obtaining all building, occupancy, utility, sign, and health department permits and licenses, approvals and any other permits and licenses required for the build-out and operation of the Center;

j. attend project start-up meeting;

k. be available for weekly construction meeting telephone calls;

l. analyze and respond to change order requests;

m. provide monthly on-site inspections to ensure the Center is built out in compliance with plan specifications. If a change was made without our approval, corrective action shall be required and all costs incurred must be paid by you;

n. obtain a certificate of occupancy for the Center;

o. for your account and at your expense, order all furniture, fixtures, and equipment, as well as the required initial inventory, as necessary for building out and equipping the Center in compliance with the current standards for the System. All furniture, fixtures, equipment, and inventory will be purchased in your name. WE DO NOT PROVIDE, AND HEREBY DISCLAIM, ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. HOWEVER, WE WILL PASS ON TO YOU ANY MANUFACTURER'S WARRANTIES THAT ARE PROVIDED WITH THE PURCHASE;

p. oversee the delivery of all furniture, fixtures, and equipment, as well as the required initial inventory required to open the Center;

q. place classroom furniture and office furniture within the Center as planned;

r. stock shelves with the required initial inventory; and

s. arrange for a final cleaning of the Center.

t. Completion of Services. We will deliver written notice to you when we determine that we have substantially completed the Services set forth in subsection (a) through (s) above, which shall include our obtaining a certificate of occupancy (the "**Completion Date**"). We will attempt to give you 30 days' prior notice of the estimated Completion Date. On the Completion Date, you and we will conduct a walk-through of the Center to identify any "punch list items" to be completed by us. We will use reasonable efforts to cause all punch list items to be completed promptly after the Completion Date. You acknowledge and agree that we will have completed the Services under this Agreement on the Completion Date.

4. Your Responsibilities.

a. Development Costs and Fees. You shall pay all costs and expenses incurred in connection with the development and construction of the Center pursuant to this Agreement, including, without limitation, all construction costs, architect fees, engineering fees, building consultant fees, government review fees, permits, change orders, utility fees, third-party inspection fees, equipment, furniture, fixtures, and supplies (collectively, the "**Development Costs**"). You agree to pay all Development Costs when due directly to the applicable vendor unless we instruct you otherwise. We will be responsible for the costs and expenses of our own employees and infrastructure, but we are not required to advance or otherwise expend any of our funds in order either to pay any portion of the Development Costs or to provide any of the Services. If we, in our sole discretion, elect to advance on your behalf any funds for such purposes, you shall reimburse us for any such advances immediately on receipt of our invoice.

b. Negotiation and Execution of Contracts. Except as specifically provided otherwise in this Agreement, you will timely negotiate and execute all contracts and agreements necessary to develop and commence operations of the Center.

c. Compliance with Franchise Agreement. Notwithstanding the execution of this Agreement, you shall comply with all terms of the Franchise Agreement, including but not limited to, Section 6.02.03 (regarding your use of a licensed, bondable general contractor approved by us).

d. Payment of Center Development Program Fee. In addition to reimbursing the costs and expenses associated with the development and construction of the Center, as described in this Agreement, you shall pay us a fee of $80,000 (the "**Center Development Program Fee**"). The first $40,000 of the Center Development Program Fee is payable on the Effective Date and the balance is due on the Completion Date. Each installment of the Center Development Program Fee in non-refundable once it has been paid. You acknowledge that the Center Development Program Fee is strictly a payment by you to us for the Services described in Section 3 above. We do not use the Center Development Program Fee to purchase any furniture, fixtures, or equipment for you or the Center or to pay any contractors or other third parties, except as otherwise provided in this Agreement, involved in the construction process all of whom shall be paid directly by you.

5. Acknowledgements; Standard of Care; Limitation of Liability. You acknowledge and agree that:

a. We are only providing the Services specifically set forth in Section 3 of this Agreement and that you will be obligated to pay all Development Costs and that such Development Costs will be in addition to the Center Development Program Fee paid to us;

b. The construction of the Center may take between eight (8) and eighteen (18) months from the commencement of construction to the Completion Date, but that we shall have no duty to complete our obligations set forth herein within any certain time period and that the delivery of the Center may occur at a time later than eighteen (18) months after the commencement of construction because of unforeseen delays or other reasons;

c. Although you may make suggestions in the design or other aspect of the Center, once you execute this Agreement, and thus hire us to perform the Services, we are not obligated to follow any of your suggestions, and we have the final say on all matters relating to the development of the Center;

d. We will not provide any financing arrangement in connection with the development of the Center;

e. By agreeing to perform the Services, we shall not be deemed to be guaranteeing to you that the performance of the Services will satisfy, or be in compliance with, all of your obligations under the Franchise Agreement;

f. We shall not, in the performance of our obligations under this Agreement, be liable to you, your affiliates, or any other person for any liabilities, obligations, claims, costs or expenses arising out of any act or omission (whether negligent, tortious or otherwise), except for such liabilities, obligations, claims, costs or expenses that arise out of or are caused by our willful misconduct, gross negligence, or bad faith;

g. None of our officers, directors, employees or agents shall be personally liable for the performance or failure of performance of our obligations under this Agreement. You will look solely to us in that regard; and

h. We do not represent or guarantee that our provision of the Services will cause the Center to be profitable or to achieve any particular level of success or performance.

Notwithstanding anything to the contrary in this Agreement or under applicable law, in any arbitration, litigation, legal action or proceeding between the parties arising from or relating to this Agreement, the parties unconditionally and irrevocably waive and disclaim to the fullest extent permitted under applicable law all rights to any consequential, punitive, exemplary, statutory or treble damages (other than our and our affiliates' statutory rights and remedies relating to trademarks, copyrights, trade secrets and other intellectual property), and acknowledge and agree that the rights and remedies in this Agreement, and all other rights and remedies at law and in equity, will be adequate in all circumstances for any claims the parties might have with respect thereto. You agree that in the event of any claim by you against us under this Agreement, our liability for or with

respect to the Services shall not exceed an amount equal to the Center Development Program Fee paid, whether in full or partial, by you to us under this Agreement.

6. No Warranty. We do not warrant, make any representations or provide any assurances to you that your Approved Site will ultimately be developed into a Doodle Bugs! Children's Learning Academy. There are many factors that may cause an Approved Site not to be developed and such site may never be secured or developed. In the event that your Approved Site is not secured and developed, we will assist you in locating a replacement site according to the terms of the Franchise Agreement.

7. Transfer. You and we have each entered into this Agreement based on the specific conditions and capabilities of the other. Therefore, neither of us may transfer or assign this Agreement without the prior written consent of the other. Notwithstanding the foregoing, we may, on notice to you, assign this Agreement to our affiliate.

8. Termination. Either of us may terminate this Agreement if the other party materially breaches this Agreement and does not correct such failure within 30 days after delivery of notice which identifies the breach. In addition, we may terminate this Agreement concurrently with the termination of the Franchise Agreement.

If we terminate this Agreement because of your breach, or if you terminate this Agreement without cause, then, in addition to any remedies allowable at law or equity or pursuant to the Franchise Agreement, you shall, within 10 days of termination, pay us the remaining balance due for the Center Development Program Fee in addition to reimbursing the costs and expenses associated with the development and construction of the Center.

9. Notices. All notices required to be given under this Agreement will be given and will be effective as described in the Franchise Agreement.

10. Dispute Resolution. This Agreement shall be interpreted under, and all disputes arising under this Agreement shall be resolved in accordance with, the provisions of Article 17 (Arbitration of Disputes), Section 19.02 (Attorneys' Fees), Section 19.09 (Choice of Law; Consent to Jurisdiction), Section 19.20 (Waiver of Punitive Damages and Jury Trial), Section 19.21 (Class Action Bar and Limitation of Claims), and Section 19.24 (Injunctive Relief) of the Franchise Agreement, which provisions are incorporated herein as though copied in their entirety.

11. Binding Effect. This Agreement will be binding upon and inure to the benefit of the successors, assigns, trustees, receivers, personal representatives, legatees and devisees of the parties hereto.

12. Entire Agreement. This Agreement constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior or contemporaneous representations, promises, contracts or agreements not contained in this Agreement or the Franchise Disclosure Document presented herewith, are hereby fully superseded. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document furnished to you.

13. Modification. This Agreement shall not be modified or changed except by a written agreement signed by all parties hereto.

14. Execution. This Agreement may be signed in multiple counterparts which, when taken together, shall constitute one agreement. Signatures transmitted via facsimile or scanned and transmitted electronically shall have the full force of and be considered originals.

IN WITNESS TO THE FOREGOING the parties, intending to be legal bound, have duly signed, sealed and delivered this Agreement as of the Effective Date.

Doodle Bugs! Franchising Company, LLC

By: ________________________________
Name: ________________________________
Title: ________________________________
Date*: ________________________________
(*This is the Effective Date.)

FRANCHISEE:

[________________________________]

By: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

EXHIBIT J

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

(PRELIMINARY AGREEMENT)

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

(PRELIMINARY AGREEMENT)

The purpose of this Statement is to demonstrate to DOODLE BUGS! FRANCHISING COMPANY, LLC ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights ("Applicant"), (a) fully understands that the purchase of a Doodle Bugs! Children's Learning Academy franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the marketplace generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Preliminary Agreement, at least 14 calendar days (10 business days in New York) before I executed the Preliminary Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.

Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of your success)?

☐ Yes ☐ No (Initial Here: ____)

If you selected "Yes," please describe the information you received on the lines below:

____
____

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

If the Doodle Bugs! Children's Learning Academy that you will purchase is located in Maryland or if you are a resident of Maryland, the following will apply:

> The representations made in this Representations and Acknowledgment Statement are not intended to, nor shall they act as a release, estoppels, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

APPLICANT:

Sign here if you are taking the franchise as an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

____
Signature
Print Name: ______________________
Date: ______________________

____
Signature
Print Name: ______________________
Date: ______________________

____
Signature
Print Name: ______________________
Date: ______________________

____
Signature
Print Name: ______________________
Date: ______________________

Sign here if you are taking the franchise as a **CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

____
Print Name of Legal Entity

By: ______________________________
Signature

Print Name: ______________________
Title: ______________________
Date: ______________________

EXHIBIT K

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

(FRANCHISE AGREEMENT)

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

(FRANCHISE AGREEMENT)

The purpose of this Statement is to demonstrate to DOODLE BUGS! FRANCHISING COMPANY, LLC ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights ("Franchisee"), (a) fully understands that the purchase of a Doodle Bugs! Children's Learning Academy franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the marketplace generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days (10 business days in New York) before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:

I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.

Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of your success)?

☐ Yes ☐ No (Initial Here: ____)

If you selected "Yes," please describe the information you received on the lines below:

____

____

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

If the Doodle Bugs! Children's Learning Academy that you will purchase is located in Maryland or if you are a resident of Maryland, the following will apply:

> The representations made in this Representations and Acknowledgment Statement are not intended to, nor shall they act as a release, estoppels, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

FRANCHISEE:

Sign here if you are taking the franchise as an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

____
Signature
Print Name: ________________________
Date: ____________________________

____
Signature
Print Name: ________________________
Date: ____________________________

____
Signature
Print Name: ________________________
Date: ____________________________

____
Signature
Print Name: ________________________
Date: ____________________________

Sign here if you are taking the franchise as a **CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

____
Print Name of Legal Entity

By: ______________________________
Signature

Print Name: ________________________
Title: ______________________________
Date: ______________________________

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Maryland	Pending
New York	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

RECEIPTS

RECEIPT
(RETURN THIS COPY TO US)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Doodle Bugs! Franchising Company, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Doodle Bugs! Franchising Company, LLC 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 the appropriate state agency identified on Exhibit E.

Date of Issuance: March 29, 2022

The franchisor is Doodle Bugs! Franchising Company, LLC, located at 20 Losson Road, Suite 215, Buffalo, New York 14227. Its telephone number is (716) 668-5111. The franchise sellers for this offering the franchise:

❑ Anthony Insinna Doodle Bugs! Franchising Company, LLC 20 Losson Rd., Ste. 215 Buffalo, New York 14227 (716) 668-5111	❑ ________________ Doodle Bugs! Franchising Company, LLC 20 Losson Rd., Ste. 215 Buffalo, New York 14227 (716) 668-5111	❑ ________________ Doodle Bugs! Franchising Company, LLC 20 Losson Rd., Ste. 215 Buffalo, New York 14227 (716) 668-5111	❑ Name of Franchise Seller: __________________ Principal Business Address: __________________ __________________

I received a disclosure document dated March 29, 2022, that included the following Exhibits:

Exhibit A - Financial Statements
Exhibit B - Franchise Agreement
Exhibit C - List of Current/Former Franchisees
Exhibit D - Manual Table of Contents
Exhibit E - State Administrators/Agents for Service of Process
Exhibit F - State Additional Disclosures/ Agreement Riders
Exhibit G - Franchise Application
Exhibit H - Preliminary Agreement
Exhibit I - Center Development Agreement
Exhibit J - Representations and Acknowledgment Statement (PA)
Exhibit K - Representations and Acknowledgment Statement (FA)
Exhibit L - Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

____
Name of Business Entity
By: __________________________
Its: __________________________
(Print Name): __________________

Dated: _______________________

If an individual:

____
(Print Name): ________________________

Dated: ____________________________________

PLEASE SIGN THIS COPY OF THE RECEIPT, INSERT THE DATE UNDER YOUR SIGNATURE, AND RETURN IT TO: DOODLE BUGS! FRANCHISING COMPANY, LLC, 20 LOSSON ROAD, SUITE 215, BUFFALO, NEW YORK 14227.

RECEIPT
(KEEP THIS COPY FOR YOUR RECORDS)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Doodle Bugs! Franchising Company, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Doodle Bugs! Franchising Company, LLC 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 the appropriate state agency identified on Exhibit E.

Date of Issuance: March 29, 2022

The franchisor is Doodle Bugs! Franchising Company, LLC, located at 20 Losson Road, Suite 215, Buffalo, New York 14227. Its telephone number is (716) 668-5111. The franchise sellers for this offering the franchise:

❑ Anthony Insinna Doodle Bugs! Franchising Company, LLC 20 Losson Rd., Ste. 215 Buffalo, New York 14227 (716) 668-5111	❑ ________________ Doodle Bugs! Franchising Company, LLC 20 Losson Rd., Ste. 215 Buffalo, New York 14227 (716) 668-5111	❑ ________________ Doodle Bugs! Franchising Company, LLC 20 Losson Rd., Ste. 215 Buffalo, New York 14227 (716) 668-5111	❑ Name of Franchise Seller: __________________ Principal Business Address: __________________ __________________

I received a disclosure document dated March 29, 2022, that included the following Exhibits:

Exhibit A - Financial Statements	Exhibit G - Franchise Application
Exhibit B - Franchise Agreement	Exhibit H - Preliminary Agreement
Exhibit C - List of Current/Former Franchisees	Exhibit I - Center Development Agreement
Exhibit D - Manual Table of Contents	Exhibit J - Representations and Acknowledgment Statement (PA)
Exhibit E - State Administrators/Agents for Service of Process	Exhibit K - Representations and Acknowledgment Statement (FA)
Exhibit F - State Additional Disclosures/ Agreement Riders	Exhibit L - Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

____
Name of Business Entity
By: __________________________
Its: __________________________
(Print Name): __________________

Dated: ________________________

If an individual:

____
(Print Name): ________________________

Dated: ____________________________________

KEEP THIS COPY FOR YOUR RECORDS.