

FRANCHISE DISCLOSURE DOCUMENT



Engenius Learning Centers, LLC
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The franchises described in this disclosure document are for the operation of **ENGENIUS LEARNING CENTER®** Outlets offering academic tutoring for students in Elementary School, Middle School and High School. The total investment necessary to begin operation of a franchised Center is \$40,000 to \$350,000. This includes the Initial Franchise Fee of \$5,000 to \$20,000 that must be paid to the franchisor. The initial franchise fee is calculated based on the number of Learning Tables in Your Center.

We also offer the right to develop multiple franchise Centers under an Area Development Agreement. If You are an Area Developer, You are required to pay Us a nonrefundable Development Fee equal to the initial franchise fee for the first Required Center plus a \$10,000 deposit for each additional Required Center.

* * * * *

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 a payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 disclosure in different formats, contact Mike Flynn at the above address and telephone number.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract and this disclosure document carefully. Show your contract and this disclosure document to an advisor, such as a lawyer or accountant.

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

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

Issuance Date: March 8, 2024

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 out 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 F.
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 E 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 Engenius Learning Center business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Engenius Learning Center franchisee?	Item 20 or Exhibit F 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 similar businesses 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 registration requirements, or to contact your state, use the agency information in Exhibit D.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Santa Clara County, California. Out-of-state arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Santa Clara County, California than your own state.
2. **Personal Liability.** If you are a legal entity, all of your owner(s) must personally guarantee the franchise agreement, thereby placing his/her personal assets at risk.

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

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2 CENTER EXPERIENCE	3
ITEM 3 LITIGATION	3
ITEM 4 BANKRUPTCY	4
ITEM 5 INITIAL FEES.....	4
ITEM 6 OTHER FEES	6
ITEM 7 ESTIMATED INITIAL INVESTMENT	9
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	12
ITEM 9 FRANCHISEE'S OBLIGATIONS	14
ITEM 10 FINANCING	16
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	16
ITEM 12 TERRITORY	23
ITEM 13 TRADEMARKS	24
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	26
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATIONS OF THE FRANCHISE CENTER.....	26
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	27
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	28
ITEM 18 PUBLIC FIGURES	33
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	33
ITEM 20 CENTERS AND FRANCHISEE INFORMATION	34
ITEM 21 FINANCIAL STATEMENTS	36
ITEM 22 CONTRACTS.....	36
ITEM 23 RECEIPTS	37

EXHIBITS:

- A. Franchise Agreement with Personal Guaranty and State Addendum
- B. Area Development Agreement
- C. Confidentiality Agreement
- D. State Agents and State Administrators
- E. Financial Statements
- F. List of Current Franchisees
- G. Receipts

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

To simplify the language in this disclosure document, the words "**We**", "**Us**", or "**Our**" mean the franchisor Engenius Learning Centers, LLC, a California limited liability company, doing business as ENGENIUS LEARNING CENTER®. "**You**" or "**Your**" means the person who buys the franchise and includes Your owners if You are a corporation, limited liability company, partnership or other business entity. Bold face terms are for ease of reference only.

The Franchisor

We are a California limited liability company formed on January 15, 2019, to franchise children's learning center businesses using the name ENGENIUS LEARNING CENTER ("**Centers**"). We do not do business under any other name. Our principal business address and telephone number are 1002 Byerley Avenue, San Jose, CA 95125-2507; tel: (408) 495-3800. Our agents for service of process are listed on **Exhibit D**. We have offered franchises for Centers since May 15, 2019.

We do not have any predecessor or parent. We are commonly owned with Flynn Learning Centers, LLC, a California limited liability company ("**Company**"), which is Our "**Affiliate**". The Company's address and telephone number are 1002 Byerley Avenue, San Jose, CA 95125-2507; tel: (408) 495-3800. We do not operate a Center, but the Company currently operates two (2) Centers in the San Jose, CA area all of which are similar to the franchise being offered to You. The first Center was opened in 1998. Our Affiliate also operates two day care centers in the San Jose, CA area.

Neither We nor Our Affiliates have previously offered franchises in this or any other line of business.

Description of the Franchise

We offer franchises for the operation of Centers which will operate children's learning centers which specialize in after-school tutoring services and test preparation. Our founders are Mike and Kerry Flynn, who opened tutoring centers over 25 years ago.

We have developed a unique system of providing tutoring and learning services to children who need extra help in school, college admissions testing, as well as college counseling (the "**System**"). Each student is treated as an individual so that he or she can most benefit from ENGENIUS LEARNING CENTER assistance. The System is based on having one tutor working with no more than three students at one time at one table ("**Learning Table**"). You may start with only one Learning Table and add Learning Tables later if You receive Our prior written approval in advance.

Your tutors must be experienced and dedicated to helping children. They must be well trained and be able to make the process fun and motivating for each child. The goal is for each child to become an independent learner.

We and the Company have also developed an effective marketing system for these Centers, each of which will use the ENGЕНИUS LEARNING CENTER trademark and other designated trademarks, trade names, service marks and logos (“**Marks**”).

A typical Center will be approximately 500 square feet to 1,500 square feet in size. The exact size depends on the demographics of its trade area and what is available for rental. Each Center will typically be located in a small shopping center or strip center which can be easily found and accessed. Operating hours are typically in the afternoon and evenings as well as weekends.

Each Center will use Our System and operate according to Our standards, specifications, operating procedures, and rules as contained in Our Operations Manual (the “**Manual**”).

Franchise Agreement

To obtain an ENGЕНИUS franchise, You must be approved both operationally and financially before opening each new Center. We have a Franchise Development Committee, which has the exclusive authority to approve all new franchises. The first step is to submit a Franchise Application and Questionnaire for Us to review and consider for approval.

A Franchise Agreement (**Exhibit A**) will be signed when all conditions have been met and Your Center is close to opening. The initial term of each Franchise Agreement is 10 years and is renewable for two additional 5-year terms, subject to certain conditions. See "Renewal" discussed below in ITEM 17.

Area Development Agreements

We are also offering to qualified multiple unit developers (“Developers”) an Area Development Agreement (“**ADA**”) for the opening and operation a minimum of 3 franchised Centers, and preferably 5 or more franchised Centers within a designated area (“**Territory**”) pursuant to a mutually agreed upon Development Schedule. See **EXHIBIT B**. After Your first Center, each Required Center must have at least 3 Learning Tables as described in ITEM 5.

The ADA grants the exclusive right and obligation to develop a minimum number of Centers within the Territory during a certain time period (the “**Required Centers**”). A Developer must pay Us a nonrefundable Development Fee. The primary purpose of the Development Fee is to pay Us for reserving the designated territory. You will execute Our then-current form of the Franchise Agreement for each Required Center. See ITEM 5 for initial fees.

Competition

Your Center will be competing with other learning centers and educational providers offering somewhat similar services, some of which are part of a national or regional franchised and non-franchised learning systems.

Industry Regulation

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the construction and operation of Your Center. You must comply with all local, state and federal laws that apply to the operation of Your Center. These include applicable design and construction requirements, health, safety and sanitation laws, permits, sales tax licenses, waste and hazard materials handling and storage, advertising, access for disabled persons, advertising and food product labeling and menus and similar regulations. You must comply with all local, state and federal laws that apply to the operation of Your Center. You should investigate the applicability of these and possibly other regulations in the area in which You are interested in locating Your Center and should consider both their effect and cost of compliance.

ITEM 2. BUSINESS EXPERIENCE

President and CEO: Michael Flynn

Mr. Flynn has been Our CEO and President since We were formed in January 2019. He co-founded the ENGNIUS LEARNING CENTER concept and has been developing it since 2013. He has been the President of the Company since its formation in December 2001. The Company also owns and operates two day care centers in the San Jose, CA area.

Chief Financial Officer: Kerry Flynn

Mrs. Flynn has been Our Chief Financial Officer since We were formed in January 2019. She co-founded the ENGNIUS LEARNING CENTER concept and has been developing it since 2013. She has been the Secretary of the Company since its formation in December 2001. She has been the Secretary of the Company since its formation in December 2001. The Company also owns and operates two day care centers in the San Jose, CA area.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this ITEM.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

ENGENIUS Franchise Fee

The ENGENIUS Franchise Fees are based on the number of Learning Tables in Your Center. The Center's Franchise Fee is \$5,000 per Learning Table and may increase as the Center grows. Each tutor will have a maximum of three students per Learning Table. This table states the Franchise Fee for each Center with 1, 2, 3 or 4 Learning Tables:

Number of Tables	Maximum Number of Students	Number of Tutors	Initial Franchise Fee
1 Table	3 Students	1 Tutor	\$5,000
2 Tables	6 Students	2 Tutors	\$10,000
3 Tables	9 Students	3 Tutors	\$15,000
4 Tables	12 Students	4 Tutors	\$20,000

The number of Learning Tables in Your Center is dependent on the Center's size, the number of qualified tutors hired and Your past experience and training. A typical Center will have between two to three Learning Tables. We do not limit the number of Learning Tables in Your Center, but You must have our prior written approval to increase the Learning Tables at Your Center, at which time You will pay Us the additional ENGENIUS Franchise Fee of \$5,000 per additional Learning Table.

We offer reduced ENGENIUS Franchise Fees for Military Veterans and First Responders. Under this program, honorably discharged veterans of the United States armed forces and voluntarily retired First Responders (such as firefighters, police officers and paramedics) are entitled to receive a \$1,000 discount per Learning Table.

There are no refunds of any part of the ENGENIUS Franchise Fee. All fees payable to Us are intended to be "net" amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees.

Area Development Agreement

We are also offering franchises to qualified Developers who will develop and operate at least 3 to 5 Centers under an Area Development Agreement ("Required Center"). Each Required Center after Your first Center must have a minimum of three Learning Tables.

The Area Development Agreement (**Exhibit B**) requires You to pay Us a nonrefundable Development Fee equal to the ENGNIUS Franchise Fee for the first Required Center plus \$10,000 for each additional Required Center (as specified in the development schedule to hold the protected territory). The Development Fee is non-refundable even if You do not open any Centers. As You develop each Required Center You will pay Us an ENGNIUS franchise fee (less \$10,000 credit from the Development Fee) for that Center.

For each Required Center opened under the Area Development Agreement, the ENGNIUS Franchise Fee will be \$5,000 per Learning Table. The franchise royalty fee will be 10% of Gross Revenues for the Required Centers. The ENGNIUS Franchise Fee and other fees for any additional Centers will be those fees required by the then-current form of Our Franchise Agreement. There are no refunds of these payments.

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ITEM 6. OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Franchise Royalty Fee	10% of Gross Revenues	Monthly	All Fees are payable to Us. See Note 2 and 3.
Local Marketing Spending	If required in future up to 2% of Gross Revenues	Monthly	See Note 4
System Marketing Fund Fee	If required in future up to 1% of Gross Revenues.	Monthly (once established)	All Fees are payable to Us. See Note 2, 3 and 5.
Technology Fee	Reasonable amount for Our costs and expenses (currently \$50.00)	Monthly	All Fees are payable to Us. See Note 3 and 6.
Supplier Approval Fee	Reasonable amount for Our costs and expenses (currently \$1000)	Upon request for approval	All Fees are payable to Us. See Note 7.
Additional Training	Our then-current per diem fee, plus Our expenses (currently \$500 per day)	Upon Invoice	All Fees are payable to Us. See Note 8
Late Payment Fees	\$250.00 plus interest on late amounts at 18% or highest legal rate.	Upon Invoice	All Fees are payable to Us.
Attorneys Fees	Reasonable amount to prevailing party in any legal proceeding	Upon conclusion of proceeding	See Note 9.
Transfer Fee	\$10,000	Before actual transfer	All Fees are payable to Us. See Note 10.
Renewal Fee	\$2,500	Prior to renewal	All Fees are payable to Us. See Note 10.
Audit	Reasonable Accounting and Legal Fees	Upon invoice	All Fees are payable to Us. See Note 11.
Insurance Premiums	What You have failed to pay the Insurer	Immediately upon Invoice	Payable to Us to reimburse Us for having to pay Your obligation.

Indemnification	Amount of claim and costs incurred	Upon Demand	All Fees are payable to Us. See Note 12.
Liquidated Damages - Default	Lump Sum (Calculation based on number of months and Royalty Fee averages.)	Upon Demand	Liquidated Damages – Default See Note 13.

FOOTNOTES:

(1) All fees are imposed uniformly and paid to Us unless indicated otherwise. None of these fees are refundable for any reason except errors. All fees payable to Us are intended to be “net” amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees (specifically not to include income taxes). There are no additional fees that an Area Developer would pay other than those listed above.

(2) **"Gross Revenues"** is defined in the Franchise Agreement as the total of all payments received by You from or related to the Center during each time period, including proceeds from business interruption insurance. "Gross Revenues" does not include sales taxes, discounts, revenue derived from selling or issuing system gift or loyalty cards (although revenue derived from selling products & services to customers who use such cards for payment will be included in Gross Revenues), refunds or proceeds from the sale of furniture, equipment or similar items used in the Center.

(3) You must pay these fees no later than fifteenth (15th) day following the end of each month or such other time as may be designated in the Manual. You agree to pay all such Fees to Us by direct transfer of funds (“**EFT**”) or other method of payment designated by Us. You must submit for each designated period a sales report and ensure that each account has sufficient funds for the transfer.

(4) If required by Us in the future You must spend this amount monthly to conduct approved local advertising and sales programs for Your Center and send Us proof of the spending. Also, when and If an advertising cooperative is established in Your area You must join it, and contributions to it will be applied toward this obligation (“**Ad Co-op**”). The mandatory contribution to an Ad Co-op may exceed two percent of Gross Revenues if the Ad Co-op members agree to additional funding in accordance with established Bylaws. (Franchise Agreement, Section 7.6).

(5) The Marketing Fund is not yet established. These payments will not be required until We determine that establishing the Marketing Fund is appropriate for the System. We will also set the initial contribution rate at that time, which may be less than the maximum rate. We will deposit each payment into a separate bank account to be used for advertising and marketing purposes as described in ITEM 11.

NOTES CONTINUED:

(6) We currently use Knack as an online database and Indie LMS as a learning management tool. If you elect to use Knack and Indie LMS in Your Center, We charge a reasonable technology fee to cover Our costs for hosting and data storage. Our current fee is \$50.00 per month. At this time, You are not required to use these companies for Your Center.

(7) We may impose reasonable inspection and supervision fees to cover Our costs in evaluating and maintaining alternative brands or suppliers You propose. Our current estimated cost is \$1000 although costs could exceed this amount depending on the product.

(8) The Initial training is free for up to 2 people. Currently most training is handled on-site at a current Center and at Your Center. This estimate is for additional training if You request Our assistance after Your Center opens or if We determine that You require Our assistance. If You want Us to provide initial training to additional people, You must pay Us the then current charge (presently \$500 each) for the training described in Item 11 below. Additional training typically might include 1 to 2 persons for 2 days. Fees may not be uniformly imposed depending on specific circumstances.

(9) Such fees will vary based on circumstances and may include reimbursement for legal or accounting fees that occur as a result of any breach of the Franchise Agreement.

(10) These Fees may not be uniformly imposed at all times.

(11) In addition to any additional fees found due as a result of an audit of Your financial records You must pay Us Our audit cost if You have understated Gross Revenues by more than 2% of the actual Gross Revenues found by the audit. The cost of an audit varies widely depending on how well the books and records are kept, but We estimate the cost of an audit to be between \$1,000 and \$5,000.

(12) You must indemnify Us for claims relating to Your operation of the Center.

(13) If the Franchise Agreement is terminated due to Your default, You must pay Us liquidated damages equal to the average monthly Royalty Fees owed or paid during the 12 full calendar months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is less.

ITEM 7. ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
ENGENIUS Franchise Fee (1)	\$5,000	\$20,000	Lump Sum	In Full Prior to Opening Center	Us
Training, Travel and Living Expenses (2)	\$1,000	\$5,000	As Incurred	Before and During Training	Airlines, Hotels, Businesses
Lease Deposit (3)	\$2,000	\$5,000	As Negotiated	Prior to Opening	Lessor
Leasehold Improvements (4)	\$2,500	\$50,000	As Negotiated	As Negotiated	Suppliers and Contractors
Computers, Software, Office Supplies and Equipment (5)	\$4,500	\$25,000	As Incurred	Prior to Opening	Suppliers
Signage (6)	\$1,000	\$10,000	As Incurred	Prior to Opening	Suppliers
Initial Accessories and Supplies (5)	\$1,000	\$15,000	Lump Sum	As Incurred	Suppliers
Plans, Permits, & Licenses (7)	\$1,000	\$5,000	As Incurred	Prior to Opening	Suppliers
Grand Opening (8)	\$1,000	\$10,000	As Incurred	At Opening	Suppliers
Insurance, Deposits and Prepaid Expenses (9)	\$1,000	\$25,000	As Incurred	Prior to Opening	Various
Additional Funds - Three Months (10)	\$20,000	\$180,000	Lump Sum	Prior to Opening	Employees, Suppliers, Utilities
TOTAL (11)(12)	\$40,000	\$350,000			

The above are estimates based on Our experience with Company Centers located in the San Jose, California area.

SEE IMPORTANT FOOTNOTES ON FOLLOWING PAGES.

FOOTNOTES:

(1) You must pay the ENGЕНИUS Franchise Fee in full when You sign the Franchise Agreement and prior to opening Your Center. It is not refundable for any reason. The Low Estimate is calculated with one (1) Learning Table and the High Estimate is calculated with four (4) Learning Tables. Your Initial Franchise Fee is dependent on the number of Learning Tables for Your Center, as described in ITEM 1 above.

(2) Our initial training program is 1 to 2 weeks. Each Center must have at least one trained and certified manager. You must pay for the expenses of attending training, such as lodging, meals, transportation and wages of trainees. The cost of these expenses will depend on the distance they must travel, the type of accommodations, the number of Your employees attending training and their wages. More than two trainees will increase these expenses and cost additional fees of \$500 each per week.

(3) These estimates are the initial lease costs and are based on the assumption that You will lease Your Center space. A typical Center contains approximately 500 to 1,500 square feet of indoor space. A lease normally requires advance payment of the first month's rent and a deposit equal to a second or third month's rent. You should independently investigate all these costs in the area, and for the specific site where You wish to establish Your Center.

(4) Includes the actual cost of construction. Lessors will often contribute to the cost of remodeling or constructing the space for Your Center. You will follow Our standard development procedures and adapt them to meet the specific requirements of Your proposed Center. You should independently investigate all these costs in the area, and for the specific site, where You wish to establish Your Center.

(5) These estimated amounts are based on Our experience with Company Centers located in the San Jose, California area. This amount includes necessary equipment and also consists of accessories and supplies that You should stock at the Center.

(6) This is an estimate of the cost of obtaining required interior and exterior signage at the franchise location, including the required types and amounts of signs that we specify.

(7) You must obtain all necessary business permits, licenses and approvals to operate the Center. You should contact an attorney and the government authorities in Your area for information about the actual cost and level of difficulties in obtaining all necessary permits.

(8) You and We will agree on a specific grand promotional program for Your new Center. The cost of this mandatory promotional program will range from \$1,000 to \$10,000. Centers being opened in a new trade area may require more initial spending than where Our brand is already known.

FOOTNOTES (CONTINUED):

(9) Insurance, deposits, and other prepaid expenses are included in this amount. You should have funds for one year's estimated insurance premium for property, liability, workers' comp and other insurance. Insurance must be obtained to meet minimum requirements set by the System Standards. (See ITEM 8). Initial premiums for commercial general liability insurance are subject to change due to market forces. . You should contact Your insurance agent and obtain an estimate of Your actual insurance costs. There may also be a requirement to pay utility and/or other deposits and to prepay certain expenses.

(10) This category includes contingent working capital requirements, which could include expenditures for payroll, utilities, vendor, advertising, promotion and similar costs during the initial phase of a new Center. This estimate is for the first 3 months of operation Your Center. This estimate is based on Our founders' past experience, and We cannot guarantee that You will not have additional expenses starting Your business. Your costs will depend on factors such as how much You follow the System and its procedures, the local market for Center products, the prevailing wage rate, competition, and the sales level reached during the initial period.

(11) The total estimated initial investment amounts do not include the purchase of real estate. Unless otherwise stated We do not expect that any of the estimated investment amounts are refundable.

(12) This is Our estimate of the total expenses to start Your Center. Except as noted above, none of the above payments are expected to be refundable. We will not finance any of these payments. The above are all estimates based on Our experience with the Company Centers located in the San Jose, California area. You should independently investigate costs in Your area and review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise.

(13) If You are an Area Developer You will pay upon execution of the Area Development Agreement a Development Fee equal to \$10,000 per each additional Center required under the Development Schedule. As You develop each Required Center You will pay Us an initial franchise fee (less \$10,000 credit from the Development Fee) for that Center.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Each Center must be constructed or remodeled to Our specifications. You must obtain Our written approval of any proposed alterations to Our specifications before any work is begun. You must design, construct, remodel, equip and supply Your Center from suppliers previously approved by Us (“**Approved Suppliers**”).

We may develop programs and relationships that involve volume purchases of products designated in the Manual. In order to maintain uniformity and conformity within the System You must cooperate with Us and participate in these programs and purchase the products from suppliers designated in the Manual so long as they are also required for all other franchisees similarly situated. We may modify or add new specifications in writing.

Except as described in this ITEM 8, You are not obligated to purchase anything else from Us, but You will be obligated to make 100% of Your purchases from Approved Suppliers. We may negotiate purchase arrangements with suppliers including price terms for the benefit of franchisees and the System. You must use some supplies that are proprietary to Us, including copyrighted forms and materials bearing the Marks.

We will specify Approved Suppliers and the products and services that are required to be purchased or leased in the Manual. The list of required items will be changed to meet current needs. Approved Suppliers are identified in Our Operations Manual. We may update our list of Approved Suppliers as We deem necessary or appropriate.

Approved Suppliers and specifications are determined based on the current needs for operating the Center. We evaluate Approved Suppliers based on price, service, quality, and other commercially reasonable benchmarks. We have the right to limit the number of vendors and suppliers for products, goods, supplies, fixtures and equipment. We are not required to make available to You or any supplier Our criteria for product or supplier approval. We also have the right to designate a single source of supply for certain products. We or an affiliate may be that single source.

Required Purchases from an Affiliate or Us:

If We introduce proprietary Products and/or items bearing the Marks, You may be required to purchase them from an Affiliate or Us. You may be required to purchase from Us in the future software, Internet, and multi-area marketing programs and to participate in these programs, as designated in the Manual. There are no such requirements at this time, and We estimate based on present circumstances, that these required purchases will be less than one percent of Your operating expenses.

During the last fiscal year, neither We nor the Company received any revenues or rebates as a result of franchisee purchases. We do not have any purchasing or distribution cooperatives. If We receive rebates or referral fees from suppliers based on Franchisee purchases, We use the funds to benefit the System. None of Our officers own an interest in an Approved Supplier.

We will approve additional suppliers. If You want to purchase items from another supplier, You may request Our "Supplier Approval Form." Based on the information and samples You supply Us; We will test the items supplied and review the proposed supplier. We will complete Our review promptly, generally within 30 days. A lack of response after 30 days will mean that the proposed supplier was not approved.

The Franchise Agreement requires You to obtain insurance from Qualified Insurance Carriers satisfactory to Us. Each insurance company must be rated no less than A VII by A.M. Best and Company. The insurance You must obtain includes coverage during the construction of Your Center and its operation. We must be named as an additional insured on each policy except workers compensation insurance. The required insurance policies must have at least the minimum coverage specified in the Franchise Agreement.

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ITEM 9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT (“FA”) AND AREA DEVELOPMENT AGREEMENT (“ADA”). IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS FRANCHISE DISCLOSURE DOCUMENT.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site Selection and acquisition	FA: §§ 1.3, 6.3 ADA: §§1.1, 4.2	Items 1, 11
b. Pre-opening purchases/leases	N/A	Items 7, 8, 11, 16
c. Site development and other pre-opening requirements	FA: §4 ADA: §1, 2, 4	Items 1, 5, 7, 11, 12, 15
d. Initial and ongoing training	FA: §5 ADA: None	Items 1, 11, 17
e. Opening	FA: §7.9 ADA: §2	Items 5, 7, 11
f. Fees	FA: §§2, 3.2, 4.8, 5.6, 9.1(b), 11.5, 13.5 (b) ADA: §§3, 4.3	Items 1, 5, 6, 7, 17, 19
g. Compliance with standards and policies/Manuals	FA: §§4.3, 4.4, 4.5, 4.6 ADA: §4.1	Items 1, 11
h. Trademarks and proprietary information	FA: §§4.5, 14 ADA: §§4.4, 7.3	Items 13, 14
i. Restrictions on products & services offered	FA: §§4.4(a), 4.7, 4.8 ADA: None	Items 8, 16
j. Warranty and customer service requirements	FA: §4 ADA: None	Item 1
k. Territorial development and sales quotas	FA: §1.2 ADA: §2, 4	Items 1, 12

l. Ongoing product/service purchases	FA: §§4.6, 4.7, 4.8 ADA: None	Items 8, 16
m. Maintenance, appearance & remodeling requirements	FA: §§1.3, 3.2, 4.3, 4.4, 6 ADA: None	Item 17
n. Insurance	FA: § 11 ADA: None	Item 7
o. Advertising	FA: § 7 ADA: None	Items 6, 7, 11
p. Indemnification	FA: §§10.2, 11, 14.5 ADA: None	Item 13
q. Owner's participation/ management/ staffing	FA: §§4, 5 ADA: §§7.4, 7.5	Item 15
r. Records/ Reports	FA: §§8, 9.3 ADA: None	Items 6, 11
s. Inspections/Audits	FA: §9 ADA: None	Item 17
t. Transfer	FA: §13 ADA: §1.7	Items 6, 17
u. Renewal	FA: §3 ADA: None	Items 6, 17
v. Post termination obligations	FA: §§4.9(f), 15 ADA: §1, 6	Item 17
w. Non-competition covenants	FA: §4.9 ADA: §7.3	Items 5, 17
x. Dispute resolution	FA: §§16.5, 16.7 ADA: §8	Item 17

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee Your note, lease or other obligation. We are registered with the SBA Franchise Registry. This affiliation may assist You with obtaining expedited loan processing if You should seek SBA financing. There are no waiver of defenses or similar provisions in any note, contract or other instrument executed by franchisees with Us.

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

Except as listed below, We need not provide any assistance to You.

A. Pre-opening. Before You open Your Center, We will:

1. Loan You a copy of Our confidential operating Manual, which contains mandatory and suggested specifications, standards, approved suppliers, required products and services, operating procedures, approved suppliers and rules, in written and/or electronic form (Franchise Agreement, Section 4.4).
2. Conduct an initial training course for two persons (Franchise Agreement, Section 5.1).

B. Post-opening. During the operation of Your Center, We will:

1. Make available additional training programs as We deem appropriate (Franchise Agreement, Section 5.5).
2. Develop and administer at Our discretion advertising and promotion programs designed to promote the collective success of all Centers (Franchise Agreement, Section 7.1).
3. Make available any revisions and/or updates to Our confidential operating Manual when available (Franchise Agreement, Section 4.4).

C. Site Selection.

You may locate Your Center anywhere with Our approval. We will provide Guidelines and procedures for site selection as part of Your Initial Training. (See Training Table below.) Within three (3) months after execution of the Franchise Agreement, You should have located and obtained Our approval for the site of Your Center. If You have not done so but have been duly diligent and acting in good faith under the circumstances, We will grant You an additional 90 day extension, after which the Agreement will be considered as abandoned and canceled.

We will consider as part of site approval a number of factors such as potential customer density levels, assessment of a demographic study of the customer mix compared to existing profiles already established by Us, assessment of competitor activity, traffic patterns of the area as well as specific size, parking and other physical characteristics of the proposed site itself. We will use reasonable efforts to make a site acceptance decision within 30 days after We acknowledge receipt of a complete site information form and any other materials we have requested. Our approval means that the site and plans meet minimum specifications and is not a warranty for their appropriateness. We do not generally own the premises and lease it to franchisees.

D. Time Before Opening.

We believe that based upon our management's experience, You should typically open a Center within three (3) to nine (9) months after executing the Franchise Agreement. This length of time may be affected by factors such as difficulties in obtaining a good location, financing arrangements, acquiring necessary permits and licenses, procuring insurance, and shipping and delivery logistics. You must open Your Center within twelve (12) months of signing the Franchise Agreement, unless We extend the time in writing. Failure to open within the specified time period is a breach of the Franchise Agreement and Your Franchise Agreement can be terminated. (Franchise Agreement Section 1.4)

You are responsible for conforming premises to building codes and local ordinances. You must adhere to Our standards and specifications for the construction and design of the Center, which will include requirements for the interior and exterior layout, signage, equipment, fixtures, and trade dress. You must obtain Our prior written approval of site-specific drawings/plans before beginning construction. You may not open Your Center without Our prior written consent and satisfaction of all pre-opening obligations stated in the Manual and the installation of all equipment, fixtures, furnishings, and signs included in the plans and specifications approved by Us.

You will be solely responsible for all hiring and employment decisions and functions relating to Your Center.

E. Advertising.

We will develop marketing promotional and advertising programs designed to promote Centers. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

We will provide access to advertising and marketing materials and services to You. We may also use premium incentives and product awareness campaigns in advertising and promotions. Advertising media may include print, Internet, vehicle wraps, fundraisers, public relations campaigns and radio or television (primarily local in scope). Whenever possible, the material is produced in-house or provided by vendors.

You may develop advertising materials for Your own use at Your own cost. All advertising materials must have been approved by Us in advance and in writing. Approval typically takes between ten (10) and thirty (30) days.

All of Your advertising, promotion and marketing must be completely clear and factual, not misleading and conform to the highest standards of ethical marketing and the promotion policies. You must submit to Us samples of all advertising, promotional and marketing materials (including Internet or electronic media marketing material) for Our prior written approval. You must only use advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise.

There are no restrictions on Your advertising, except that You may not advertise independently on the World Wide Web or outside Your Territory and that Your advertising must be approved by Us as stated above. You may not establish or maintain a separate website, or otherwise maintain a presence or advertise on the Internet or other public computer network in connection with the Center, unless We provide Our prior written approval. If such approval is granted by Us, You shall establish and operate such Internet site in accordance with Our standards and policies as set forth in the Manual or otherwise in writing from time to time. You must require Your employees to adhere to the social media policies as well. You must participate in Our online marketing campaigns, Gift Card program, Customer Loyalty program and similar marketing programs as they are developed.

Grand Opening.

You must conduct a pre-approved grand opening promotion for Your Center. The cost of the grand opening promotion will range from \$1,000 to \$10,000 in approved expenditures in regard to such promotion. The amount is dependent on the size of Your Center and number of Learning Tables. We will assist You in planning Your grand opening.

Local Advertising.

We may in the future require that You must spend up to two percent (2%) of Your Center's Gross Revenues for approved local advertising and promotion of Your Center in its trade area. You must submit confirmation of Your Local Advertising expenditures following the procedures and timing requirements designated in the Manual.

If an Advertising Cooperative ("**Ad Co-op**") is established for the area where Your Center is located, You must join, actively participate in and contribute to the Ad Co-op. Each Ad Co-op will be organized and governed in a form and manner and will operate according to written governing documents, all of which must be approved in advance by Us. The Ad Co-op may also serve as means of exchanging ideas, sharing information and problem solving. You must contribute to the Ad Co-op up to 2% or more of Your Center's Gross Revenues, which is in addition to your contributions to the system wide Marketing Fund discussed below. The Ad Co-op members may agree to

additional funding in accordance with its established Bylaws. We will oversee each Ad Co-op. If You are in default of the Franchise Agreement, You will not have voting privileges. The Ad Co-op may prepare annual or periodic financial statements and these will be available to You upon request. We have the right to form, change, dissolve, and merge any Ad Co-op and to create and amend any organization and governing documents of any Ad Co-op in our sole business judgment.

Marketing Fund.

After more Centers are open and operating, We plan to establish a **Marketing Fund** to be used to promote all Centers and the ENGЕНИUS LEARNING CENTER brand. You must then contribute to the Marketing Fund, as specified in the Manual. We will use these funds to develop, produce and administer marketing programs designed to increase sales for all Centers system-wide. Advertising may be in the form of print ads, radio, television or electronic media and may be conducted on a regional and/or national basis. We may use a national or regional advertising agency or in-house advertising to create and place advertisements. All interest earned on monies contributed to the Marketing Fund will be used for the same purpose. Marketing Fund contributions will not be targeted to advertise or sell franchises.

The purpose of the Marketing Fund is to develop advertising and marketing programs that will benefit all Centers wherever located. We cannot ensure that the Marketing Fund's expenditures will be equally beneficial or proportionate to each Center's contributions. The Centers operated by the Company will contribute to the Marketing Funds at the same rate as Franchisees.

We will deposit and keep monies in the Marketing Fund separate from Our other funds. Money from the Marketing Fund may be used to pay Us or an Affiliate for the reasonable salaries, administrative costs, travel expenses and overhead incurred by Us in the administration of the Marketing Fund and its programs. We will prepare an annual unaudited statement of monies collected and costs of the Marketing Fund and provide it to You upon Your written request.

F. Computers; Computer Programs.

Your Center must have a point of sale and computer system as specified in the Manual, which will operate Our currently approved software and allow You to participate in the Network. Your Center must also have inventory and accounting programs, Internet access, a telephone number, and voicemail system as specified in the Manual. We may require You to upgrade or update Your equipment, such as the computers, other hardware, programs and telephone system, with reasonable limitation on the frequency or cost of this requirement. You are responsible for installing and maintaining a broadband hook-up and other reasonably necessary utilities for Your Center.

Currently, We use QuickBooks Online Software System for the Point of Sale (POS) system. You are required to use this POS system for Your Center. You must use your POS system to complete all sale transactions, and provide sales, accounting, and inventory reports. The current monthly license fee is between \$75 and \$250, but that may change at any time. You will be responsible for all ongoing computer maintenance, repairs and upgrades.

We will have independent access to the information that will be generated or stored in any electronic cash register or computer systems, such as financial and marketing information. There are no contractual limitations on Our right to access this information. If We establish an online management and communication system for Center Operations, You must participate fully with its requirements as stated in the Manual.

You must also obtain a security system in accordance with Our Manual. Your security system must monitor Your Center including recording equipment to record and store video records of any injuries. We require remote access to Your security system at all times and will provide You with our minimum specifications.

We use Indie LMS as Our learning management tool for hosting curricula, and Knack as Our online database to track attendance, tasks and other Center operations. You are not required to use Indie LMS or Knack and may elect to use a comparable tool such as Google Docs. Currently, We do not charge a software fee to use Indie LMS or Knack, but that may change at any time. We do collect a technology fee for data storage, currently \$50.00 per month.

All of the designated equipment and software is available generally at competitive prices. The purchase cost is estimated at \$500 to \$2,500 though some Franchisees will already own sufficient equipment prior to starting their Center, therefore not requiring them to purchase any equipment upfront. Your annual maintenance costs are estimated at \$100 to \$750. The purchase and maintenance costs of the equipment can vary depending on the size of Your Center.

If We establish an online management and communication system for Center Operations, You must participate fully with its requirements as stated in the Manual. None of the above are proprietary properties of Us or Company, and We are not obligated to provide or assist You in obtaining the above items or services.

G. Confidential Manual.

You may review Our Manual before purchasing a Franchise. However, You may not copy any of the information contained in the Manual as it contains proprietary information. You must sign a confidentiality agreement regarding the Manual before Your review. (**Exhibit C**)

H. Training.

Our Initial Training Program consisted of the following general content with a duration of approximately 1 to 2 weeks according to the following general outline:

TRAINING PROGRAM

SUBJECT	LOCATION	AMOUNT OF TRAINING	
		On the Job / Classroom	
Introduction (History, Mission, Vision)	Company Center, San Jose, CA	None	2 hour
Computer, Accounting and POS Systems	Company Center, San Jose, CA.	5 Hours	2 hours
Operations, Sales and Administration	Company Center, San Jose, CA	20 Hours	4 hours
Exceptional Situations & Customer Service	Company Center, San Jose, CA	2 Hours	3 hour
Teacher Management, Other Personnel	Company Center, San Jose, CA	2 Hours	3 hour

NOTES:

(1) The above description reflects the typical content, schedule of the Initial Training Program. The location of Your training is expected to be at an existing Company Center in the San Jose CA area.

(2) You and/or Your Designated Operator must attend and successfully complete the Initial Training. We may terminate the Franchise Agreement for failure to successfully complete this training course. We do not charge a training fee for up to two people, but you are responsible for all travel, lodging, food and miscellaneous costs while attending the training, including the costs of transportation, lodging, meals, and wages.

(3) We expect You to successfully complete the Initial Training and open Your Center within 3 to 6 months thereafter. These training courses are expected to occur several times each year. Additionally, You and Your Managers must at all times be CPR certified.

NOTES CONTINUED:

(4) Our instructors will include Trainers and Training Managers, each of whom have a minimum of two years experience in the children's Center industry and related systems. Training Managers include: Mike Flynn, Kerry Flynn, Chelsea Madden, and Heidi Richins.

(5) The materials used in the Initial Training in addition to other training and business optimization materials, such as instructional videos, online training and how-to guides. The materials used in Our Initial Training are the Manual and other materials such as various videos. We may modify and/or add to Our training programs at any time for the purposes of improving the System.

(6) The actual hours required for Initial Training will depend on a variety of factors, including the trainee's prior experience in certain applicable areas and his or her ability to pass any written and/or practical exams to Our reasonable satisfaction.

(7) As We deem necessary, We may require that You and Your personnel attend additional training courses or programs covering operations and new product or procedure introductions. We may require You to pay a reasonable fee for the additional training currently \$500 per day per person. You may be required to pay for all travel, lodging and food costs for You and Your personnel to attend. We expect that additional training will be conducted at Our headquarters and will be one or two days in duration and cover changes in Your Center, the Products, and System procedures.

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ITEM 12. TERRITORY

You must operate Your Center at a specific location selected by You and approved by Us. You will have the right and obligation to operate and maintain Your Center within a designated geographic area as described in this ITEM 12 (Your “**Territory**”). You are not entitled to move Your Center or open up another Center without Our written consent, which is at Our sole discretion.

You and We will agree upon the location and size of Your Territory based on numerous factors including, but not limited to, the population density, natural boundaries and demographics of the area, and other considerations. Your Territory will generally be within a radius of three (3) miles from Your Center, but it may be smaller or larger depending on the number of Learning Tables and density of population in the area. For example, in higher density areas the radius may be smaller and in less dense areas it may be larger.

You maintain rights to Your Territory even though the population increases, and Your territorial rights are not dependent upon achievement of a certain sales volume, market penetration or any other contingency, and it will not be altered except by mutual consent. There is no minimum sales quota. The Franchise Agreement will not grant You any options, rights of first refusal or similar rights to acquire additional franchises within Your Territory or contiguous areas.

We have the sole and exclusive right to produce, license, distribute and market products using Our principal marks or other marks (including, by way of illustration, educational products, curriculum, books, clothing, souvenirs, and novelty items) through any outlet anywhere and through any distribution channels (such as Internet, catalog sales, telemarketing or other direct marketing). You will not receive any of these rights. We are not required to pay You for soliciting or accepting orders from inside Your Territory if we exercise any of these rights.

You will not receive an exclusive territory and You may face competition from other franchisees, from outlets that We own, or from other channels of distribution or competitive brands that We control. We reserve all rights not expressly granted in the Franchise Agreement.

Except for any applicable protection You have in Your Territory, the Franchise Agreement does not restrict Us from operating or authorizing others to operate other franchises or company-owned Centers or other channels of distribution, at any location, from selling or leasing similar products or services under a name other than ENGNIUS LEARNING CENTER. Neither We nor any Affiliate has established or presently intends to establish Centers under a different trade name or trademark, but We reserve the right to do so.

You must receive Our approval before relocating Your Center. Any request to relocate Your Center will be either approved or denied within 90 days of Our receipt of all relevant information. We may approve the relocation of Your Center in certain limited circumstances, such as loss of the location due to condemnation, eminent domain destruction, or loss of Your right of possession for reasons not caused by You.

There are no restrictions on Your advertising, except that You may not advertise independently on the World Wide Web or outside Your Territory, and You may not maintain any Website or any presence on the Internet without Our prior written consent. Your advertising must be approved by Us, as stated in Item 11 above.

Area Development Agreement.

During the term of an Area Development Agreement, We will not license or allow any other party to open a ENGNIUS Center within Your Development Territory except pursuant to the first refusal rights contained in Your Franchise Agreement.

If You materially breach the Area Development Agreement and it is terminated, We will have full rights to franchise other parties to operate Centers within what was Your Territory or to operate Centers Ourselves within that Territory.

If before the end of the term You have opened all of the Centers required by the Area Development Agreement and We decide that one or more additional Centers should be developed within Your Territory, You will have the right of first refusal for the additional Center(s).

If We acquire a chain of Centers with the intention of converting them to Centers using Our Marks, You will have a right of first refusal to purchase and convert any of those Centers within Your Territory.

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ITEM 13. TRADEMARKS

You will receive the right to operate a Center under the name ENGENIUS LEARNING CENTER. You may also use other current or future Marks as We designate to operate Your Center. By Marks, We mean trade names, trademarks, service marks and logos used to identify and operate Your Center. The following Marks have been registered on the United States Patent and Trademark Office (“USPTO”) Principal Register:

<u>Mark</u>	<u>Registration Date</u>	<u>Number</u>
ENGENIUS LEARNING CENTER	Jan. 3, 2017	5115995

The above mark is owned by the Company (Flynn Learning Centers, Inc.), which has granted Us a perpetual license for sole use of the Marks, as part of a written license agreement. Our license agreement is in writing and has an indefinite term. It can be canceled only by the mutual written consent of both parties. All required affidavits have been filed. You must follow Our rules when You use any of the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques except as We license to You. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time.

No agreements that limit Our right to use or franchise the use of the Marks. We do not know of any infringing uses that could materially affect Your use of the Marks. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks. We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks. We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks. You must notify Us immediately after learning about an infringement of or challenge to Your use of the Marks. We will take the action We think appropriate to protect the integrity and validity of the Marks. We are not required to take any specific action in regard to infringements involving the Marks. We have the sole right to control administrative proceedings or litigation regarding any trademark infringements. We will defend You and indemnify You if You are a party to a legal proceeding involving a Mark licensed by Us and used properly by You. You must modify or discontinue the use of a trademark if We modify or discontinue it. We have the right to modify, add to, or discontinue use of the Marks, or to substitute different Marks. You must promptly comply with any required changes, revisions and/or substitutions, and You will pay all the costs of modifying Your signs, advertising materials, interior graphics and any other items which bear the Marks. You must not contest Our right to the Marks, trade secrets or business techniques.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but You can use the proprietary information in the Manual, training materials, including DVDs and CDs, emails and confidential information. Although We have not made a copyright filing for the Manual, training materials, teaching curriculum, advertising materials and other written materials, We claim a copyright and the information is proprietary and confidential and may only be used as provided in the Franchise Agreement. The Manual will remain Our sole property. You must keep in a secure place on the Center premises.

In association with Your Center, We will provide You with information that is confidential and proprietary to Us, which may include Our trade secrets. Included in this, without limitation, is Our Center technology, knowledge of the System, equipment suppliers, location acquisition criteria, service agreements, techniques, sales strategies, best practices, and all contents of the Manual. You agree to at all times maintain strict confidentiality of all such information.

This confidentiality requirement will survive the termination or natural end of the Franchise Agreement and Your Center. You expressly agree not to use any of Our confidential and/or proprietary information for any other Center or other manner not expressly approved by Us in advance and in writing. You or Designated Operator may divulge confidential information only to those employees who must have access to it to operate Your Center. The Manual may not be copied, recorded or otherwise reproduced without Our prior written consent.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You or Your Designated Operator, who has successfully completed Our Initial Training program, must directly supervise and participate in the actual day-to-day operation of the Center.

Your Center must at all times have an on-site manager approved by Us and certified as designated in the Manual. You and Your Managers must be CPR certified. You must take steps necessary to ensure that Your employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and are properly trained. You and Your employees must handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from Our name and goodwill. You will be solely responsible for all employment decisions and functions of the franchised location, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

If You are an entity, We do not require that Your Designated Operator own an equity interest in such entity. Neither You nor Your Designated Operator may have an interest or relationship with any of Our Center competitors, unless otherwise approved by Us in advance and in writing. We may require Your officers, directors, executives, members, managers, shareholders, partners, employees and owners to sign a non-competition agreement provided by Us.

If You are a legal entity such as a corporation, partnership or limited liability company, one of Your owners must be approved by Us to be Your full-time representative. All of Your owner(s) must personally guarantee the Franchise Agreement. We have the right to approve all owners and any future owners.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those services and products that We have approved (see ITEM 8). You must offer all products and services that We designate as required for all franchisees. These required products and services are described in the Manual. You must obtain Our prior written approval for any other products and services to be offered by Your Center. If We implement customer satisfaction programs for all franchisees, You must participate fully with their requirements as stated in the Manual. You must only use the Center Equipment we sell You unless we have expressly agreed otherwise in writing.

We may change the types of authorized products and services that You must offer from Your Center. There are no limits on Our right to make such changes. If You propose an additional product or service, You must submit it to Us for approval before offering it in Your Center. We may approve it initially for testing only. All proposals approved by Us will become Our property.

Except as described above and in ITEM 8, You are not restricted by the Franchise Agreement, or any other requirement imposed by Us relating to the products or services you may offer or sell and/or the customers to whom You may sell.

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ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

Provision	Section	Summary
a. Initial Term.	FA: §3.1	Initial term of Franchise is 10 years.
b. Renewal or extension of the term.	FA: §3.2	You may renew the franchise for two additional 5-year periods if certain conditions are met. "Renewal" may require You to sign an agreement with materially different terms and conditions than Your original agreement.
c. Requirements for renewal or extension.	FA: §3.2	6-12 months notice; no defaults during last 12 months; material and timely compliance with franchise during initial term; satisfied all monetary obligations owed to Us, Our affiliates, and Your suppliers; completed all required additional training; made all requested changes in operating personnel; modernized the Center and other equipment; pay a renewal fee; sign then-current Franchise Agreement, which may contain materially different terms and conditions than your initial Franchise Agreement; and sign a general release.
d. Termination by You.	FA: §15.2	
e. Termination by Us without cause.	None	
f. Termination by Us with cause.	FA: §15.1	We can terminate only if You default.
g. "Cause" defined as defaults which can be cured.	FA: §15.1	You have 30 days after notice to cure defaults (except defaults in payment to Us, in which case You only have five days to cure after notice). Includes defaults in other franchise agreements with Us. No cure period for default repeated twice within any twelve-month period.

h. "Cause" defined as defaults which cannot be cured.	FA: §15.1	Non-curable defaults: Failure to open in specified time period, failure to complete training or allow inspection, bankruptcy or similar action, loss of possession, material misrepresentation in obtaining franchise, violation of health and safety laws, conviction of crime involving moral turpitude, failure to obtain consent to transfer rights, or repetition of a default within any 12 month time period.
i. Obligations on termination.	FA: §15.3	Immediate obligations include no more use of telephone numbers, trademarks or proprietary information, delete or assign to Us telephone listings, websites and social media pages, remove all Marks, return Our manuals and all other confidential materials, pay all amounts due to Us, and de-identify the Center.
j. Assignment of contract by Us.	FA: §13.3	No restriction on Our right to assign.
k. "Transfer" by You-definition.	FA: §13.4	Includes transfer of rights under Franchise Agreement and ownership change.
l. Our approval of transfer by franchisee.	FA: §13.4	We have the right to approve all third party transfers but will not unreasonably withhold approval.
m. Conditions for Our approval of transfer.	FA: §§13.4, 13.5	No default, assets of the Center in standard condition, payment of all amounts owed to Us and Affiliates, payment of transfer fee, transferee qualifies and passes training, current Franchise Agreement signed by transferee and release and non-competition agreement signed by You.
n. Our right of first refusal to acquire Your Center.	FA: §13.7	We can match any offer for Your franchised Center.
o. Our option to purchase Your Center.	§ 15.5	We may purchase Your Center assets at fair market value if the agreement is terminated.
p. Your death or disability.	FA: § 13.6	Approval by Us of heir or sale within six months to an approved buyer.
q. Non-competition covenants during the term of the franchise.	FA: § 4.9	No interest in an indoor or outdoor child birthday party center, child day care and trampoline center or park, or similar Center offering the same or similar products and services to those sold in an ENGЕНИUS LEARNING CENTER (" Similar Center ") without Our advanced written approval.

r. Non-competition covenants after the franchise is terminated, transferred or expires.	FA: § 4.9	No interest in any Similar Center for 2 years within 30 miles of Your Territory or any other Center.
s. Modification of the agreement.	FA: § 16.12	Only written and signed modifications but Manual subject to change.
t. Integration/ merger clause.	FA: § 16.11	The agreement between the parties is limited to the agreement and other documents referred to therein. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document may not be enforceable.
u. Dispute resolution by arbitration or mediation.	FA: § 16.5	Except for certain claims, all disputes must be arbitrated in Santa Clara County, California. These provisions may be subject to applicable state law.
v. Choice of forum.	FA: § 16.5	Except for injunctions filed by Us, any arbitration or litigation must be in Santa Clara County, California. These provisions may be subject to applicable state law.
w. Choice of Law.	FA: §§16.5, 16.7	The Franchise Agreement will be interpreted and construed under the laws of the State where Your Center is located. The Lanham Act shall also apply to provisions concerning trademarks, trade names, services marks, slogans, copyrights, designs, emblems, logos, trade dress, trade secrets and commercial symbols. These provisions may be subject to applicable state law.

This table lists important provisions of the Area Development Agreement (“ADA”). You should read these provisions in the ADA attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Initial Term	ADA: §6	Initial term is mutually agreed between You and Us.
b. Renewal or extension of the term.	ADA: §6	None
c. Requirements for renewal or extension.	None	
d. Termination by Franchisee.	Not applicable	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by Us without cause	None	
f. Termination by Us with cause.	ADA: §§1.5, 7	We can terminate only if You default or fail to meet the Development Schedule or if You are in default under any Franchise Agreement with Us and fail to cure such defaults. The termination of the ADA will have no effect on any franchises previously issued to You.
g. "Cause" defined as defaults which can be cured.	ADA: §7	You have 30 days after notice to cure defaults. Such cause includes defaults in other Franchise Agreements with Us.
h. "Cause" defined as defaults which cannot be cured.	ADA: §7.2	Non-curable defaults: Failure to meet deadlines in Development Schedule.
i. Obligations on termination.	ADA: §1.4	No further rights or obligations.
j. Assignment of contract by Us.	None	
k. "Transfer" by You-definition	None	
l. Our approval of transfer by franchisee.	ADA: §1.7	No transfers allowed.

m. Conditions for Our approval of transfer.	None	
n. Our right of first refusal to acquire your business.	None	
o. Our option to purchase your business	None	
p. Your death or disability.	None	
q. Non-competition covenants during the term of the franchise.	ADA: §8.3	No Competitive Interest in a Center similar to or competitive with an ENGENIUS LEARNING CENTER business.
r. Non-competition covenants after the franchise is terminated, transferred or expires.	None	
s. Modification of the agreement.	ADA: §9.1	Only written and signed modifications.
t. Integration/ merger clause.	ADA: §9.1	The agreement between the parties is limited to the agreement and other documents referred to therein. Any representations or promises outside of the disclosure document and Area Development Agreement may not be enforceable. This provision is subject to applicable state law.
u. Dispute resolution by arbitration or mediation.	ADA: §9	Except for certain claims, all disputes must be arbitrated in the county where Our headquarters are located ("Home County"), currently Santa Clara County, California. These provisions may be subject to applicable state law.
v. Choice of forum	ADA: §9	Except for certain claims, all disputes must be arbitrated in the county where Our headquarters are located ("Home County"), currently Santa Clara County, California. These provisions may be subject to applicable state law.
w. Choice of Law.	ADA: §9	Law of the State where most of the Area is located. These provisions may be subject to applicable state law.

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote Our franchises but may do so in the future.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet You are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location 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 representation 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 Mike Flynn at 1002 Byerley Avenue, San Jose, CA 95125-2507; tel: (408) 495-3800, the Federal Trade Commission and the appropriate state regulatory agencies.

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ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM WIDE OUTLET SUMMARY
For Years 2021-2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at of the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	2	2	0
	2022	2	3	+1
	2023	3	3	0
Company - Owned	2021	3	3	0
	2022	3	2	-1
	2023	2	2	0
Total Outlets	2021	5	5	0
	2022	5	5	0
	2023	5	5	0

Note: Our Fiscal Year ends December 31. Our Affiliate operates any Center locations.

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) For Years 2021-2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Totals	2021	0
	2022	0
	2023	0

Table No. 3
STATUS OF FRANCHISED OUTLETS
For Years 2021-2023

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired By Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
California	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Total	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3

Table No. 4
STATUS OF COMPANY OUTLETS
For Years 2021-2023

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
California	2021	3	0	0	0	0	3
	2022	3	0	0	0	1	2
	2023	2	0	0	0	0	2
Total	2021	3	0	0	0	0	3
	2022	3	0	0	0	1	2
	2023	2	0	0	0	0	2

Table No. 5
PROJECTED OPENINGS
AS DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlets Not Opened	Projected Franchised New Outlets In The Next Fiscal Year	Projected Company Owned Outlets Opening In Next Fiscal Year
California	0	1	0
Totals	0	1	0

We do not have any former franchisees. The names, addresses and telephones of Our franchisees as of December 31, 2023 are set forth in **Exhibit F**. During the last three fiscal years, We have signed no settlement agreements containing confidentiality clauses with current or former franchisees. If You buy this franchise, Your contact information may be disclosed to other buyers when You leave the franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with Our System and no such association has asked to be included in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements dated December 31, 2023, December 31, 2022 and December 31, 2021 are attached as **Exhibit E**. Our fiscal year end is December 31st. The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years.

ITEM 22. CONTRACTS

Copies of the following agreements are attached:

- A. Franchise Agreement with Exhibits
- B. Area Development Agreement
- C. Confidentiality Agreement

ITEM 23. RECEIPTS

You will find copies of a detachable receipt in **Exhibit G** at the very end of this disclosure document.

It is important that You sign, date and return a Receipt to Us. As noted on the cover page, this Disclosure Document is available in electronic format, in which case You must print a copy of the Receipt and send a signed and dated copy to Us. Thank you.

Exhibit

A



FRANCHISE AGREEMENT

**ENGENIUS LEARNING CENTER
FRANCHISE AGREEMENT
TABLE OF CONTENTS**

RECITALS.....	1
ARTICLE 1: GRANT OF FRANCHISE.....	1
1.1 Grant	1
1.2 Territorial Rights	1
1.3 Site Selection and Relocation	2
1.4 Opening Date	3
ARTICLE 2: FEES.....	3
2.1 Fees	3
2.2 No Fees Refundable	4
2.3 Payment of Fees	4
2.4 Gross Revenues.....	4
ARTICLE 3: TERM; RENEWAL	5
3.1 Initial Term	5
3.2 Renewal	5
3.3 Interim Period	6
ARTICLE 4: OPERATING SYSTEM AND PROCEDURES	6
4.1 Opening Assistance	6
4.2 Designated Operator	7
4.3 Operation of Your Center	7
4.4 Confidential Manual	8
4.5 Confidentiality: Our Property	9
4.6 Uniformity and Conformity	9
4.7 Services and Related Items	10
4.8 Approved Suppliers	10
4.9 Your Covenants.....	11
4.10 Employees.....	12
4.11 Software	12
4.12 Online Management and Communication System	12
4.13 Data Security	13
4.14 Crisis Management	13
ARTICLE 5: TRAINING	13
5.1 Initial Training	13
5.2 Training Required.....	14
5.3 Training Employees	14
5.4 Pre-Opening Supervision	14
5.5 Continuing Training	14
5.6 Fees; Expenses.....	14

ARTICLE 6: MAINTENANCE; LEASE PROVISIONS	15
6.1 Repairs and Maintenance	15
6.2 Modernization	15
6.3 Lease Provisions	15
ARTICLE 7: MARKETING AND ADVERTISING.....	16
7.1 Marketing, Promotion and Advertising Programs.....	16
7.2 Local Advertising	16
7.3 System Marketing Fund	17
7.4 System Marketing Fund Policy	18
7.5 Temporary Investment	18
7.6 (Intentionally Omitted)	18
7.7 Approval of Advertising	18
7.8 Grand Opening.....	19
7.9 Websites and Internet Advertising.....	19
7.10 Promotional Programs.....	19
7.11 Social Media.....	19
ARTICLE 8: ACCOUNTING AND RECORD KEEPING.....	20
8.1 Point of Sales System	20
8.2 Accounting Information.....	20
8.3 Accounting Records	20
8.4 Sales Tax Returns; Other Reports	20
ARTICLE 9: AUDITS AND INSPECTIONS	21
9.1 Audit Rights	21
9.2 Inspection	21
9.3 Books and Records	21
9.4 Ownership Records.....	22
ARTICLE 10: RELATIONSHIPS OF PARTIES AND INDEMNIFICATION	22
10.1 Relationship.....	22
10.2 Indemnification	22
ARTICLE 11: INSURANCE.....	23
11.1 Insurance.....	23
11.2 Policies	23
11.3 Qualified Insurance Carrier	23
11.4 Certificates	24
11.5 Changes in Insurance Requirements.....	24
11.6 Failure to Insure	24
ARTICLE 12: DEBTS AND TAXES.....	24
12.1 Debts and Taxes	24

ARTICLE 13: PRINCIPALS; SALE AND ASSIGNMENT, RESTRICTIONS	24
13.1 Definition of Principals, Key Management; Personal Guarantees.....	24
13.2 Authorized Agent.....	25
13.3 Personal Contract; Consent Mandatory	25
13.4 Form of Legal Entity	25
13.5 Written Consent.....	27
13.6 Death and Disability	28
13.7 Right of First Refusal.....	29
13.8 Assumption.....	29
ARTICLE 14: TRADEMARKS	30
14.1 Ownership	30
14.2 Nonexclusive License.....	30
14.3 Other Uses	30
14.4 Goodwill.....	30
14.5 Use of Marks	31
14.6 Changes in Marks; Protection	31
14.7 Infringements.....	31
ARTICLE 15: EXPIRATION AND TERMINATION	31
15.1 Events of Default; Liquidated Damages	31
15.2 Termination by You	33
15.3 Requirements Upon Termination	33
15.4 Trademark Infringement	34
15.5 Option.....	34
ARTICLE 16: MISCELLANEOUS	34
16.1 No Effect.....	34
16.2 Right and Remedies.....	34
16.3 Consents	35
16.4 Partial Invalidity	35
16.5 Arbitration; Jurisdiction	35
16.6 Attorney's Fees.....	36
16.7 Governing Law	36
16.8 Notices	36
16.9 Terms and Headings	36
16.10 Compliance with Laws.....	37
16.11 Entire Agreement	37
16.12 Amendment or Modification.....	37
16.13 Our Rights	37
16.14 Acknowledgement.....	37
ATTACHMENT 1 - PROTECTED TERRITORY	39
ATTACHMENT 2 - PERSONAL GUARANTEE	40
ATTACHMENT 3 CONFIDENTIALITY AGREEMENT	41
ATTACHMENT 4 STATE ADDENDA	42

ENGENIUS LEARNING CENTER®

FRANCHISE AGREEMENT

THIS AGREEMENT dated _____ 202__ is between Engenius Learning Centers, LLC ("We", "Us" or "Our"), and _____, a _____ organized under the laws of the State of _____ ("You" or "Your"), and if You are a legal entity, the Principals identified on the signature page of this Agreement ("Principals"). Terms in bold face in this Agreement are for ease of reference only.

RECITALS:

A. We own the exclusive rights to offer and sell franchises for the operation of retail Centers using the name and trademark ENGENIUS LEARNING CENTER® and other trademarks (the "**Marks**") and following a system of operation ("**System**") to operate a chain of these Centers ("**ENGNIUS Centers**") which was developed and used by Us and Our commonly owned company which operates Centers (the "**Company**").

B. You either desire (i) to purchase an ENGENIUS LEARNING CENTER franchise ("**Franchise**") and own and operate an ENGENIUS Center and We have approved You for a Franchise or (ii) to renew an existing Franchise, in which case the attached Renewal Addendum will become part of this Agreement.

THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties hereby agree as follows:

ARTICLE 1: GRANT OF FRANCHISE

1.1 Grant

Subject to the following terms and conditions, We grant to You a franchise to use the System and the Marks solely in direct connection with operation of a children's learning center from a Center to be operated by You at the following location (referred to in this Agreement as "**Your Center**"):

Address: _____

Center No. _____

1.2 Territorial Rights

You and We agree that We will not operate and will not authorize any other person to operate an ENGENIUS LEARNING CENTER business within the geographical area specified in **Attachment 1** to this Agreement (the "**Territory**") except one or more "Non-

traditional Venue” Centers defined in subsection (iii) below. Except for the foregoing, You and We agree that this franchise is non-exclusive and We reserve all other rights, including the right, directly or indirectly:

(i) To operate, and authorize others to operate, ENGЕНИUS LEARNING CENTER businesses at any location and of any type or category whatsoever outside of the Territory;

(ii) To operate, and authorize others to operate a business under any name *other than* ENGЕНИUS LEARNING CENTER at any location and of any type or category whatsoever;

(iii) To produce, license, distribute and market products and services using the Marks or other marks (such as books, clothing, tutorials, lectures and on-line education materials) through any business anywhere and through any distribution channel, at wholesale or retail, including by means of the Internet (or any other existing or future form of electronic commerce), mail order catalogs, direct mail advertising and other distribution methods. We are not required to pay You for soliciting or accepting orders from inside Your Territory;

(v) To operate, and to authorize others to operate, an ENGЕНИUS LEARNING CENTER business at a Non-Traditional Venue near Your Center. **“Non-Traditional Venue”** means a site or location for which the lessor, owner or operator thereof shall have indicated its intent to limit the operation of its childcare and/or children’s educational or play service facilities to itself or a master concessionaire or contract learning services provider and which site or location is either (i) within another primary business or (ii) at an institutional setting such as a school, college and university, military and other governmental facility, hospital, hotel, limited access highway, shopping mall, airport, toll road, office or in-plant childcare facility, sports arena and stadium or shopping mall.

1.3 Site Selection and Relocation

(a) You must select a site that meets Our approval and follow the procedures set forth in Our Manual or otherwise in writing. We will provide You with site selection guidelines and assistance that We consider necessary and appropriate. You agree (i) that although We may have been involved in the site selection process for Your Center and approved its location, You have sole responsibility for selecting the above location for Your Center and (ii) that We make no warranty, representation or guaranty of any kind with respect to Your Center’s location, success or profitability.

(b) You must locate and obtain Our approval for the site of Your Center within three (3) months of executing this Agreement. If You have not done so, We will grant You an extension so long as We are satisfied that you are proceeding in good faith and with due diligence.

(c) After approval of the site, You agree to purchase from Us, at a reasonable price, a copy of Our prototype plans and specifications for building out a Center, and You agree to employ an architect, designer and others as necessary to revise the plans needed for Your site. Except as may be expressly provided in the Manual, no changes of any kind in design, equipment or decor will be made in, on or about Your Center premises without Our prior written approval in each instance. In any event, You must obtain Our prior approval of the final plans and specifications for Your Center before submitting them to any landlord, property owner, or governmental agency and/or before beginning the construction or remodel.

(d) You will not relocate Your Center without Our prior written consent. We will consent to a relocation to an alternative, pre-approved location under limited circumstances only, such as loss of the location due to condemnation, eminent domain destruction, loss of Your right of possession for reasons not caused by You, or a very substantial and detrimental change in the business potential and character of the location. If We consent to the relocation of Your Center, You must comply with such reasonable site selection and construction procedures as We may require and following relocation, You must conduct a Grand Opening Promotion as required by Section 7.8 below. You will be solely responsible for the expense of any such relocation and will pay Us a reasonable fee for Our services in connection with such relocation. If We consent to the relocation of Your Center, You must comply with such reasonable site selection and construction procedures as We may require and following relocation. You will be fully responsible for closing the existing location and must comply with Section 15.3 below regarding de-identification.

1.4 Opening Date

You must open Your Center and commence business within one year of the Effective Date of this Agreement. You may not open Your Center without Our prior written consent and satisfaction of all pre-opening obligations stated in the Manual or other communication from Us and the installation of all equipment, fixtures, furnishings and signs included in the plans and specifications approved by Us. Your failure to open the Center in full compliance with these provisions will be a material event of default under this Agreement, and We may prevent You from opening the Center.

ARTICLE 2: FEES

2.1 Fees

You agree to pay Us:

(a) A non-refundable “**Initial Franchise Fee**” in the amount of \$_____, as payment for services rendered prior to the opening of the Center, which has been fully earned and must have been paid in full upon execution of this Agreement;

(b) A "**Royalty Fee**" equal to ten percent (10%) of Your Center's Gross Revenues per month as payment for the continuing right to use the System and Marks; and

(c) In the future when We determine that the System has grown to an appropriate size, a "**System Marketing Fund Fee**" designated by Us and to be applied as described in Section 7.3 below.

2.2 No Fees Refundable

You agree that these Fees are not refundable in whole or part under any circumstances and have been fully earned by Us by the grant of this franchise.

2.3 Payment of Fees

(a) You agree to pay Us the Royalty Fee and System Marketing Fund Fee monthly no later than 15 days following each calendar month or at such other time as may be designated in the Manual or otherwise in writing, such as without limitation weekly or daily transfers. If this deadline is a legal holiday where Your Center is located, payment must be made on the next business day. You must make payments in strict accordance with Our requirements, including EFT payments as described below. TIME IS OF THE ESSENCE regarding payment of such Fees.

(b) You agree to pay all such Fees to Us by direct transfer of funds ("**EFT**") or other method of payment designated by Us. Such method of payment will be determined by Us in Our sole discretion, and may be changed from time to time.

(c) You agree at Our request to furnish the information, execute forms, make arrangements and complete procedures as are reasonably necessary to establish direct EFT payments automatically from Your account(s) to the account(s) We may designate in order to pay directly such Fees within each payment period. Without limiting the foregoing, You specifically agree to obtain the necessary equipment used by the System to transmit sales and other polling information which will allow Us to cause such transfers to be made and You are required to give Us access to such equipment as set forth in Section 8. You further agree to maintain sufficient funds in Your account(s) to allow timely honoring of each payment to Us by Your bank or other financial institution. You hereby specifically authorize Us to make such direct transfers of the Fees so long as such transfers are limited to amounts computed with reference to sales information furnished by You, or if You fail to furnish such information, with reference to good faith estimates by Us.

(d) All fees due under this Agreement which are not paid when due will bear interest from and after their respective due dates at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less. Any late payment of such Fees will be accompanied by a late payment administrative charge of \$250.00.

2.4 Gross Revenues

The term "**Gross Revenues**" as used in this Agreement will mean the total of all cash or other form of payment received for the providing of services and sale of tangible property of every kind made or sold at, in, upon or from Your Center and from any electronic computer, vending, game or other type of machine or similar device located at Your Center, and any and all other amounts which are received as compensation for any services rendered from Your Center. All amounts collected and paid out for sales taxes levied on the sale of products, services and receipts, gift or loyalty cards, and the proceeds from the sale of any furniture, fixtures or equipment previously used at Your Center are excluded from Gross Revenues.

ARTICLE 3: TERM; RENEWAL

3.1 Initial Term

Subject to earlier termination, this Agreement has an Initial Term of ten (10) years ("**Initial Term**") or the length of Your lease for Your Center, whichever is less. The Initial Term will commence on the date on which (a) You first operate Your Center as an ENGENIUS LEARNING CENTER business, or (b) are required to open Your Center under this Agreement. You agree to send Us written notice of Your Center's opening date. You must during the Initial Term have the right to operate Your Center at the location specified in Section 1.1 or at an alternative location approved by Us in writing.

3.2 Renewal

You may renew this Agreement for three (3) additional five (5) year terms, so long as all of the following conditions have been met before the end of the then current term:

(a) You must give Us written notice of renewal not less than six (6) months or more than twelve (12) months before the end of the then current term;

(b) You must not default in any material provision of this Agreement, Area Development Agreement, or any other agreement with Us at any time during the last twelve months of the prior term and must have complied with all material terms and conditions of this Agreement during the current Term;

(c) You must be in good standing as an ENGENIUS LEARNING CENTER Franchisee and be approved by Us operationally and financially;

(d) You must have paid all amounts owed to Us and our affiliated companies ("**Affiliates**"), and Our approved suppliers (as defined in Section 4.8) and have timely paid all such amounts throughout the current term;

(e) We may send You a written notice of required changes to be made at Your Center, such as (i) additional training requirements, (ii) personnel changes and (iii)

modernization of Your Center and its equipment, and/or redecorating Your Center and installing new signs and equipment to reflect the then current ENGЕНИUS LEARNING CENTER standards and image, in which case You must make all of such changes as and when requested by Us;

(f) You must have obtained an extension or renewal of Your Lease for the Center to cover the renewal term and delivered to Us a fully executed copy of such Lease.

(g) You must execute and deliver to Us Our then-current form of Franchise Agreement to apply to the renewal term, but in no event shall the term be longer than Your right to occupy the Center. Such Franchise Agreement will contain the then-current Royalty Fee rate and System Marketing Fund Fee amounts required of new Franchisees;

(h) You understand and agree that the form You execute may contain different financial terms and a revised description of Your Territory from the prior Franchise Agreement(s);

(i) You must pay Us a “**Renewal Fee**” equal to twenty five hundred dollars (\$2,500); and

(j) You must execute Our form of a general release of any and all claims against Us, the Company and Our Affiliates, and Our and their officers, directors, agents and employees.

3.3 Interim Period

If You do not exercise Your right to renew this Agreement prior to the expiration of the Agreement, and continue to accept the benefits of this Agreement after the expiration of this Agreement, then at Our option, this Agreement may be treated either as (i) expired as of the date of expiration with You then operating a franchise without the right to do so and in violation of Our rights, or (ii) continued as a month-to-month basis (“Interim Period”) until one party provides the other with written notice of its intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate. In the latter case, all of Your obligations and restrictions shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on You upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

ARTICLE 4: OPERATING SYSTEM AND PROCEDURES

4.1 Operating Assistance

We will at no additional cost to You advise and assist You in operating Your Center, including periodic visits by Our representative(s), to the extent We deem necessary.

4.2 Designated Operator

The individual named in this Section must be an experienced children's education professional with supervisory experience, who will devote his or her full time, best efforts and constant personal attention to the day to day operation of Your Center, with full authority to act on Your behalf and on behalf of the Principals with regard to the operation of Your Center: _____ (the "**Designated Operator**"), who must be at all times approved by Us and certified by Us as fully trained for operations. Certification and approval of the Designated Operator includes both satisfactory completion of our Center Manager and Designated Operator Training Programs, and also working sufficient additional time in a Company-operated Center, as we deem necessary in our sole discretion, to successfully develop and operate an ENGNIUS LEARNING CENTER business. Any change in the identity of Your Designated Operator must be approved by Us in writing. Any failure to comply with this Section 4.2 will be a material breach of this Agreement.

4.3 Operation of Your Center

Unless You have received Our prior written approval to the contrary, You will:

- (a) Keep Your Center open for business during the hours We specify;
- (b) Operate Your Center in a clean, safe and orderly manner, providing courteous, first-class service as provided in the Manual or other written communications from Us and passing all quality inspections and reports conducted by Us or a designated third party;
- (c) Construct, equip, and operate Your Center in accordance with all ENGNIUS LEARNING CENTER standards, policies and procedures as may be established from time by Us, as stated in the Manual or other written communications from Us;
- (d) Maintain a competent, conscientious, trained staff and take any and all steps necessary to ensure that Your employees preserve good customer relations and comply with any dress code as may be established from time by Us, as stated in the Manual or other written communications from Us.
- (e) Comply with all health, safety and other laws applicable to the operation of Your Center and cure any deficiencies immediately after a governmental inspection and request another inspection as soon as possible thereafter;
- (f) Diligently promote and make every reasonable effort to increase the business of Your Center;

(g) Advertise and operate Your Center by the use of the Marks and any other insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or established from time to time by Us as stated in the Manual or other written communication from Us;

(h) Prevent the use of Your Center for any immoral or illegal purpose, or for any other purpose, business activity, use or function which is not expressly authorized by this Agreement or in the Manual or other written communication from Us;

(i) Obtain and use only the equipment and technology required by the Manual or other written communication from Us, such as without limitation, a computerized point of sale cash collection system ("**POS System**") which among other things will allow Us to poll information about Your Center, credit card and/or debit card system, computer equipment and related software and communications systems;

(j) Never manipulate or tamper with the POS System software without Our prior written approval. Maintain Our full and complete independent access to Your Point of Sales System or other accounting or CRM systems designated by Us;

(k) Not establish or use the Internet or website for Your Center or otherwise use the Marks without Our prior written consent. Adhere to any social media policies that We establish from time to time and require all of Your employees to do so as well;

(l) Diligently participate in all promotional campaigns, special offers, and other programs, which are prescribed from time to time by Us;

(m) Keep current in all monetary obligations owed Us, Our affiliated companies and Approved Suppliers;

(n) Consistently maintain Your Center and conduct Your Center operations in compliance with all applicable laws, regulations, codes, insurance requirements and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to Center; and

4.4 Confidential Manual

(a) We will loan You for Your Center one copy of Our Confidential Manual (the "**Manual**"). You agree to comply strictly with and perform all things required by the Manual, such as those dealing with the requirements for teachers and other employees, maintenance and repair of Your Center's buildings, grounds, furnishings, fixtures and equipment, operating hours and days, employee attire and dress, accounting, bookkeeping, record retention and other business systems, procedures and operations. You must at all time treat the Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential.

(b) The Manual, as presently written and as We may in the future amend and supplement them from time to time, is incorporated into and made part of this Agreement by reference. Such changes to the Manual may be in the form of electronic updates or other written communications from Us. All references to the Manual in this Agreement are to the Manual as most recently revised as of the relevant date and may be in the form of several manuals. The Manual may be in paper form or available in electronic form or a combination of both media.

(c) You agree that the purpose of the Manual is to provide a means of communicating to all Franchisees specific details of Our System which will enhance uniformity and conformity among all Centers. You specifically agree that the Manual is an integral, necessary and material element of the System and that it will be necessary for Us, in order to maintain the high quality of the System and maximize its competitive position, to revise and update the Manual from time to time. We have the right at any time and from time to time, in the good faith exercise of Our reasonable business judgment, to revise, delete from and add to the materials contained in the Manual. You expressly agree to comply promptly with all obligations and changes to the Manual.

4.5 Confidentiality; Our Property

(a) You agree that We own all rights in and to the System, including the information and materials described or contained in the Manual, and that the System and Manual contain trade secrets and themselves constitute Our trade secrets which have been or will be revealed to You in confidence. You agree not to disclose, duplicate, license, sell or reveal any portion thereof to any other person, except an employee of Yours required by his or her work to be familiar with such information. You agree to promptly disclose to Us all innovations whether or not protectable and whether created by or for You or Your owners or employees. All such innovations will be deemed our sole and exclusive property. We have the right to incorporate such innovations into the System. You agree to keep and respect all confidential information received from Us, to obtain from each of Your Center's managers and other employees an agreement to keep and respect all such confidences and to be responsible for Your employees' keeping this information confidential. A copy of the employee confidentiality agreement is attached hereto as **Attachment 3**.

(b) The Manual and all other confidential materials furnished to You are on loan only, will remain Our property, and You will return all copies of such documents to Us immediately upon the expiration or termination of this Agreement. The Manual may be in hard copy or electronic form and may include more than one volume.

4.6 Uniformity and Conformity

In all regards, You agree that strict conformity by You with this Agreement, the System and the Manual, is vitally important to the collective success of all ENGENIUS Centers, including Your Center, because of the benefits You and other ENGENIUS Center operators will derive from uniformity in services, identity, quality, appearance, facilities and service among all ENGENIUS LEARNING CENTER businesses. Any material failure to

adhere to the requirements contained in this Agreement or in the Manual will be considered a material breach of this Agreement.

4.7 Services and Related Items

You agree to offer for sale from Your Center, at all times when Your Center is open for business, all of the services and items expressly described in the Manual, unless You have received Our prior written consent to any exception. We have the right to make modifications to these services and items from time to time, and You agree to comply with any modification. No other product, brand or service other than those identified in the Manual will be offered or sold at or from Your Center without Our prior written consent in each case. You agree to submit to Us in writing any additional product, brand or service proposed by You for Our consideration and final determination before You implement any such change. We may approve it initially for testing only. You understand and agree that at Our discretion any such proposal may be utilized on a test basis only, subject to the terms of a written test agreement. All proposals approved by Us will become Our property upon submission.

4.8 Approved Suppliers.

(a) In order to assure uniformity and conformity among Centers in the System, You agree to purchase all products and outside services for Your Center only from suppliers who are at that time approved in writing by Us as an approved supplier ("**Approved Supplier**") which may include one of Our Affiliates or Us. You acknowledge and agree that an Approved Supplier may be the only source for certain items. We and Our Affiliates have and reserve the right to retain 100% of all revenues received through license fees, promotional fees, advertising allowances, rebates or services paid by suppliers and to use them for whatever purposes elected.

(b) If You want to purchase any products or outside services from a supplier who is not an Approved Supplier, You will notify Us of such supplier, pay an approval fee and instruct the proposed supplier to contact Us and follow Our procedures for becoming an Approved Supplier. We may charge a reasonable fee for the costs involved in these approval procedures. You understand and agree that at Our discretion any such proposals may be utilized on a test basis only subject to the terms of a written test agreement. You may not sell or offer for sale any products or services of the proposed supplier until Our written approval of the proposed supplier is received.

(c) You agree to buy to the extent required by the Manual any designated proprietary products from Us or a designated supplier (supplier (which may be an Affiliate). You agree that such ingredients are prepared pursuant to secret, proprietary recipes and/or procedures belonging to Us.

4.9 Your Covenants

(a) You agree that ENGЕНИUS LEARNING CENTER businesses, including Your Center, must compete against similar businesses (as defined below) which may have far greater financial resources and may be better established in the children's childcare or learning service industry. For purposes hereof, a "**Similar Business**" is any business which primarily offers for sale the same or similar products and services sold in an ENGЕНИUS LEARNING CENTER at that time.

(b) Therefore, You agree on behalf of Yourself and each and every person with an ownership interest in Your Center ("**Owner**") to take all necessary action to assure compliance throughout the term of this Agreement with the requirements of this Section 4.9 and the other Sections in this ARTICLE 4, including obtaining and delivering to Us a written agreement from each such person that he or she agrees to each of the covenants set forth in this Section 4.9.

(c) Neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business without Our prior express written consent.

(d) Neither You nor any Owner will perform any services for or become a landlord of any Similar Business without Our prior express written consent.

(e) Neither You nor any Owner will divert or attempt to divert any business or customer of Your Center, or of any other ENGЕНИUS LEARNING CENTER business, to any Similar Business by direct or indirect inducement, advertising or otherwise do or perform, directly or indirectly, any other act which is injurious or prejudicial to the goodwill associated with the System or the value of the Marks.

(f) For a period of two (2) years following the expiration or termination of this Agreement, neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business which is located within ten (10) miles of any ENGЕНИUS LEARNING CENTER business without Our prior express written consent. You agree that this length of time will be tolled for any period during which You are in breach of this covenant or any other period during which We seek to enforce this Agreement.

(g) You agree that any violation of this Section 4.9 would result in irreparable injury to Us and the System, and that We would be without an adequate remedy at law. You agree that in the event of a breach or threatened breach of any such covenant, We will not be required to prove actual or threatened damage from such breach in order to obtain a temporary and/or permanent injunction and a decree for specific performance of the terms of this Section 4.9. In addition to injunctive relief, We shall be entitled to any other remedies which We may have under this Agreement, at law or in equity.

(h) The parties agree that each of these covenants will be construed as independent of each other and of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 4.9 is held unenforceable by a court having valid

jurisdiction in a final decision between the parties hereto and from which no appeal has or may be taken, You expressly agree to be bound by the remaining portion of such covenant

4.10 Employees

You acknowledge that You are an independent business and responsible for control and management of Your Center, including but not limited to, employment decisions and related matters. You and You alone will be solely responsible for all hiring and employment decisions and functions relating to Your Center, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from Us on these subjects or not. Any guidance We may give You regarding employment policies should be considered merely examples. You acknowledge that We have no power, responsibility, or liability in respect to the hiring, discharging employees, setting work schedules, maintaining all employment records, and setting and paying of wages or related matters. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law.

4.11 Software

You agree to use in Your Center the software designated by Us in the Manual for Franchisees to use in making estimates, preparing invoices, keeping accounting records and other aspects of the operation of the Center. The software will be available to You on the same terms available to other Franchisees and as specified in the Manual. The computer software package developed for use in Your Center may include proprietary software. You may be required to license the proprietary software from Us or a third party and You also may be required to pay a software licensing or user fee in connection with Your use of the proprietary software.

4.12 Online Management and Communication System

(a) We may establish an online management and communication system for ENGENIUS LEARNING CENTER Operations and You agree to participate and perform all things necessary to set up and connect to the online communication system and comply strictly with its requirements.

(b) We may require You, at Your expense, to participate in Our website, Our intranet system or extranet system or other online communications. We have the right to determine the content and use of Our website and intranet or extranet system and will establish the rules under which franchisees may or must participate.

(c) You may not separately register any domain name containing any of the Marks, participate in any website or social media platform that markets goods and services similar to an Engenius Learning Center Outlet, or operate a website for Your Center that does not link to Our website. We retain all rights relating to Our website and

intranet system and may alter or terminate Our website, extranet system, or intranet system. You acknowledge that certain information related to Your participation in Our website or intranet system may be considered Confidential Information, including access codes and identification codes.

4.13 Data Security

You acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. You agree that Your Outlet will comply at all times, with all applicable security standards developed by the Payment Card Industry Data Security Standards (“**PCI DSS**”) council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act (“**FACTA**”) and all other successor or additional laws, and all other data security requirements We prescribe. You will be responsible for any costs and expenses related to compliance with such standards and/or related audits. You must provide Us with evidence of such compliance at Our request. You also must provide notice to Us of any potential or actual data security breach relating to cardholder data.

4.14 Crisis Management.

(a) “**Crisis Management Event**” means any event that occurs at or about Your Center premises or in connection with the operation of Your Center that has or may cause harm or injury to customers or employees, such as, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

(b) Upon the occurrence of a Crisis Management Event, You agree to immediately inform Us of such event and to cooperate fully with Us, Our designated representatives, and the appropriate authorities with respect to the investigation and resolution of the Crisis Management Event. In an effort to mitigate possible damages to the Marks and System, You must cooperate fully with Us with respect to management statements and other responses to the Crisis Management Event.

ARTICLE 5: TRAINING

5.1 Initial Training

We will provide without charge at a place or places designated by Us Our **GENIUS LEARNING CENTER** Certified Management Training Program for Your Designated Operator (as identified in this Agreement), Your General Manager (if different persons) and any Assistant Manager(s) designated by Us.

5.2 Training Required

Your Designated Operator and General Manager must each attend and complete Our Certified Management Training Program to Our reasonable satisfaction. All Managers of Your Center must attend and successfully complete Our training and become certified as required by the Manual. You must always have a properly certified Manager on duty at Your Center whenever it is open to the public. In Our sole discretion, We may also provide training for successor and replacement personnel.

5.3 Training Employees

You will be responsible for full compliance at Your Center with the requirements taught at Our Initial Training and will cause Your Center's employees to be trained in those requirements which are relevant to the performance of their respective duties. We may require Your employees to be trained and certified in the performance of their duties, and with Our consent You may have employees approved as certified trainers for the other employees. No employee of Yours will be deemed to be an employee of Ours for any purpose whatsoever.

5.4 Pre-Opening Supervision

We may provide a representative for at least five days beginning with the Center's Pre-Opening (the "**Pre-Opening Supervision**") and for such longer consecutive or intermittent period or periods as We deem necessary or appropriate. If We deem it necessary to provide more than five days Pre-Opening Supervision, You agree to pay Us for the additional Pre-Opening Supervision fees and charges at the then current amounts set by Us.

5.5 Continuing Training

You and such employees as We may designate will, from time to time, personally attend and complete refresher courses in Center operations and any training sessions held for the purpose of introducing new services, products or procedures.

5.6 Fees; Expenses

We reserve the right to charge a reasonable fee for training successor or replacement personnel and for any additional training programs and course materials, at Our discretion.

ARTICLE 6: MAINTENANCE; LEASE PROVISIONS

6.1 Repairs and Maintenance

(a) You agree to maintain Your Center and its parking area in a “like new” condition and in conformity with the requirements set forth in the Manual or other writings issued by Us. You agree to replace Center furniture, equipment, fixtures, furnishings, trade dress and signage as required by Us and to obtain any new or additional equipment as may be reasonably required by Us for new products or procedures. You agree to take all such action as requested by Us promptly within a reasonable time period after receipt of such request. If You have failed to take any action within fifteen (15) days after Our notice, We may, in addition to all other remedies, enter Your Center and effect the corrective action contained in the notice, and You shall immediately pay the costs incurred by Us in taking such action.

(b) Except as may be expressly provided in the Manual, no changes of any kind in design, signs, equipment or decor will be made in, on or about Your Center premises without prior written approval of in each instance. You will obtain, repair, maintain and replace all equipment, signs and other Center items at Your sole cost.

6.2 Modernization

In order to compete effectively and to assure the continued success of Your Center, You agree, from time to time, as reasonably required by Us (taking into consideration the cost and then remaining term of this Agreement), to modernize Your Center premises, parking area, furniture and equipment to Our then current standards and specifications. You understand and agree that this obligation is in addition to other obligations under this Agreement, such as repair, maintenance and purchase of equipment. No such modernization will be required by Us unless and until the Company has at that time implemented such standards and specifications in at least twenty-five percent (25%) of its ENGЕНИUS LEARNING CENTER businesses located in the continental United States. You acknowledge and agree that the requirements of Article 6 are reasonable and necessary to ensure continued public acceptance and patronage of ENGЕНИUS LEARNING Centers and to avoid deterioration or obsolescence in connection with the operation of Your Center. If You fail to make the repairs, maintenance or modernization as required by this Article 6, We may, in addition to Our other rights in this Agreement, effect such repairs, maintenance or modernization and You must reimburse Us for the costs We incur.

6.3 Lease Provisions

If You are or become a lessee of Your Center premises, You will provide Us for Our review and comment with a copy of the proposed lease at least 15 days prior to its being finalized and executed. You must after execution furnish with a true, correct, complete and executed copy of the lease. Such lease must contain the option required by Section 15.5 below and a provision which precludes any children’s learning or other activity center providing services similar to ENGЕНИUS LEARNING CENTER businesses from operating

in the same business center or ten (10) miles from Your Center for any property under landlord control, and the alteration and de-identification rights required by this Agreement where the premises will no longer be operated as an ENGENIUS LEARNING CENTER business. Such lease will also require the lessor (a) to give Us reasonable notice of any lease termination and a reasonable time in which to take and make the above actions and alterations and (b) provide that You have the unrestricted right to assign such lease to Us. These lease provisions may be subject to the reasonable consent of the lessor.

ARTICLE 7: MARKETING AND ADVERTISING

7.1 Marketing, Promotion and Advertising Programs

The parties recognize the value of marketing, advertising and promotions to enhance the goodwill and public image of the System. We agree that We will develop marketing, promotion and advertising programs designed to promote and enhance the collective success of all ENGENIUS LEARNING CENTER businesses. It is expressly agreed that in all respects of such marketing, promotion and advertising (such as type, quantity, timing, placement and choice of media, market areas and advertising agencies), Our decisions made in good faith will be final and binding. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

7.2 Local Advertising

(a) You agree that during the term of this Agreement, We may require all Center Operators spend monthly up to two percent (2%) of Your Center's Gross Revenues for conducting advertising and sales promotion programs for Your Center as designated by Us in the Manual or otherwise in writing. We may require You to provide proof of all such marketing, promotion and advertising expenditures. You acknowledge and agree that You must obtain Our prior written approval for all of Your local programs in order for them to qualify for required spending. This obligation is in addition to Your obligation for grand opening promotion. Payments to an approved Advertising Cooperative ("**Ad Co-op**") will be applied to this Local Advertising obligation.

(b) You will not make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any such organization) in the name of Your Center or otherwise associate with the Marks, without our prior express written consent.

(c) You will not establish Your own "eclub" or online marketing campaigns, Gift Card programs, Loyal Customer programs, any websites, or any social media accounts, or other such programs as designated in the Manual without Our prior written approval.

(d) You agree to diligently participate in all promotional campaigns, customer loyalty programs, special offers, and other programs, which are prescribed from time to time by Us.

(e) You will not issue any press release without Our prior express written approval.

7.3 System Marketing Fund

(a) In order to maximize the general public recognition and acceptance of ENGENIUS LEARNING CENTER businesses, We may, at such time as We believe is appropriate for the System, establish a System Marketing Fund. You agree that We may require that You contribute up to one percent (1%) of Your Center's Gross Revenues to this Fund.

(b) We will use monies from the System Marketing Fund for production costs, advertising, marketing and promotion of ENGENIUS LEARNING CENTER businesses generally, including without limitation, costs and expenses related to the employment of advertising agencies, payment of talent and residuals, research and development, design and development of trademarks and logos, promotions, public relations market research, reimbursement to Us, Our Affiliates or the Company of general and administrative expenses and allowances directly related to marketing of ENGENIUS LEARNING CENTER businesses and clearance of marketing, advertising and promotional programs. You agree that We may reimburse Ourselves for administrative expenses with respect to the System Marketing Fund and develop a System Marketing Fund Policy regarding the administration of the System Marketing Fund.

(c) The Company will also contribute to the System Marketing Fund the same percentages of the Gross Revenues from its operation of ENGENIUS LEARNING CENTER businesses in the continental United States of America.

(d) We will deposit the System Marketing Fund Fees in separate accounts, which will not be considered one of Our assets.

(e) We agree to cause an annual accounting of the System Marketing Fund and to make the results of such accounting available to You upon request. If such accounting is made by an independent accounting firm, the expenses thereof shall be paid from the System Marketing Fund.

(f) We agree that if We receive advertising promotional allowances and/or advertising rebates from suppliers or distributors which relate directly to purchases by ENGENIUS LEARNING CENTER Centers operated by franchisees, We will cause such monies to be paid into the System Marketing Fund, with the understanding that You and We may retain all such payments paid directly to You or Us, respectively.

(g) You agree that We have no obligation in administering the System Marketing Fund to make expenditures for You or others which are equivalent or proportionate to the contribution(s) made or to ensure that any particular franchisee benefits directly or pro rata from any marketing program or advertising.

(h) You agree that We may reimburse Ourselves from the Marketing Fund for (i) the direct costs and expenses incurred by Us or our Affiliates in administering the Marketing Fund and (ii) up to fifteen (15%) of Marketing Fund contributions for each of Our fiscal years to cover (A) Our administrative costs and overhead incurred by Us in connection with activities related to the administration of the Marketing Fund and its programs and (B) a pro rata portion of the compensation paid by Us or Our Affiliates to persons for their work on Marketing Fund related matters.

7.4 System Marketing Fund Policy

(a) We will develop and modify from time to time as necessary a Policy which will include procedures and guidelines for disbursements and expenditures from the System Marketing Fund.

(b) All monies in the System Marketing Fund, including any interest or other income earned from the investment of such monies, must be spent and disbursed only in accordance with this Agreement and the System Marketing Fund Policy, which may be modified from time to time at Our discretion so long as all monies are used to pay for marketing, promotion and advertising programs for ENGЕНИUS LEARNING CENTER businesses in the continental United States of America.

7.5 Temporary Investment

We may temporarily invest any or all of the monies held in the System Marketing Fund from time to time at Our sole discretion in accordance with the System Marketing Fund Policies. We will use any interest or other income received from such investments to pay for the expenses of administering the System Marketing Fund pursuant to the System Marketing Fund Policy. Interest or income received from temporary investments that exceed the reasonable expenses of administering the fund will be considered part of the System Marketing Fund.

7.6 Intentionally Omitted

7.7 Approval of Advertising

(a) You must use only advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise in writing. All of Your advertising, promotion and marketing must be completely clear and factual, not misleading, and conform to the highest standards of ethical marketing and the promotion policies.

(b) If You wish to use other or modified materials, You must submit to Us, in each instance and at least thirty (30) days prior to first use, the proposed advertising copy and materials for approval in advance of publication. You may use only advertising materials which have been approved in writing by Us.

(c) In no event will Your advertising contain any statement or material which may be considered (i) in bad taste or offensive to the public or to any group of persons, (ii) defamatory of any person or an attack on any competitor, (iii) will not be misleading, and (iv) will conform to the highest standards of ethical marketing and the promotion policies that We prescribe from time to time.

7.8 Grand Opening

You agree to conduct an approved grand opening promotion for the Center shortly after its opening, and to spend at least \$_____ in approved expenditures in regard to such promotion. We will assist You in planning for Your grand opening.

7.9 Websites and Internet Advertising

You shall not, indirectly or directly, establish or use any Internet web page, web site address, Internet directory listing, or any other social networking site as defined in the Manual or otherwise in writing, relating in any way to Your Center, or which uses the Marks without Our prior written consent. You will adhere to any social media policies that We establish from time to time and will require all of Your employees to do so as well. Except email communications, You may not conduct any aspect of Your Center business through the Internet without Our prior consent. We will include information about Your Center on Our Website, and follow our System procedures on referring potential customers to You.

7.10 Promotional Programs

You shall participate in all promotional programs We develop for the System. You will be responsible for the costs of such participation. You shall purchase or lease, and install, all required fixtures, furniture, furnishings, signs and equipment (including required computer, point-of-sale, and other electronic information system and all equipment components and software necessary to accept and process gift cards [and loyalty cards] and participate in our gift card, [customer loyalty,] and similar programs) for Your Center.

7.11 Social Media

We have sole discretion and control over any profiles using or relating to the Marks, or that display the Marks, that are maintained on social media outlets, including without limitation Facebook, Twitter, Instagram, Pinterest or other similar outlets that may exist in the future. We may use part of the Marketing Fund monies We collect under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such profiles. We may (but need not) establish a social media policy and guidelines pursuant to which You may establish profiles or otherwise establish a presence

on such social media outlets. In that event, You shall comply with the standards, protocols and restrictions that We impose from time to time on such use.

ARTICLE 8: ACCOUNTING AND RECORD KEEPING

8.1 Point of Sales System

(a) Before the opening of Your Center and at Your own expense, You agree to procure and install the computer hardware, software, Internet connections and service, required dedicated telephone and other computer-related accessories, peripherals and equipment that are required in the Manual or otherwise in writing (the “**POS System**”).

(b) You agree to accurately, consistently and completely record and provide through the POS System all information concerning the operation of Your Center that We require, in the form and at the intervals that We require, as set forth in the Manual.

(c) You acknowledge and agree that We will have full and complete independent access to Your POS System, and We may retrieve from Your POS System all information that We consider necessary, desirable or appropriate.

8.2 Accounting Information

You understand and agree that We may under Section 8.1 require You to use software which will generate accounting information which will be accessible to Us electronically. You also agree that We may require You, following written notice or as part of the Manual, to send to Us in the form and within the time schedules set forth in the Manual, hard copy or other form of reports and information. These may include Profit and Loss Statements, Balance Sheets and Statements of Cash Flow, sales tax returns, and income tax returns.

8.3 Accounting Records

You agree to maintain and preserve for a minimum of seven (7) years from the date of preparation full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by the Manual or otherwise in writing.

8.4 Sales Tax Returns; Other Reports

You agree to deliver to Us on or before the dates specified in the Manual a copy of all sales tax returns, occupation tax reports, and other similar returns or reports prepared by or on behalf of the Center for that month or relevant period.

ARTICLE 9: AUDITS AND INSPECTIONS

9.1 Audit Rights

You agree that We will at all times have the following audit rights:

(a) Our representatives may on a reasonable basis review, inspect and copy any and all accounting records, income and sales tax records and other such documents, as they determine, in their sole discretion as being necessary to audit Your compliance with this Agreement.

(b) If any inspection or audit reveals that the Gross Revenues reported in any report or statement are less than the actual Gross Revenues calculated during such inspection, and/or fees owing are otherwise miscalculated, then You will immediately pay Us the additional amount of fees owing by reason of the understatement of Gross Revenues previously reported and/or other miscalculation, together with interest as provided in Section 2.3. In the event that any report or statement by You understated Gross Revenues and/or fees owing by more than two percent (2%) as calculated during Our inspection, You will, in addition to paying for the additional fees and interest, pay and reimburse Us for any and all expenses incurred in connection with its inspection, including, but not limited to, reasonable accounting and legal fees. Such payments will be without prejudice to any other rights or remedies We may have under this Agreement or otherwise. In addition, We may at Our sole discretion require a complete and full audit in accordance with generally accepted accounting principles and by a certified public accountant acceptable to Us, at Your expense.

9.2 Inspection, Survey and Corrections

(a) You agree to, at Your expense, participate in surveys regarding guest satisfaction, Center inspections, and other on-site or remote reviews of Your operations. In addition, You will cause the reports of all such inspections or surveys be sent to Us.

(b) We will make periodic calls or visits to Your Center as We deem advisable. You agree that Our representatives will have the right at any time and from time to time without notice to enter Your Center for the purpose of inspecting its condition and its operations for compliance with Our requirements contained in this Agreement and in the Manual, and for any other reasonable purpose connected with the operation of Your Center.

(c) You agree to incorporate into Your Center any reasonable corrections and modifications We require to maintain Our standards of quality and uniformity, as quickly as is reasonably possible and using all resources at Your disposal.

9.3 Books and Records

Without limiting the generality of Section 9.2, Our representatives will have the right at all times during normal business hours to confer with Your Center's employees and

customers, and to inspect Your books, records and tax returns, or such portions thereof as pertain to the operation of Your Center. All of Your books, records and tax returns will be kept and maintained at Your Center, at Your primary office or such other place as may be agreed to from time to time in writing by the parties.

9.4 Ownership Records

If You are not an individual or sole proprietorship, You must maintain an accurate ownership register or other list of names, addresses and interests of all Your record and beneficial owners. Upon ten days written notice from Us, You will deliver to Us a copy of such register and/or list of owners, certified by Your chief executive officer to be correct. During any audit or other inspection under this Section 9, You will allow Our representatives to inspect and copy such register and/or list.

ARTICLE 10: RELATIONSHIP OF PARTIES AND INDEMNIFICATION

10.1 Relationship

You acknowledge that You are an independent business and solely responsible for control and management of Your Center. You are not, and will not represent or hold Yourself out as being an agent, legal representative, joint venture, partner, employee or servant of Us for any purpose whatsoever and, where permitted by law to do so, will file a business certificate to such effect with the proper recording authorities. You are an independent contractor and are not authorized to make any statement or commitment on behalf of Us, or to create any obligation, express or implied, on behalf of Us. You agree that We are not in any way a "fiduciary" in regards to You. You will not use the name ENGNIUS or any similar words or symbols as part of the name of a corporation or other business entity directly or indirectly associated with You, unless otherwise authorized by Us in writing.

10.2 Indemnification

(a) You will indemnify Us, the Company, Our Affiliates and their officers, directors, employees, agents, affiliates, successors and assigns from and against (i) any and all claims based upon, arising out of, or in any way related to the operation or condition of any part of Your Center or Center premises, the conduct of Your Center's business, the ownership or possession of real or personal property, any negligent act, misfeasance or nonfeasance by You or any of Your agents, contractors, servants, employees or licensees, (ii) Your failure to perform any of Your obligations under this Agreement, and (iii) any and all fees (including reasonable attorneys' fees), costs and other expenses incurred by Us or on Our behalf in the investigation of or defense against any and all such claims.

(b) We will indemnify You and Your Owners and Your and their employees, agents, affiliates, successors and assigns from and against (i) any and all claims based upon, arising out of, or in any way related to the Marks, the System and the operation of Your Center so long as You were properly operating the Center and using the Marks

according to the System, this Agreement and the Manual, or related to Our obligations incurred pursuant to any provisions of this Agreement, (ii) Our failure to perform any of Our obligations under this Agreement, and (iii) any and all fees (including reasonable attorneys' fees), costs and other expenses incurred by or on Your behalf in the investigation of or defense against any and all such claims.

ARTICLE 11: INSURANCE

11.1 Insurance

You will obtain before beginning construction or remodeling of Your Center and will maintain in full force and effect during the entire term of this Agreement, at Your sole cost and expense, an insurance policy or policies protecting You and Us against any and all loss, liability or occurrence, arising out of or in connection with the construction, condition, operation, use or occupancy of Your Center or Your Center premises. We will be named as an additional insured in all such policies, workers' compensation excepted.

11.2 Policies

In all events, the insurance policy or policies will include at least the following:

- (a) Comprehensive general liability insurance, including products liability coverage with minimum coverage of \$1,000,000 per occurrence and \$3,000,000 in the aggregate.
- (b) Property insurance covering the perils of fire and extended coverage, vandalism and malicious mischief with coverage to be at replacement cost.
- (c) Liability for owned, non-owned and hired vehicles with minimum coverage of \$1,000,000 per occurrence and \$3,000,000 in the aggregate.)
- (d) Umbrella liability insurance policy providing a minimum of \$5,000,000 coverage including the above limits.
- (e) Course of construction insurance at replacement cost.
- (f) Workers' compensation insurance as required by applicable state law.
- (g) Business interruption insurance (reasonable coverage and time limit).

Your obligation to maintain this insurance will not be limited in any way by reason of any insurance maintained by Us.

11.3 Qualified Insurance Carrier

All insurance policies required by this Agreement must be written by a responsible insurance company or companies satisfactory to Us, and in accordance with the minimum limits set forth in Section 11.2 above, which may be changed from time to time by Us at Our discretion to reflect changed conditions. Each insurance company must be rated no less than A VII by A.M. Best and Company. You must maintain such additional insurance coverage and increased limits that We may reasonably consider advisable for a Center business in the area where Your Center is located.

11.4 Certificates

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, You will deliver to Us for Our approval certificates of insurance showing compliance with the requirements of Section 11.1. Such certificates must state that the policy or policies will not be canceled or altered without at least thirty (30) days' prior written notice to Us. Maintenance of such insurance and the performance by You of Your obligations under this Section 11 will not relieve You under the indemnity provisions of this Agreement or limit such liability.

11.5 Changes in Insurance Requirements

You agree that to meet then current needs and situations We may in the Manual revise and add to the above requirements.

11.6 Failure to Insure

If You, for any reason, fail to obtain and maintain the insurance coverage required by this Section, We will have the right and authority to obtain immediately such insurance coverage, and to charge the cost thereof plus a ten percent (10%) processing fee to You, which charges will be paid immediately upon notice and will be subject to charges for late payments in the manner set forth in Section 2.3 above.

ARTICLE 12: DEBTS AND TAXES

12.1 Debts and Taxes

You will pay promptly when due all debts and other obligations incurred directly or indirectly in connection with Your Center and its operation; including, without limitation, all taxes and assessments that may be assessed against Your Center land, building and other improvements, equipment, fixtures, signs, furnishings and other property, and all liens and encumbrances of every kind and character incurred by or on behalf of You in conducting Your Center business. You may protest or contest any of such amounts so long as such protest or contest does not adversely affect the continued business of Your Center or possession of Your Center premises.

ARTICLE 13: PRINCIPALS, SALE AND ASSIGNMENT, RESTRICTIONS

13.1 Definition of Principals and Key Management; Personal Guarantees

For purposes of this ARTICLE 13, the term "**Principals**" will include the persons signing this Agreement as Principals, any of Your future owners and the spouses, minor children or any trust for the benefit of any such Principal. If You are a legal entity, the term "**Key Management**" will include Your President, Chief Executive Officer, Chief Operating

Officer, and Chief Financial Officer. We have unrestricted right to approve all owners and any future owners, all present and future Key Management, and all present and future Corporate Directors or LLC Managing Members. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of Your obligations under this Agreement. Future owners will be required to execute and deliver to Us a Personal Guaranty in the form attached hereto as **Attachment 2**.

13.2 Authorized Agent

You and the Principals appoint the following person with full authority (the "**Authorized Agent**") to act on behalf of You and the Principals in regard to performing, administering or amending this Agreement: _____. We may deal completely with the Authorized Agent in such regard unless and until Our actual receipt of written notice from You and the Principals of the appointment of a successor to the Authorized Agent.

13.3 Personal Contract; Consent Mandatory

You agree that a material part of the consideration for Our entering into this Agreement is the personal confidence We have in You and the Principals. No person will succeed to any of Your rights under this Agreement by virtue of any voluntary or involuntary proceeding in bankruptcy, receivership, attachment, execution, assignment for the benefit of creditors, other legal process or transfer not expressly authorized and consented to by Us. Except as expressly provided for in this Agreement, any attempt by You to transfer any of Your rights or interest under this Agreement will constitute a material breach of this Agreement, and in such event We will have the right to terminate this Agreement upon written notice to You. We will not be bound by any attempted transfer in any manner whatsoever, by law or otherwise, of any of Your rights or interests under this Agreement except as permitted by this ARTICLE 13.

13.4 Form of Legal Entity

(a) If You have been organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**") or if Your interests in this Agreement are to be transferred to a Legal Entity, such Legal Entity must be expressly approved in advance and in writing by Us and You must comply with this Section 13.4 and any other condition which We may require, including a limitation on the number of owners of the Legal Entity. We will not charge a transfer fee for forming or transferring ownership to such a Legal Entity. The organization documents must be promptly submitted for Our review.

(b) We have the unrestricted right to approve all owners and any future owners, all present and future Key Management, and all present and future Corporate Directors or LLC Managing Members

(c) Unless We provide Our prior written consent to the contrary, each Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

- (i) The Legal Entity must be closely held with the single purpose of operating ENGЕНИUS LEARNING CENTER businesses.
- (ii) The Principals will own and control not less than fifty and one-tenth percent (50.1%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.
- (iii) There will not be more than ten (10) owners of the Legal Entity in addition to the Principals.

(d) You must notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after its receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with ENGЕНИUS LEARNING CENTER businesses or having a known history, reputation or character which is adverse to the interests of ENGЕНИUS LEARNING CENTER businesses. A failure by Us to respond timely to such notice will be deemed an approval of the proposed transfer. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(e) Notwithstanding anything to the contrary contained in this Section 13.4, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 13.4 are satisfied and We receive prior written notice of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold Our approval of any transfer so long as the Principals maintain operational control over You.

(f) The organizational documents of the Legal Entity must contain the restrictions set forth in Subsections 13.4(b) and (c) above and in this Subsection 13.4(e). You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"The transfer of ownership in this company is subject to the terms and conditions of an ENGЕНИUS LEARNING CENTER Franchise Agreement. Reference is made to such Franchise Agreement and to the restrictive provisions contained in the organization documents of this company.

(g) You agree at Our request to furnish information, execute forms, and take all such action as requested by Us, to provide Us with such documentation to support this ARTICLE 13. You agree to provide Us with such documentation within fifteen (15) days after receipt of such request.

13.5 Written Consent

(a) Except as otherwise expressly set forth in this ARTICLE 13, neither Your rights and interests under this Agreement nor any ownership interests in You (if You are a Legal Entity) may be sold, assigned, encumbered or otherwise transferred (all of which are hereinafter included within the term "**transfer**") in whole or in part in any manner whatsoever without Our prior express written consent.

(b) We will not unreasonably withhold Our consent to a transfer. In considering a request for transfer, We will consider, among other things, the qualifications, apparent ability and credit standing of the proposed transferee as if he or she were a prospective direct purchaser of a franchise from Us. In addition, but without limitation, We will require as conditions to the granting of Our consent all of the following:

- (i) There must be no existing default in the performance or observance of any of Your obligations under this Agreement or any other agreement with Us, and Your Center will be in condition and appearance satisfactory to Us and in accordance with Our System standards at that time;
- (ii) You must settle all outstanding accounts with Us and our Affiliate(s);
- (iii) You must pay Us Our Transfer Fee of \$10,000.00 to compensate Us for Our expenses incurred in connection with investigating the qualifications of the proposed transferee, training the proposed transferee and the direct administrative costs of effectuating the transfer;
- (iv) The proposed transferee must appoint a Designated Operator acceptable to Us; Designated Operator and the proposed transferee (at its option, if different) must, prior to the transfer, personally attend and satisfactorily complete Our initial training program;
- (v) The owners of the proposed transferee (with 10% or more of the outstanding voting interests) who have not attended Our initial training program, must attend and satisfactorily complete Our Franchise Principal Orientation;
- (vi) The proposed transferee and other person(s) designated by Us must execute Our then current form of Franchise Agreement for the remaining term of this franchise.
- (vii) The transfer documents must contain a non-competition agreement by You similar to that set forth in this Agreement at subsection 4.9(f);

- (viii) If You and/or Your Principals finance any part of the sale price of the transferred interest, You and Your Principals must agree that all of the proposed transferee's obligations are subordinate to the transferee's obligations to pay amounts due to Us and Our Affiliate(s); and
- (ix) Such other requirements as We may in Our discretion deem reasonably necessary, including a general release of any claims against Us.

(c) Neither this Agreement, any of the rights conferred on You hereunder nor any ownership interests in the purchasing franchisee may be retained by You as the transferring franchisee as security for the payment of any obligation that may arise by reason of any such transfer.

13.6 Death and Disability

(a) Except as provided for herein to the contrary, the death or disability of an owner of a Legal Entity shall have the legal results of applicable law. In the event of the death or legal incapacity of one of the Principals, the decedent's estate or You must immediately notify Us of such death, and within thirty (30) days after such notice further notify Us of a proposed successor to the decedent's interests (the "**Successor**"). If We approve the Successor, he or she will replace the decedent as a Principal hereunder.

(b) In the event We do not approve the Successor, We will so notify You, and You or the decedent's estate will use Your best efforts within the six (6) months from the date of such written notice from Us to sell the interests in this Agreement and Your Center to a bona fide purchaser in accordance with and subject to all of the provisions of this ARTICLE 13. If by the end of such six-month period, You have not consummated a transfer of such interest or stock in a transaction which meets the requirements of this ARTICLE 13, We will have the option to purchase all of such interest in Your Center and franchise or in the ownership of the Legal Entity at the fair market value thereof as determined in good faith by an independent appraiser selected as set forth in subsection (c) below.

(c) The procedure for determining the fair market value or other terms of purchase shall be that We and You shall each select one appraiser and such two appraisers shall select a third appraiser, and the third appraiser shall make the necessary determination, with the costs of appraisal to be borne equally by You and Us.

(d) If We in Our discretion decide that the death or disability of an individual, a Principal or a Successor will result in unsatisfactory operation of Your Center, We may take over operation of Your Center temporarily, and You will reimburse Us for all of Our costs and compensate Us for Our efforts at an amount equal to 5% of Gross Revenues during such time.

13.7 Right of First Refusal

(a) You must give written notice to Us of any planned, attempted transfer or offer to transfer by You in any manner whatsoever of any interest in or under this Agreement or of any transfer of the controlling ownership interest in You if You are a Legal Entity. You grant Us the right of first refusal in regard to any such offer or transfer to purchase such interest on the same terms and conditions (or on terms and conditions determined by Us which will result in the same net financial benefits to You as transferor). In exercising Our right of first refusal, We may pay the transferor cash at closing in the same amount as the principal amount of any promissory note(s) otherwise required by the transferee or in the amount of the fair market value of any other non-cash purchase price, and if stock is provided for, may substitute stock of Ours or an affiliated corporation in an equivalent value to the stock contained in the offer of first refusal. Any determination of fair market value, equivalent value or net financial benefits made by Us in good faith shall be deemed an acceptance of the offer. Until We have accepted or rejected the offer of first refusal from You, You will neither consider nor accept any other offer and will keep confidential all of the terms of such transfer.

(b) The first refusal offer to Us must be in writing and must include complete details of all of the terms, conditions and provisions of the proposed transfer, including copies of all agreements which may be assumed by or assigned to the transferee. After receipt of all of such information, We will have thirty (30) days after actual receipt of all of such documents within which to accept or reject it. Our failure to accept within such thirty (30) days will constitute a rejection. If rejected, You may consummate the transfer to a third party if all other provisions of this Agreement are satisfied, but the transfer must be consummated within six (6) months and only upon the terms, conditions and provisions previously offered to Us.

(c) After any rejection by Us, You must in all events submit a fully executed copy of all final transfer documents to Us at least three (3) days in advance of any proposed consummation or closing date for Our review and comparison with the first refusal offer previously submitted to it. Any variation will require an offer of first refusal to Us on the varying terms following the same procedures set forth above. Our right of first refusal will be unrestricted and absolute, and We will in all cases have at least thirty (30) days to consider and act on each offer or any change in the terms and conditions of offer.

(d) Nothing contained in this Section 13.7 will in any way be deemed to limit Our discretion in considering, approving or disapproving any request to transfer any interest under this Agreement.

13.8 Assumption

This Agreement and Our rights, interests and obligations hereunder may be transferred to the benefit of any entity in whole or part which succeeds to Our business and assumes Our obligations hereunder.

ARTICLE 14: TRADEMARKS

14.1 Ownership

You agree that We have the sole and exclusive right (except for rights granted under existing and future franchise agreements) to use the Marks in connection with the products and services to which they are or may be applied by Us. You represent, warrant and agree that neither during the term of this Agreement nor after its expiration or other termination will You directly or indirectly contest or aid in contesting the validity, ownership or use of the Marks by Us or take any action whatsoever in derogation of the rights claimed therein by Us.

14.2 Nonexclusive License

The license granted under this Agreement to use the Marks is nonexclusive except to the extent otherwise specified herein, and We, in Our sole and absolute discretion, may grant other licenses in, to and under the Marks in addition to those licensees already granted, both within and outside Your Center's trading area, and to develop and license other names and marks on any such terms and conditions as We deem appropriate.

14.3 Other Uses

You expressly agree that We have the exclusive, unrestricted right to engage directly and indirectly, at wholesale, retail, catering and otherwise, within Your Center trading area and elsewhere, in (a) the distribution and sale of children's learning and other centers under the Marks licensed hereunder or other marks; and (b) the use, in connection with such production, distribution and sale, of any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by Us. The license granted to You under this Agreement does not include any right or authority of any kind whatsoever to sell outside the Center any products or services using the Marks. We have the sole and exclusive right to such rights at all times and at all locations.

14.4 Goodwill

Nothing contained in this Agreement will be construed to vest in You any right, title or interest in or to the Marks, the goodwill now or hereafter associated therewith or any right in the design or any Center building, other than the rights and license expressly granted herein of the term hereof. Any and all goodwill associated with or identified by the Marks will inure directly and exclusively to Our benefit, including without limitation any goodwill resulting from operation and promotion of Your Center.

14.5 Use of Marks

You will not use the Marks in connection with any statement or material which may, in Our judgment, be in bad taste or inconsistent with the ENGENIUS LEARNING CENTER public image, or tend to bring disparagement, ridicule or scorn upon Us, the Marks or the goodwill associated therewith. You, whether doing business as a proprietorship or Legal Entity, will not adopt, use or register (by filing a certificate or articles of incorporation, a fictitious business name statement, or otherwise) any trade name or business name, style or design which includes, or is similar to, any of ENGENIUS LEARNING CENTER identifying characteristics. We will defend You (using legal counsel chosen by Us) and indemnify You from any claims of infringement regarding use by You of the Marks so long as You were using the Marks properly and as authorized by this Agreement.

14.6 Changes in Marks; Protection

We will have the right at any time and from time to time upon notice to You to make additions to, deletions from, and changes in the Marks, or any of them, all of which additions, deletions and changes will be as effective as if they were incorporated in this Agreement. All such additions, deletions and changes will be made in good faith, on a reasonable basis and with a view toward the overall best interest of ENGENIUS LEARNING CENTER Centers generally. We will protect and preserve the integrity and validity of the Marks by taking the actions deemed by Us in Our discretion to be appropriate in the event of any apparent infringement of the Marks.

14.7 Infringements

You must notify Us promptly of any claims or charges of trademark infringement against Us or You, as well as any information You may have of any suspected infringement of the Marks. You will take no action with regard to any such matters without Our prior written approval, and will cooperate fully with Us in dealing with any infringement or claim of infringement. We will defend You (using legal counsel chosen by Us) and indemnify You from any claims of infringement regarding use by You of the Marks so long as You were using the Marks properly and as authorized by this Agreement.

ARTICLE 15: EXPIRATION AND TERMINATION

15.1 Events of Default; Liquidated Damages

- (a) We will have the right to terminate this Agreement immediately upon written notice to You if any of the following events occur:
 - (i) in the event of any breach or default under Sections 1.4 (opening date), 4.3(c) (failure to comply with applicable laws), 5.2 (mandatory training), 9.1 (inspection, surveys), 13.3 and 13.5 (unauthorized transfer) or 13.7 (right of first refusal);

- (ii) If a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization is filed by or against You, or if You make any assignment for the benefit of creditors, or if a receiver or trustee is appointed for Your Center, unless remedied to Our satisfaction within twenty (20) days;
- (iii) If You for any reason lose Your right to possession of Your Center premises;
- (iv) If We discover that You have made any material misrepresentation or omitted any material fact in the information furnished by You in connection with the grant of this franchise;
- (v) If You (or any Principal or Key Management) are convicted of any felony or other criminal conduct which is relevant to operation of Your Center or if You, or any Principal or Key Management engage in conduct which reflects materially and unfavorably upon the operation and reputation of the ENGENIUS LEARNING CENTER business or System.
- (vi) If You abandon Your Center by failing to operate it for five consecutive days or lesser period if the facts and circumstances indicate that You do not intend to continue to operate Your Center (except as a result of fire, flood, earthquake or similar causes beyond Your control);
- (vii) If You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice; or
- (viii) If We make a reasonable determination that continued operation of Your Center by You will result in an imminent danger to any of its customers or to public health or safety.

(b) If You default in any other requirement of this Agreement, We will have the right to terminate this Agreement immediately following thirty (30) days written notice to You (except in the case of a default in payment to Us, in which case only five (5) days written notice is required). If a non-monetary default cannot by its nature reasonably be cured within such thirty-day period, and so long as You are diligently taking all action reasonably necessary to effect such cure, the cure period will be extended to a reasonable amount of time to effect such cure. A default in any other ENGENIUS LEARNING CENTER franchise agreement in which You or anyone holding an interest in You also has an interest will be considered a default under this Agreement, which if not cured will result in termination of this Agreement.

(c) We may terminate this Agreement upon written notice to You without any curative period if a default is repeated within any 12-month time period.

(d) The provisions of this Section 15.1 are subject to the provisions of any local statutes or regulations which may prohibit Us from terminating this Agreement without good cause or without giving You additional prior written notice of termination and opportunity to cure any default.

(e) Liquidated Damages

- (i) Upon termination of this Agreement due to Your action or failure to take action according to its terms and conditions, You agree to pay Us within thirty (30) days after termination, in addition to any amounts owed Us or Our Affiliates,

liquidated damages equal to the average monthly Royalty Fees owed or paid during the 12 full calendar months of operation preceding the effective date of termination multiplied by (A) 24 (being the number of months in two (2) full years), or (B) the number of months remaining in the Agreement had it not been terminated, whichever is less.

(ii) The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages We would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, We might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's current remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

15.2 Termination by You

You may terminate this Agreement following ninety (90) days written notice to Us if We materially breach this Agreement and fail to cure such breach within such ninety-day period.

15.3 Requirements Upon Termination

Upon the expiration or earlier termination of this Agreement for any reason, You must:

(a) immediately discontinue the use of the Marks and the System, including all ENGENIUS LEARNING CENTER proprietary information and procedures;

(b) unless We consent to the contrary, remove the Marks from Your Center building and its signs, fixtures and furnishings, eliminate entirely ENGENIUS LEARNING CENTER trade dress and alter and paint Your Center building and other improvements a design and color which is basically different from the ENGENIUS LEARNING CENTER image and design so that there will no longer be any indication to the public that Your Center was an ENGENIUS LEARNING CENTER business. If You fail to make or cause to be made any such change within thirty (30) days after written notice, We will have the right to enter upon Your Center premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such changes and You will reimburse Us for all of Our reasonable expenses immediately following demand;

(c) not thereafter use any identifying characteristic that is in any way associated with Us or similar to those associated with Us, or operate or do business under any name or in any manner that might tend to give the public the impression that You are or were a franchisee or otherwise associated with Us;

(d) immediately deliver to Us all copies of the Manual and any items bearing the Marks or which are confidential; and

(e) pay all sums due Us or to become due to Us pursuant to this Agreement.

15.4 Trademark Infringement

If You refuse to comply with a written notice of termination sent by Us and a court later upholds such termination of this Agreement, any operation of Your Center by You from and after the date of termination stated in such notice will constitute trademark infringement by You and You will be liable to Us for damages resulting from such infringement in addition to any royalties paid or payable hereunder, including, without limitation, Your profits.

15.5 Option

If Your Center premises are leased by You from a third party, You will have included in such lease and any subsequent lease of the premises the right by You to assign such lease to Us without further consent by the lessor. We may elect to have the lease automatically assigned to Us under such provision if this Agreement is terminated, whether it is terminated by Us or by You. If We so elect, You will immediately vacate the premises, and We will be entitled to take possession of said premises, including all fixtures and leasehold improvements, and We will pay to You the fair market value of the interests owned by You in Your Center's furnishings and equipment. Fair market value will be determined by mutual agreement or an appraiser selected by Us or the American Arbitration Association if We cannot agree.

ARTICLE 16: MISCELLANEOUS

16.1 No Effect

The waiver by Us of any breach or default, or series of breaches or defaults, of any term, covenant or condition herein or of any same or similar term, covenant or condition in any other agreement between Us and any franchisee will not be deemed a waiver of any subsequent or continuing breach or default of the same or any other terms, covenants or conditions contained in this Agreement, or in any other agreement between Us and any franchisee.

16.2 Rights and Remedies

All of Our rights and remedies will be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. Our rights and remedies will be continuing and not exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement will not discharge

or release You from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

16.3 Consents

Whenever the consent of a party is sought or required hereunder, such consent will not be unreasonably withheld.

16.4 Partial Invalidity

If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid; provided, however, that in the event any part hereof relating to the payment of fees to Us, or the preservation of the Marks, trade secrets or secret formulae licensed or disclosed hereunder is for any reason declared invalid or unenforceable, then We will have the option of terminating this Agreement upon written notice to You.

16.5 Arbitration; Jurisdiction

(a) Except as set forth in Subsection 16.5(b), any unresolved dispute between the parties arising out of this Agreement shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association applicable to commercial arbitrations and the Federal Arbitration Act. Such arbitration shall be held within the county in which Our corporate headquarters are located (the "**Home County**") (currently Santa Clara County, CA). At the conclusion of the arbitration, the arbitrator must deliver to the parties a written statement of conclusions of fact and conclusions of law supporting the final award of the arbitrator. Any party may move for judicial confirmation, modification or correction of the final award of the arbitrator within 60 days after receipt thereof. Alternatively, judgment upon such decision may be entered in any court having jurisdiction over the matter. Arbitrators shall apply the law of the State where Your Center is located (without giving effect to any conflict of law principles) as set forth in section 16.7 below.

(b) Notwithstanding the foregoing, any action by Us which involves Your continued usage of any of the Marks or the System or an issue involving injunctive relief, may be submitted to a court in the Home County having jurisdiction over the issue involved. You and We expressly consent to personal jurisdiction in the Home County and agree that such court(s) shall have exclusive jurisdiction over any issues not subject to arbitration.

16.6 Attorney Fees

If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party.

16.7 Governing Law

The parties agree that the law of the State where the Center is located (without giving effect to any conflict of laws principles) will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto.

16.8 Notices

All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by telefax to such person's telefax number with copy by regular mail, sent by an established overnight delivery service or mailed by certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight delivery, such notice shall be deemed to have been received the day following sending.

Us: Engenius Learning Centers, LLC
1002 Byerley Avenue
San Jose, CA 95125-2507
ATTN: LLC Manager

FAX: _____

You: _____

FAX: _____

16.9 Terms and Headings

All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Definitions are presented in bold face solely for ease of reference.

16.10 Compliance with Laws

You will at Your own cost and expense promptly comply with all laws, ordinances, orders, rules, regulations, and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and offices thereof. Without limiting the generality of the foregoing, You will abide by all applicable rules and regulations of any public health department and other agency involving child care and education.

16.11 Entire Agreement

This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document.

16.12 Amendment or Modification

Except as expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both Us and You.

16.13 Our Rights

Whenever this Agreement provides that We have a certain right, that right is absolute, and the parties intend that Our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

* * * * *

[Signatures Next Page]

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

You:

Us:

Engenius Learning Centers, LLC
A California limited liability company

By: _____
LLC Manager

Principals:

Printed Name: _____ %Ownership: _____

Signature: _____

Printed Name: _____ %Ownership: _____

Signature: _____

Printed Name: _____ %Ownership: _____

Signature: _____

PROTECTED TERRITORY

The geographic area described below is the **Territory** referred to in Section 1.2(b) of the Franchise Agreement:

Three (3) miles from the front door of Your Center

You: _____

By: _____

Title: _____

Us: Engenius Learning Centers, LLC

By: _____
Michael Flynn, LLC Manager

PERSONAL GUARANTY

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned (the "**Guarantors**") hereby personally guarantees, jointly and severally, the due, punctual and full payment and performance of each and all of the obligations of the franchisee ("**Franchisee**") under the foregoing ENGENIUS LEARNING CENTER Franchise Agreement dated _____, 202____ by and between the Franchisee and ENGENIUS LEARNING CENTERS, LLC, the franchisor ("**Franchisor**") and hereby individually undertakes to be bound by all of the terms of such Franchise Agreement.

It is the intention of the undersigned that this Personal Guaranty shall be full and absolute. Accordingly, each of the Guarantors hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any presentment, demand (including demands for performance), notice and protest of each and every kind and of any right to require the Franchisor or its assignee to proceed against Franchisee or any other person or to pursue any other remedy before proceeding against a Guarantor.

This Personal Guaranty applies to, binds and inures to the benefit of the Guarantors and their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. Franchisor may assign its rights hereunder without reducing or modifying the liability of any Guarantor hereunder.

IN WITNESS WHEREOF, each of the Guarantors has executed this Personal Guaranty as of the date set forth below.

("Guarantors")

Dated: _____

CONFIDENTIALITY AGREEMENT

The undersigned Employee of _____ ("**Employer**"), which has applied for and/or received an ENGENIUS LEARNING CENTER® franchise, hereby agrees that he or she shall not, while employed by Employer or following such employment, communicate to, or use for the benefit of, any other person, persons, partnership, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of an ENGENIUS LEARNING CENTER business; provided, however, that the foregoing does not include information which the Employee can demonstrate came to his or her attention prior to being employed by Employer or which has become a part of the public domain through publication or communication by others.

The Employee agrees to promptly disclose to Employer, any and all ideas, improvements, processes, names, menu items, and enhancements to the franchised business which Employee alone or with others invents, discovers makes or conceives ("Innovations") at any time during, and for a period of one year after employment in an ENGENIUS LEARNING CENTER business. All such Innovations will be deemed the sole and exclusive property of Engenius Learning Centers, LLC (the "**Franchisor**"). The Franchisor has the right to incorporate such Innovations into the System without compensation to the Employee.

The Employee acknowledges that any failure to comply with the requirements of this Confidentiality Agreement will cause Employer and Franchisor irreparable injury, and Employee agrees that in addition to any other right or remedy provided by law, Employer and/or the Franchisor shall be entitled to specific performance of, or an injunction against violation of, the requirements of this Confidentiality Agreement.

The Employee agrees that upon termination of his or her employment with Employer for any reason, he or she will return all copies of documents containing confidential information or trade secrets to Employer, including without limitation the ENGENIUS LEARNING CENTER Confidential Manual(s).

IN WITNESS WHEREOF, the undersigned has executed this document in consideration of his or her employment by the Employer.

DATED: _____

Print Name: _____

Signature: _____
("Employee")

STATE ADDENDA

APPENDIX TO
CALIFORNIA FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT
AND AREA DEVELOPMENT AGREEMENT

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

ITEM 2:

None of the persons identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

ITEM 17:

In connection with Item 17 of the Franchise Disclosure Document, the following paragraphs are included pursuant to California law:

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).

3. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent is void under California Business and Professions Code Section 16600.

4. The Franchise Agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

5. The Franchise requires a franchisee to execute a general release of claims upon renewal or transfer of the agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or

order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

6. California Corporations Code Section 31125 requires the franchisor to give the franchisee a disclosure document approved by the Department of Financial Protection and Innovation prior to a solicitation of a proposed material modification of an existing franchise.

7. The current maximum legal interest rate in California is 10%.

8. Re: Website: www.EngeniusLearning.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

10. Personal Guaranty. Franchisees owning 10% or more must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

11. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Franchise Investment law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

You: _____

Us: Engenius Learning Centers, LLC

By: _____

By: _____

LLC Manager

Title: _____

Exhibit

B

ENGENIUS LEARNING CENTER®

**AREA DEVELOPMENT
AGREEMENT**

**ENGENIUS LEARNING CENTER
AREA DEVELOPMENT AGREEMENT
TABLE OF CONTENTS**

RECITALS	1
ARTICLE 1: GRANT OF DEVELOPMENT RIGHTS	1
1.1 Development of Territory	1
1.2 Your Territorial Rights	1
1.3 Termination	1
1.4 Other Products and Centers	1
1.5 Not Transferable	2
ARTICLE 2: DEVELOPMENT OF TERRITORY	2
2.1 Development Schedule	2
2.2 Deadlines	2
ARTICLE 3: DEVELOPMENT FEE	3
3.1 Development Fee	3
3.2 Amount of Fee	3
ARTICLE 4: DEVELOPMENT PROCEDURES	3
4.1 Mandatory Compliance	3
4.2 Site Approval	3
4.3 Franchise Agreements and Fees	3
4.4 Confidentiality Agreements	3
4.5 Designated Operator	3
ARTICLE 5: EXISTING CENTERS; ACQUISITIONS	4
5.1 Company Centers	4
5.2 Site Acquisitions; First Right of Refusal	4
ARTICLE 6: TERM; RENEWAL	5
6.1 Term	5
6.2 Renewal	5
ARTICLE 7 DEFAULT	6
7.1 Default by You	6
7.2 Deadlines Missed by You	6
7.3 Other Defaults	6
ARTICLE 8 PRINCIPAL; LEGAL ENTITY; COVENANTS	6
8.1 Definition of Principals	6
8.2 Personal Guarantees	6
8.3 Conflicts of Interest	6
8.4 Authorized Agent	6

8.5 Form of Legal Entity	7
8.6 Financial Statements	9
ARTICLE 9: MISCELLANEOUS	9
9.1 Miscellaneous	9
EXHIBIT A: TERRITORY.....	13
EXHIBIT B: DEVELOPMENT SCHEDULE.....	14
EXHIBIT C: CONFIDENTIALITY AGREEMENT	15
EXHIBIT D: PERSONAL GUARANTY.....	16

ENGENIUS LEARNING CENTER® AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT dated _____, 202__, is between Engenius Learning Centers, LLC, a California limited liability company ("We", "Us" or "Our", on the one hand, and _____, a _____ organized under the laws of the State of _____ ("You" or "Your"), and the person(s) executing this Agreement as "PRINCIPALS" (the "Principals"), on the other hand.

In consideration of the mutual promises set forth herein, the parties agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

1.1 Development of Territory. We hereby grant to You the right to open and operate franchise ENGENIUS LEARNING CENTER businesses ("Centers") in the geographic area which is specified in **Exhibit A** attached hereto and incorporated herein by reference (the "Territory").

1.2 Your Territorial Rights. (a) During the term and any extension or renewal of this Agreement, We will not (a) license or allow any other party to operate a Center within the Territory except one or more "**Non-traditional Venue**" Centers defined in subsection 2.1(c) below, or (b) open or operate, directly or indirectly, any Centers within the Territory (except pursuant to any first refusal rights contained in any Franchise Agreement between You and Us, or as otherwise provided in Article 5 below).

(b) Notwithstanding the foregoing, if You have opened the minimum number of Centers referred to in Section 2.1 below and We determine in Our discretion that one or more additional Centers should be developed within the Territory, We will notify You in writing of such determination and offer You the right of first refusal to develop such Center(s). If after 30 days following mailing of such notice, We have not received Your written acceptance of such right of first refusal, We may develop such Centers within the Territory or authorize other(s) to do so.

1.3 Termination. If this Agreement is terminated as a result of a material breach by You, We will have the full and absolute right to operate or franchise or license other parties to operate ENGENIUS LEARNING CENTER businesses within the Territory.

1.4 Other Services, Products and Centers. You agree that We retain the unrestricted right within the Territory and elsewhere to use, or license others to use, Our trademarks as follows to distribute products and provide services which are not the same as Your Center(s).

1.5 Not Transferable. This Agreement is a personal, non-transferable commitment by You to Us based on the personal confidence reposed by Us in the Principals. Accordingly, both parties agree that any attempt without the prior express written consent of Us to transfer, encumber or assign this Agreement by You or by the Principals in any manner whatsoever will cause the immediate and automatic termination of this Agreement, and We will have no further liability or obligation to You or the Principals pursuant to this Agreement.

2. DEVELOPMENT OF TERRITORY

2.1 Development Schedule. (a) You agree to develop at least a total of _____ (_____) Centers (the "**Required Centers**") within the Territory during the term of this Agreement in strict accordance with the Development Schedule set forth in **Exhibit B** attached hereto and incorporated herein by reference (the "**Development Schedule**").

(b) The Development Schedule contains a specific number of Required Centers to be opened and operated by You within the Territory during certain time periods. If any Centers within the Territory are closed for business (except for authorized holidays or temporarily for major repairs or otherwise with Our prior written consent), such Centers will not be included in computing the number of open and operating Required Centers and in satisfying the deadlines set forth in the Development Schedule.

(c) The number of Required Centers for purposes of the Development Schedule will not without Our prior written consent include a Center located at a "**Non-Traditional Venue**", which means a site or location for which the lessor, owner or operator thereof shall have indicated its intent to limit the operation of childcare and/or other children's educational or play service facilities to itself or a master concessionaire or contract learning services provider and which site or location is either (i) within another primary business or (ii) at an institutional setting such as a school, college and university, military and other governmental facility, hospital, hotel, limited access highway, shopping mall, airport, toll road, office or in-plant facility, sports arena and stadium, supermarket, grocery store or convenience store.

2.2 Deadlines. The parties acknowledge and agree that the deadlines set forth in the Development Schedule are of the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation of this Agreement will either (a) create any obligation to grant additional modifications, amendments, consents or waivers or (b) be effective unless made by written mutual agreement of the parties.

3. DEVELOPMENT FEE

3.1 Development Fee. In consideration of Our grant to You of the right to develop Centers in the Territory as provided for herein, You agree to pay to Us upon execution of this Agreement the Initial Franchise Fee for the first Required Center plus \$10,000 for each additional Required Center (the "**Development Fee**"). The Development Fee is non-refundable and is fully earned by Us upon Our execution hereof as a result of the grant of rights to You and Our forbearance from developing the Territory Ourselves or through other parties. You will not be entitled to a refund of such fee under any circumstances.

3.2 Amount of Fee. The total Development Fee to be paid by You upon execution of this Agreement is \$_____.

4. DEVELOPMENT PROCEDURES

4.1 Mandatory Compliance. You must at all times remain in compliance with this Agreement and all Franchise Agreements issued for Centers developed hereunder. We will not approve any pending franchise application or site approval request by You for additional Center(s) if You are in material breach of any Franchise Agreement.

4.2 Site Approval. You will utilize Your own financial, real estate, construction and any other resources required to develop Centers using architects, contractors, and vendors previously approved by Us. You agree to comply with the requirements of the Franchise Agreement and any additional requirements provided for in the Manual.

4.3 Franchise Agreements and Fees. You will receive \$10,000.00 credit from the Development Fee toward the Initial Franchise Fee for each Required Center, except that the total Initial Franchise Fee for the first Required Center will be included in the Development Fee. You must pay the balance of the Initial Franchise Fee and execute Our then-current form of ENGNIUS LEARNING CENTER Franchise Agreement for each other Required Center. For the second and each of the other Required Centers opened pursuant to Your Development Schedule, the Center's Initial Franchise Fee and Royalties will be the same as those contained in Your first Required Center.

4.4 Confidentiality Agreements. You agree to obtain from each of the Principals and any other or Your representatives a Confidentiality Agreement in the form attached hereto as **Exhibit C** and incorporated herein by reference. You agree to comply fully with the terms of such Confidentiality Agreement. A copy of all such signed agreements shall be delivered to Us within one week of their execution.

4.5 Designated Operator. The individual named in this Section must be an experienced professional with multi-unit Center supervisory experience who, will devote his or her full time, best efforts and constant personal attention to the operation and development of the Required Centers, with full authority to act on Your behalf and of the

Principals with regard to the operation of Your Centers: _____ (the "**Designated Operator**"), who must be at all times approved by Us and certified by Us as fully trained for development and Center operations. Certification and approval of the Designated Operator includes both satisfactory completion of Our Center Manager and Designated Operator Training Program, and also working sufficient additional time in a company-operated Center, as we deem necessary in our sole discretion, to successfully develop and operate one or more ENGЕНИUS Centers. Failure of the Designated Operator to successfully complete this training and the additional in-store requirement to Our satisfaction constitutes a material breach of this Agreement. Any change in the identity of Your Designated Operator must be approved by Us in writing.

5. EXISTING CENTERS; ACQUISITIONS

5.1 Company Centers. If We or another entity under common control with Us ("**Affiliate**") currently operate Centers within the Territory, such Centers are specified on **Exhibit A** attached hereto and incorporated herein by reference ("**Company Centers**") and any present or proposed franchised Centers in the Territory are specified on **Exhibit A** as "**Franchised Centers**". Unless You are purchasing the Company Centers or Franchised Centers pursuant to separate agreement, You agree that Company Centers and Franchise Centers may continue to be operated as Centers notwithstanding their location in the Territory. In any event, such Centers will not be included under any circumstances toward meeting Your development obligations hereunder.

5.2 Acquisitions; First Right of Refusal

(a) We may during the term hereof acquire a chain of businesses from a third party with the intention of converting some or all of such businesses to ENGЕНИUS LEARNING CENTER businesses, in which event You agree that We may so convert any of such businesses located within the Territory so long as We satisfy the following conditions:

- (i) We will first send You a written offer to purchase all such Centers within the Territory at Our total acquisition cost (including without limitation "soft" costs as defined below) for such Centers.
- (ii) You will have thirty days from the date such offer is sent to accept such offer, and until You have either rejected such offer or such thirty-day period has lapsed, no conversion or other offer to third parties will be made by Us.
- (iii) Your failure to accept such offer within such thirty-day period will constitute a rejection.

(b) If You have accepted the above offer and converted such Center(s) to Our satisfaction, such Centers(s) will apply toward meeting Your development obligations under the Development Schedule. If We convert or franchise another party to convert

such Centers, such Centers will not have any effect on Your obligations under the Development Schedule.

(c) For purposes herein, "**soft costs**" will mean all internal and external costs incurred by Us in connection with the acquisition. These will include, without limitation, cost of funds, personnel time (e.g., in analyzing, negotiating, approving and permitting the acquisition, etc.), and out-of-pocket expenses (e.g., travel, lodging, meals, professional fees to attorneys, architects, engineers, etc.) in connection with the acquisition as applied pro rata to each Center being offered to You.

6. TERM; RENEWAL

6.1 Term. The initial term of this Agreement ends Five (5) years from the date set forth above **or if initialed**, until the following date:

_____, 20____. _____

6.2 Renewal

You may renew this Agreement for one or more additional five (5) year terms so long as all of the following conditions have been met before the end of the current term:

(a) You must give Us written notice of renewal not less than six (6) months or more than twelve (12) months before the end of the current term;

(b) You must not default in any material provision of this Agreement or any other agreement with Us at any time during the last twelve months of the prior term and must have complied with all material terms and conditions of this Agreement during the current Term;

(c) You must have paid all amounts owed to Us and our affiliated companies ("**Affiliates**") and have timely paid all such amounts throughout the current term;

(d) You and We must have agreed upon a new Development Schedule to apply during the next term;

(e) You must pay Us a "**Renewal Development Fee**" equal to \$10,000.00 times the number of the additional Required Centers specified in the new Development Schedule; and

(f) You must execute Our form of a general release of any and all claims against Us, the Company and other Affiliates, and Our and their officers, directors, agents and employees.

7. DEFAULT

7.1 Default by You. We will have the right to terminate this Agreement upon thirty (30) days written notice to You if You fail to perform any of Your material obligations contained in this Agreement and fail to cure such failure within thirty (30) days of Your receipt of such notice.

7.2 Deadlines Missed by You. TIME IS OF THE ESSENCE of this Agreement. Your failure to meet any deadline set forth in the Development Schedule will constitute a material default under this Agreement without any opportunity to cure such default or notice under Section 7.1 hereof. If You fail to meet such a deadline, We may at any time thereafter immediately terminate this Agreement effective upon written notice from Us. The termination of this Agreement will have no effect on any franchises previously issued to You or on franchises to be issued for sites where We have already approved the site and the franchise.

7.3 Other Defaults. A default by You under any ENGЕНИUS LEARNING CENTER Franchise Agreement developed under this Agreement will constitute a material default under this Agreement, in which event We may terminate this Agreement unless such default is timely cured in accordance with the term of the pertinent Franchise Agreement or applicable law.

8. PRINCIPALS; LEGAL ENTITY; COVENANTS

8.1 Definition of Principals. For purposes of this Article 8, the term "**Principals**" will include the persons executing this Agreement as Principals, their spouses, minor children or any trust for the benefit of such persons. We have an unrestricted right to approve all owners and any future owners.

8.2 Personal Guarantees. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of the Your obligations under this Agreement and under each and every Franchise Agreement to be entered into pursuant hereto.

8.3 Conflicts of Interest. During the term of this Agreement, neither You nor any Principal will, without Our prior express written consent of, directly or indirectly, engage in, or acquire any financial or beneficial interest in, any Center which is similar to or competitive with the business of ENGЕНИUS LEARNING CENTER businesses ("**Similar Business**")

8.4 Authorized Agent. You and the Principals appoint the following person with full authority (the "**Authorized Agent**") to act on Your behalf and on behalf of the Principals in regard to performing, administering or amending this Agreement and any

and all Franchise Agreements related to it: _____
We may deal completely with the Authorized Agent in such regard unless and until Our actual receipt of written notice from You of the appointment of a successor to the Authorized Agent;

YOUR INITIALS: _____

8.5 Form of Legal Entity. (a) If You are organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**"), the Principals must notify Us of the form of such Legal Entity and have received Our written approval and You must comply with this Subsection 8.5 and any other condition which We may require. We have an unrestricted right to approve all equity owners and any future owners. We will not charge a transfer fee for forming such a Legal Entity. The organization documents must be promptly submitted for Our review.

(b) Unless We provide its prior written consent to the contrary, the Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

- (i) The Legal Entity must be closely held with the single purpose of developing and operating ENGЕНИUS LEARNING CENTERS.
- (ii) The Principal(s) (as defined in Section 8.1 above) will collectively own and control not less than fifty-one percent (51%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.
- (iii) Not more than twenty percent (20%) in the aggregate of the voting rights of the Legal Entity will be owned beneficially or of record by institutional firms or publicly-held corporations.
- (iv) There will be no public offerings of debt or equity ownership by or in the Legal Entity without Our prior written consent and approval.
- (v) Prior to the end of 180 days after the date of this Agreement, at least \$100,000 times the number of Required Centers (\$_____) cash will be invested in Your Legal Entity, which will be its minimum start up capitalization. You agree to furnish Us with written evidence of such investment on or before the above date.
- (vi) You must at all times maintain in the Legal Entity (A) positive working capital and (B) a net worth of at least \$100,000 multiplied by the number of Required Centers developed hereunder.
- (vii) All persons with a 10% or greater interest in You must execute this Agreement and the Personal Guaranty in the form attached hereto as Exhibit D.
- (viii) You have provided Us with such documentation as We have requested to evidence the foregoing.

(c) Throughout the term of this Agreement, the Legal Entity will not make any transfer of value to any of its beneficial or record owners or any affiliate of such owner ("**Owner**") which would create negative working capital or would cause the net worth of the Legal Entity to be less than \$100,000.00 multiplied by the number of Required Centers to be developed hereunder. Similarly, there will at no time be any transfer of value to any Owner unless You are fully current in all payments to Us and Our Affiliates and all Advertising Cooperatives in the Territory. For purposes herein, "**transfer of value**" will include but not be limited to gifts, bonuses, salaries, benefits or other compensation, dividends of any nature, loans, cancellation of debt, purchases or sales, or similar transfers.

(d) You agree to notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with ENGЕНИUS LEARNING CENTER businesses, or having a known history, reputation or character which is adverse to the interests of ENGЕНИUS LEARNING CENTER businesses. Our failure to respond timely to such notice will be deemed an approval of the proposed transfer. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(e) Notwithstanding anything to the contrary contained in this Section 8.5, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 8.5 are satisfied and We receive prior written notice of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold approval of any transfer so long as the Principals maintain operational control of Your Legal Entity.

(f) The organization documents of the Legal Entity will contain the restrictions set forth in this Section 8.5. You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"Transfer of ownership in this company is subject to the terms and conditions of an ENGЕНИUS LEARNING CENTER Area Development Agreement and Franchise Agreement(s). Reference is made to such Agreements and to the restrictive provisions contained in this company's organization documents."

8.6 Financial Statements. You and the Principals agree that each will furnish Us every year during the term hereof a certified copy of the same form of annual financial statements required of the Franchisee in the Franchise Agreements provided for herein. Such financial statements must be received by Us not later than one hundred twenty (120) days after the last day of each fiscal year. Any amendments to such information will be sent to us promptly. TIME IS OF THE ESSENCE with respect to completion and submission of each such document.

9. MISCELLANEOUS

9.1 Miscellaneous. (a) Each of the parties hereto agrees that the terms and conditions of this Agreement are confidential and restricted to the knowledge of the parties and their respective attorneys, accountants, advisors and only other persons whose knowledge of this Agreement are necessary for the implementation of the transaction contemplated hereby.

(b) The terms hereof are intended only to benefit the parties to this Agreement, and no one else is entitled to any benefits as a result of this Agreement or its terms and conditions.

(c) If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid.

(d) The parties agree that except for conflict of laws issues, the law of the State of where most of the Territory is located will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto with the following exceptions: (a) the arbitration clause will be exclusively governed by and construed according to the Federal Arbitration Act; and (b) trademark rights will be governed by and construed according to the Lanham Act. You and We expressly consent to personal jurisdiction in the county in which Our corporate headquarters are located (the "**Home County**") and agree that such court(s) shall have exclusive jurisdiction over any issues not subject to arbitration. As of the date of this Agreement, the Home County is Santa Clara County, California.

(e) Except as set forth in Section 9.1(f), any unresolved dispute between the parties arising out of or in connection with Agreement shall be determined by binding arbitration pursuant to the rules of the American Arbitration Association applicable to commercial arbitrations and the Federal Arbitration Act. Such arbitration shall be held within the Home County. At the conclusion of the arbitration, the arbitrator must deliver to the parties a written statement of conclusions of fact and conclusions of law supporting the final award of the arbitrator. Any party may move for judicial confirmation,

modification or correction of the final award of the arbitrator within 60 days after receipt thereof. Alternatively, judgment upon such decision may be entered in any court having jurisdiction over the matter. As of the date of this Agreement, the Home County is Santa Clara County, California.

(f) Notwithstanding the foregoing, any action by Us which involves Your continued usage of any of the Marks or the System or an issue involving injunctive relief, may be submitted to a court in the Home County having jurisdiction over the issues involved.

(g) If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party.

(h) All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by telefax to such person's telefax number, sent by an established overnight delivery service or mailed by registered or certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight delivery, such notice shall be deemed to have been received the day following sending.

Us: Engenius Learning Centers, LLC
1002 Byerley Avenue
San Jose, CA 95125-2507
ATTN: LLC Manager

FAX: _____

You: _____

FAX: _____

(i) All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. All terms used herein shall have their customary meanings unless specified to the contrary. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Words in boldface are done so for ease of reference only.

(j) Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document. This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. Except as may be expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both parties.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have executed the Agreement as of the day, month and year first above written.

Sign here if the Area Developer is/are individual(s):

“You”

Print Name: _____
Signature: _____

Print Name: _____
Signature: _____

Sign here if the Area Developer is a company and/or legal entity:

You: _____
By: _____
Title: _____

Principals:

Printed Name: _____
Signature: _____

%Ownership: _____

Printed Name: _____
Signature: _____

%Ownership: _____

Printed Name: _____
Signature: _____

%Ownership: _____

ENGENIUS LEARNING CENTERS, LLC

By: _____
LLC Manager

TERRITORY

Your Name:

Description of Territory:

Existing Centers (if any):

APPROVED:

YOU _____

US: _____

DEVELOPMENT SCHEDULE

1. ENGENIUS LEARNING CENTER Development. We have granted to you the right to develop and operate and you agree to develop and operate a minimum number of _____ (__) Centers in accordance with the terms of the Agreement.

2. Development Obligations. You agree to have the minimum number of Centers open in the Development Area during the Development Periods and in operation at the end of each of the Development Periods listed below:

DEVELOPMENT PERIOD	CENTERS OPEN AND IN OPERATION DURING AND AT THE END OF THE DEVELOPMENT PERIOD	
	DURING DEVELOPMENT PERIOD	CUMULATIVE
ENDING ON:		

APPROVED:

YOU: _____

US: _____

CONFIDENTIALITY AGREEMENT

In consideration of receiving information regarding the operation of ENGENIUS LEARNING CENTER businesses (the "**Centers**") the undersigned ("**Recipient**") agrees that:

1. Recipient will not (a) make unauthorized copies of, (b) disclose to any unauthorized person or (c) use for Recipient's benefit or an ENGENIUS LEARNING CENTER competitor's benefit any trade secrets or confidential information, knowledge or know-how about the methods of operating the Centers ("**Confidential Information**") except only for information which Recipient can show was known by him or her before receiving such information from Engenius Learning Centers, LLC ("**Franchisor**") or information which has become a part of the public domain through publication or communication by others.

2. Recipient agrees that any breach of this Confidentiality Agreement will cause Center operators irreparable injury, and agrees that in addition to any other right or remedy provided for by law or equity, Franchisor shall be entitled to specific performance of, or an injunction against violation of, this Confidentiality Agreement.

3. Recipient agrees that upon request he or she will return immediately all copies of any ENGENIUS LEARNING CENTER Manuals and other documents containing Confidential Information to Franchisor.

IN WITNESS WHEREOF, the undersigned has executed this document as of the date set forth below.

DATED: _____

Print Name: _____

Signature: _____

PERSONAL GUARANTY

This Personal Guaranty is given to induce Engenius Learning Centers, LLC (the "**Franchisor**") to enter into that certain ENGENIUS LEARNING CENTER Area Development Agreement, dated _____, 20__ with _____ ("**Area Developer**").

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned (the "**Guarantors**") hereby personally guarantees, jointly and severally, the due, punctual and full payment and performance of each and all of the obligations of Area Developer, including, without limitation, all obligations arising out of the Area Development Agreement and any other agreement; including, without limitation, all ENGENIUS LEARNING CENTER Franchise Agreements, and hereby individually undertakes to be bound by all of the terms of such agreements.

It is the intention of the undersigned that this Personal Guaranty shall be full and absolute. Accordingly, each of the Guarantors hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any presentment, demand (including demands for performance), notice and protest of each and every kind and of any right to require Franchisor or its assignee to proceed against Area Developer or any other person or to pursue any other remedy before proceeding against a Guarantor.

This Personal Guaranty applies to, binds and inures to the benefit of the Guarantors and their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. The Franchisor may assign its rights hereunder without reducing or modifying the liability of any Guarantor hereunder.

In connection with any litigation or arbitration to determine Guarantors liability under this Personal Guaranty, Guarantors expressly waive Guarantors' right to trial by jury, if any, and agree to pay costs and reasonable attorney's fees as fixed by the court or arbitrator.

IN WITNESS WHEREOF, each of the Guarantors has executed this Personal Guaranty on _____ [date].

"Guarantors"

Print Name: _____

Print Name: _____

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Signature: _____

Signature: _____

Exhibit C

EXHIBIT D

CONFIDENTIALITY AGREEMENT **(OPERATIONS MANUAL)**

This Confidentiality Agreement dated as of _____, 202____ by and between the undersigned ("You" and "Your") and ENGЕНИUS LEARNING CENTERS, LLC ("Franchisor"), with respect to Your request to review its Operations Manual ("Manual") prior to purchasing a franchise.

1. Franchisor agrees to allow You to review the Manual in consideration of Your execution of this Agreement.

2. You agree that the Franchisor considers the Manual to be confidential and proprietary information which may not be disclosed to other parties. Accordingly, You agree that You will not disclose its contents in whole or part to any other person without the prior written consent of the Franchisor. You will not make retain any copies or reproductions of any nature of the Manual.

3. You acknowledge that the restrictions contained in this Agreement are reasonable and necessary to protect Franchisor's legitimate interests in the Manual and that any breach by You of this Agreement will result in irreparable injury to Franchisor for which a remedy at law would be inadequate. Accordingly, You agree that Franchisor shall be entitled to temporary, preliminary and permanent injunctive relief against You, without the necessity of posting bond, in the event of any breach or threatened breach by You of this Agreement, in addition to any other remedy that may be available to Franchisor whether at law or in equity.

AGREED:

Printed Name: _____

ENGЕНИUS LEARNING CENTERS, LLC

By: _____
LLC Manager

Exhibit D

**NAMES AND ADDRESSES OF AGENTS FOR SERVICE OF PROCESS
AND STATE REGULATORY AUTHORITIES**

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	Michael Flynn 1002 Byerley Avenue San Jose, CA 95215 (408) 495-3800	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677
HAWAII	Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Securities Compliance Branch Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (312) 814-3892
INDIANA	Secretary of State Administrative Offices 201 State House Indianapolis, IN 46204	Securities Commissioner Securities Division, Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020	Maryland Attorney General Office of the Attorney General 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottawa 670 Law Building Lansing, MI 48913	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa P.O. Box 30213 Lansing, MI 48909

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
		(517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198	Deputy Commissioner Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEW YORK	Secretary of State of the State of New York 41 State Street Albany, NY 11231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903	Associate Director and Superintendent of Securities Division of Securities Bldg 69, 1 st Floor, 1511 Pontiac Ave. Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Division of Securities South Dakota Department of Revenue and Regulation 445 E. Capitol Avenue Pierre, SD 57501	Franchise Administrator Division of Securities 445 E. Capitol Avenue Pierre, SD 57501 (605) 773-4013
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9733	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 23219 (804) 371-9051

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501	Administrator Dept. of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities 345 W. Washington Avenue, 4 th Floor Madison, WI 53703	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 th Floor Madison, WI 53703 (608) 266-3432

Exhibit

E

Financial Statement

Engenius Learning Centers, LLC

December 31, 2023 and 2022



Haynie & Company

(a professional corporation)

Certified Public Accountants and Management Consultants

4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

INDEPENDENT AUDITOR'S REPORT

To the Member and Management

ENGENIUS LEARNING CENTERS, LLC

San Jose, California

We have audited the accompanying financial statements of Engenius Learning Centers, LLC which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of income and members' equity, 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 the Company as of December 31, 2023 and 2022, 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 audit 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

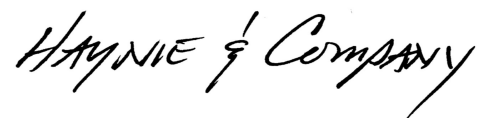
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 the Company'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 the Company'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.



March 8, 2024
Newport Beach, California

ENGENIUS LEARNING CENTERS, LLC

Balance Sheets

December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	<u>\$ 57,066</u>	<u>\$ 77,914</u>
Total current assets	<u>57,066</u>	<u>77,914</u>
Total assets	<u><u>\$ 57,066</u></u>	<u><u>\$ 77,914</u></u>
<u>LIABILITIES AND MEMBER'S EQUITY</u>		
Current liabilities:		
Income taxes payable	<u>\$ 800</u>	<u>\$ 800</u>
Deferred revenue, current portion	<u>500</u>	<u>500</u>
Total current liabilities	1,300	1,300
Deferred revenue, net of current portion	<u>3,500</u>	<u>4,000</u>
Total liabilities	4,800	5,300
Member's equity	<u>52,266</u>	<u>72,614</u>
Total liabilities and member's equity	<u><u>\$ 57,066</u></u>	<u><u>\$ 77,914</u></u>

See notes to financial statements.

ENGENIUS LEARNING CENTERS, LLC
Statements of Income and Member's Equity
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Franchise fees	\$ 500	\$ 500
Franchise royalties	<u>45,152</u>	<u>20,960</u>
Total revenues	<u>45,652</u>	<u>21,460</u>
Operating expenses	<u>-</u>	<u>-</u>
Total operating expense	<u>-</u>	<u>-</u>
Operating income	<u>45,652</u>	<u>21,460</u>
Income before provision for income taxes	45,652	21,460
Provision for income taxes	<u>800</u>	<u>800</u>
Net income	44,852	20,660
Member's equity, beginning of year	72,614	51,154
Capital contributions	800	800
Capital distributions	<u>(66,000)</u>	<u>-</u>
Member's equity, end of year	<u><u>\$ 52,266</u></u>	<u><u>\$ 72,614</u></u>

See notes to financial statements.

ENGENIUS LEARNING CENTERS, LLC
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income	\$ 44,852	\$ 20,660
Increase (decrease) in liabilities:		
Deferred revenue	<u>(500)</u>	<u>4,500</u>
Total from operating activities	<u>44,352</u>	<u>25,160</u>
Cash flows from investing activities:	<u>-</u>	<u>-</u>
Total from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Capital contributions	800	800
Capital distributions	<u>(66,000)</u>	<u>-</u>
Total from financing activities	<u>(65,200)</u>	<u>800</u>
Change in cash	(20,848)	25,960
Cash, beginning of year	<u>77,914</u>	<u>51,954</u>
Cash, end of year	<u><u>\$ 57,066</u></u>	<u><u>\$ 77,914</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u><u>\$ 800</u></u>	<u><u>\$ 800</u></u>

See notes to financial statements.

ENGENIUS LEARNING CENTERS, LLC
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of business

Engenius Learning Centers, LLC (the "Company") was organized in January of 2019 in the State of California to offer franchises for the operation of educational tutoring centers for students.

An Engenius Learning Center ("Center") is a full service tutoring center where Mike and Kerry Flynn, owners of Engenius Learning Centers, have been delivering results since they opened their first tutoring center in Cupertino over 25 years ago. They have four locations in the South Bay and their tutoring locations are in Almaden, Los Gatos, Morgan Hill, and Willow Glen, as well as programs at Wilcox High, Willow Glen High School, and a year-round daycare at Booksin Elementary. Students will improve with tutors that are both experienced and dedicated.

Tutors at these facilities work with children of all ages, in almost every academic subject. They work with students of all skill ranges, from catching up to getting ahead. Due to their many years of experience, the Center's tutors are also uniquely qualified to help students who have specific needs. Whether those needs are learning differences, ADD/ADHD, or simply students who have lost their confidence, the tutors can help them improve.

The Company sold two franchise locations during December of the 2019 year, however, it agreed not to collect initial franchise fees from both of these locations. During the 2020 year, the Company collected royalty fees from one of these locations that was temporarily open and running. As of December 31, 2020, all physical locations were shutdown due to the COVID-19 pandemic. In August of the 2021 year, both physical locations were opened again for operation.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

ENGENIUS LEARNING CENTERS, LLC

Notes to Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income taxes

The Company is a single member limited liability company and, as such, the Federal tax attributes pass through to the individual member who reports the income or loss on his respective income tax return. The Company pays state tax minimum fees and is subject to state jurisdiction examinations for all tax years.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company, from time to time, maintains cash balances that exceed the Federal Deposit Insurance Corporation limits. There were no amounts in excess of these limits as of December 31, 2023 and 2022.

Revenue recognition and deferred revenue

In 2014, the FASB issued Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Company adopted the standard on January 1, 2019 and also analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and concluded that no changes are necessary to conform with the new standard.

Revenue from the sale of franchises is allocated as follows: First, to any distinct pre-opening activity services; Second, any remaining revenue will be recognized over the license term. In December of 2019, two franchises were sold, however, the Company has agreed not to collect initial franchise fees for these locations. In March of 2022, the Company sold one new franchise location. As of December 31, 2023 there were a total of three franchise locations open and in operation.

ENGENIUS LEARNING CENTERS, LLC

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition and deferred revenue (continued)

The Company recognizes a portion of franchise payments revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods. Cash payments are typically due upon the execution of an area development or franchise agreement. Then also upon execution of a renewal agreement. The Company's performance obligation with respect to franchise payments revenues consists of pre-opening obligations including conducting an operations training course, developing a marketing program designed for the center's initial opening, providing assistance in locating a center site and assisting with the coordination of pre-opening activities. Subsequent to the center's opening, the Company continues to provide advice and assistance with general center operations, training as deemed necessary, and the administration and maintenance of advertising programs designed to promote the collective success of all centers for a specified period of time, which is satisfied over the life of each franchise agreement.

The new revenue guidance in ASC 606 did not impact the timing of continuing franchise fees.

Deferred revenue resulting from cash collected for initial franchise fees paid by franchisees are classified as liabilities in the balance sheets based on the expected timing of revenue recognition associated with these liabilities. The following table reflects the changes in deferred revenue as of December 31, 2023:

Deferred contract revenues:

Deferred revenue, December 31, 2021	\$	-
Cash collected for initial franchise payments		5,000
Revenue recognized		<u>(500)</u>
Deferred revenue, December 31, 2022	\$	4,500
Cash collected for initial franchise payments		-
Revenue recognized		<u>(500)</u>
Deferred revenue, December 31, 2023	\$	<u>4,000</u>

ENGENIUS LEARNING CENTERS, LLC
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition and deferred revenue (continued)

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of December 31, 2023:

	<u>Contract Revenue</u>
Year ended December 31:	
2024	\$ 500
2025	500
2026	500
2027	500
2028	500
Thereafter	<u>1,500</u>
	<u>\$ 4,000</u>

Fair value of financial Instruments

The carrying value of cash and cash equivalents approximates the current value due to the short-term nature of these instruments.

Property and equipment

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Property and equipment are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of such assets.

ENGENIUS LEARNING CENTERS, LLC

Notes to Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Long-lived assets

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Management has evaluated the long-lived assets and has not identified any impairments as of December 31, 2023.

Leases

The Company adopted Financial Accounting Standards Board ASC 842, Leases. The Company also implemented the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification (if applicable).

The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. When a lease includes renewal options which can extend the lease term, only those options that are reasonably expected to be exercised and that the Company can exercise at its sole discretion are included in the measurement of lease assets and liabilities.

The adoption of the new lease standard did not result in any recognition of right-of-use-assets and lease incentives or operating lease liabilities as of December 31, 2023.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the period ended December 31, 2023 was zero.

ENGENIUS LEARNING CENTERS, LLC
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Allowance for credit losses

The Company adopted Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and certain other financial assets. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Company adopted ASC 326 and all related subsequent amendments thereto using the modified retrospective approach for all financial assets measured at amortized cost and determined that the adoption did not have a material impact to the previously reported allowance amounts.

Subsequent event disclosures

The Company has evaluated subsequent events through March 8, 2024, the date which the financial statements were available.

2. FRANCHISE AGREEMENT

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreement requires the franchisee to pay an initial, non-refundable fee and royalty fee based upon gross revenues. Subject to the Company's approval and payment of a renewal fee, a franchisee may also generally renew its agreement upon its expiration for one or more additional 5-year terms. As discussed in the agreement, the initial term will commence on the opening date for initial operation of each franchise outlet.

ENGENIUS LEARNING CENTERS, LLC

Notes to Financial Statements

2. **FRANCHISE AGREEMENT (CONTINUED)**

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including territory approval, training, systems implementation, and design of a quality control program. The Company recognizes initial fees in part as revenue when substantially all distinct initial pre-opening activity services are complete and then remaining amounts will be recognized over the license term. Continuing fees are recognized when earned, with an appropriate provision for estimated uncollectible fees charged to expense. Renewal fees are recognized as income over the life of the renewal agreement, beginning when the renewal becomes effective. Direct costs of sales and servicing of franchise agreements are charged to expense as incurred.

The initial franchise fee is between \$5,000 and \$20,000, based on the number of learning tables facilitated in each Center. The royalty fee is 10% of gross revenue (as defined), the local marketing fee is up to 2% of monthly gross revenue (as defined and once established), and the system marketing fee is up to 1% of gross weekly revenue (as defined and once established). Other fees are as defined in the franchise disclosure document.

3. **AREA DEVELOPMENT AGREEMENT**

The Company executes area development agreements that set the terms of its arrangement within the agreement. Based upon the terms of the agreement, a franchisee is currently expected to pay the initial franchise fee for the first outlet plus \$10,000 for each additional outlet (the development fee).

4. **PROVISION FOR INCOME TAXES**

The provision for income taxes consisted of the following:

	2023	2022
Current:		
Federal	\$ -	\$ -
State	800	800
	<u>\$ 800</u>	<u>\$ 800</u>

Financial Statement

Engenius Learning Centers, LLC

December 31, 2022 and 2021



Haynie & Company

(a professional corporation)

Certified Public Accountants and Management Consultants

4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

INDEPENDENT AUDITOR'S REPORT

To the Member and Management

ENGENIUS LEARNING CENTERS, LLC

San Jose, California

We have audited the accompanying financial statements of Engenius Learning Centers, LLC which comprise the balance sheets as of December 31, 2022 and 2021 and the related statements of income and members' equity, 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 the Company as of December 31, 2022 and 2021, 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 audit 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

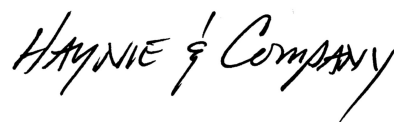
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 the Company'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 the Company'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.

A handwritten signature in black ink that reads "Haynie & Company". The signature is written in a cursive, flowing style.

March 16, 2023
Newport Beach, California

ENGENIUS LEARNING CENTERS, LLC

Balance Sheets

December 31, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ <u>77,914</u>	\$ <u>51,954</u>
Total current assets	<u>77,914</u>	<u>51,954</u>
Total assets	<u>\$ 77,914</u>	<u>\$ 51,954</u>
<u>LIABILITIES AND MEMBER'S EQUITY</u>		
Current liabilities:		
Income taxes payable	\$ 800	\$ 800
Deferred revenue, current portion	<u>500</u>	<u>-</u>
Total current liabilities	1,300	800
Deferred revenue, net of current portion	<u>4,000</u>	<u>-</u>
Total liabilities	5,300	800
Member's equity	<u>72,614</u>	<u>51,154</u>
Total liabilities and member's equity	<u>\$ 77,914</u>	<u>\$ 51,954</u>

See notes to financial statements.

ENGENIUS LEARNING CENTERS, LLC
 Statements of Operations and Member's Equity
 For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Initial franchise fees	\$ 500	\$ -
Franchise royalties	<u>20,960</u>	<u>-</u>
Total revenues	<u>21,460</u>	<u>-</u>
Operating expenses	<u>-</u>	<u>-</u>
Total operating expense	<u>-</u>	<u>-</u>
Operating income	<u>21,460</u>	<u>-</u>
Income before provision for income taxes	21,460	-
Provision for income taxes	<u>800</u>	<u>800</u>
Net income (loss)	20,660	(800)
Member's equity, beginning of year	51,154	2,154
Capital contributions	<u>800</u>	<u>49,800</u>
Member's equity, end of year	<u><u>\$ 72,614</u></u>	<u><u>\$ 51,154</u></u>

See notes to financial statements.

ENGENIUS LEARNING CENTERS, LLC
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net income (loss)	\$ 20,660	\$ (800)
(Increase) decrease in assets:		
Increase (decrease) in liabilities:		
Deferred revenue	<u>4,500</u>	<u>-</u>
Cash from operating activities	<u>25,160</u>	<u>(800)</u>
Cash flows from investing activities:	<u>-</u>	<u>-</u>
Cash from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Capital contributions	<u>800</u>	<u>49,800</u>
Cash (used) from financing activities	<u>800</u>	<u>49,800</u>
Change in cash	25,960	49,000
Cash, beginning of year	<u>51,954</u>	<u>2,954</u>
Cash, end of year	<u><u>\$ 77,914</u></u>	<u><u>\$ 51,954</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u><u>\$ 800</u></u>	<u><u>\$ 800</u></u>

See notes to financial statements.

ENGENIUS LEARNING CENTERS, LLC
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of business

Engenius Learning Centers, LLC (the "Company") was organized in January of 2019 in the State of California to offer franchises for the operation of educational tutoring centers for students.

An Engenius Learning Center ("Center") is a full service tutoring center where Mike and Kerry Flynn, owners of Engenius Learning Centers, have been delivering results since they opened their first tutoring center in Cupertino over 25 years ago. They have four locations in the South Bay and their tutoring locations are in Almaden, Los Gatos, Morgan Hill, and Willow Glen, as well as programs at Wilcox High, Willow Glen High School, and a year-round daycare at Booksin Elementary. Students will improve with tutors that are both experienced and dedicated.

Tutors at these facilities work with children of all ages, in almost every academic subject. They work with students of all skill ranges, from catching up to getting ahead. Due to their many years of experience, the Center's tutors are also uniquely qualified to help students who have specific needs. Whether those needs are learning differences, ADD/ADHD, or simply students who have lost their confidence, the tutors can help them improve.

The Company sold two franchise locations during December of the 2019 year, however, it agreed not to collect initial franchise fees from both of these locations. During the 2020 year, the Company collected royalty fees from one of these locations that was temporarily open and running. As of December 31, 2020, all physical locations were shutdown due to the COVID-19 pandemic. In August of the 2021 year, both physical locations were opened again for operation.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

ENGENIUS LEARNING CENTERS, LLC

Notes to Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income taxes

The Company is a single member limited liability company and, as such, the Federal tax attributes pass through to the individual member who reports the income or loss on his respective income tax return. The Company pays state tax minimum fees and is subject to state jurisdiction examinations for all tax years.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company, from time to time, maintains cash balances that exceed the Federal Deposit Insurance Corporation limits. There were no amounts in excess of these limits as of December 31, 2022 and 2021.

Revenue recognition and deferred revenue

In 2014, the FASB issued Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Company adopted the standard on January 1, 2019 and also analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and concluded that no changes are necessary to conform with the new standard.

Revenue from the sale of franchises is allocated as follows: First, to any distinct pre-opening activity services; Second, any remaining revenue will be recognized over the license term. In December of 2019, two franchises were sold, however, the Company has agreed not to collect initial franchise fees for these locations. In March of 2022, the Company sold one new franchise location. As of December 31, 2022 there were a total of three franchise locations open and in operation.

ENGENIUS LEARNING CENTERS, LLC
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition and deferred revenue (continued)

The Company recognizes a portion of franchise payments revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods. Cash payments are typically due upon the execution of an area development or franchise agreement. Then also upon execution of a renewal agreement. The Company's performance obligation with respect to franchise payments revenues consists of pre-opening obligations including conducting an operations training course, developing a marketing program designed for the center's initial opening, providing assistance in locating a center site and assisting with the coordination of pre-opening activities. Subsequent to the center's opening, the Company continues to provide advice and assistance with general center operations, training as deemed necessary, and the administration and maintenance of advertising programs designed to promote the collective success of all centers for a specified period of time, which is satisfied over the life of each franchise agreement.

The new revenue guidance in ASC 606 did not impact the timing of continuing franchise fees.

Deferred revenue resulting from cash collected for initial franchise fees paid by franchisees are classified as liabilities in the balance sheets based on the expected timing of revenue recognition associated with these liabilities. The following table reflects the changes in deferred revenue as of December 31, 2022:

Deferred contract revenues:

Deferred revenue, December 31, 2021	\$ -
Cash collected for initial franchise payments	5,000
Revenue recognized	<u>(500)</u>
Deferred revenue, December 31, 2022	<u>\$ 4,500</u>

ENGENIUS LEARNING CENTERS, LLC
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition and deferred revenue (continued)

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of December 31, 2022:

	<u>Contract Revenue</u>
Year ended December 31:	
2023	\$ 500
2024	500
2025	500
2026	500
2027	500
Thereafter	<u>2,500</u>
	<u><u>\$ 5,000</u></u>

Fair value of financial Instruments

The carrying value of cash and cash equivalents approximates the current value due to the short-term nature of these instruments.

Property and equipment

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Property and equipment are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of such assets.

ENGENIUS LEARNING CENTERS, LLC

Notes to Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Long-lived assets

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Management has evaluated the long-lived assets and has not identified any impairments as of December 31, 2022.

Leases

The Company adopted Financial Accounting Standards Board ASC 842, Leases. The Company also implemented the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification (if applicable).

The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. When a lease includes renewal options which can extend the lease term, only those options that are reasonably expected to be exercised and that the Company can exercise at its sole discretion are included in the measurement of lease assets and liabilities.

The adoption of the new lease standard did not result in any recognition of right-of-use-assets and lease incentives or operating lease liabilities as of December 31, 2022.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the period ended December 31, 2022 was zero.

ENGENIUS LEARNING CENTERS, LLC

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Subsequent event disclosures

The Company has evaluated subsequent events through March 16, 2023, the date which the financial statements were available.

2. FRANCHISE AGREEMENT

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreement requires the franchisee to pay an initial, non-refundable fee and royalty fee based upon gross revenues. Subject to the Company's approval and payment of a renewal fee, a franchisee may also generally renew its agreement upon its expiration for one or more additional 5-year terms. As discussed in the agreement, the initial term will commence on the opening date for initial operation of each franchise outlet.

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including territory approval, training, systems implementation, and design of a quality control program. The Company recognizes initial fees in part as revenue when substantially all distinct initial pre-opening activity services are complete and then remaining amounts will be recognized over the license term. Continuing fees are recognized when earned, with an appropriate provision for estimated uncollectible fees charged to expense. Renewal fees are recognized as income over the life of the renewal agreement, beginning when the renewal becomes effective. Direct costs of sales and servicing of franchise agreements are charged to expense as incurred.

The initial franchise fee is currently expected to be between \$5,000 and \$20,000, based on the number of learning tables facilitated in each Center. The royalty fee is expected to be 10% of gross revenue (as defined), the local marketing fee is expected to be 2% of monthly gross revenue (as defined), and the system marketing fee is expected to be 1% of gross weekly revenue (as defined).

ENGENIUS LEARNING CENTERS, LLC
Notes to Financial Statements

3. AREA DEVELOPMENT AGREEMENT

The Company executes area development agreements that set the terms of its arrangement within the agreement. Based upon the terms of the agreement, a franchisee is currently expected to pay the initial franchise fee for the first outlet plus \$10,000 for each additional outlet (the development fee).

4. PROVISION FOR INCOME TAXES

The provision for income taxes consisted of the following:

	<u>2022</u>	<u>2021</u>
Current:		
Federal	\$ -	\$ -
State	<u>800</u>	<u>800</u>
	<u>\$ 800</u>	<u>\$ 800</u>

5. CONTINGENCY

On March 19, 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic and public health emergency. The related development and fluidity of this situation presents uncertainty and precludes any prediction as to any ultimate material adverse impact to the Company. The Company continues to monitor the situation and navigate the many resources available to it; however, the uncertainty presents risks with respect to the Company, its performance, and its financial results.

Financial Statement

Engenius Learning Centers, LLC

December 31, 2021 and 2020



Haynie & Company

(a professional corporation)

Certified Public Accountants and Management Consultants

4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

INDEPENDENT AUDITOR'S REPORT

To the Member and Management

ENGENIUS LEARNING CENTERS, LLC

San Jose, California

We have audited the accompanying financial statements of Engenius Learning Centers, LLC which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of income and members' equity, 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 the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

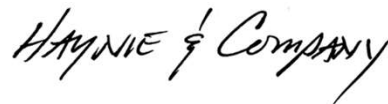
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 the Company'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 the Company'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.



March 9, 2022
Newport Beach, California

ENGENIUS LEARNING CENTERS, LLC

Balance Sheets

December 31, 2021 and 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ <u>51,954</u>	\$ <u>2,954</u>
Total current assets	<u>51,954</u>	<u>2,954</u>
Total assets	<u><u>\$ 51,954</u></u>	<u><u>\$ 2,954</u></u>
<u>LIABILITIES AND MEMBER'S EQUITY</u>		
Current liabilities:		
Income taxes payable	\$ <u>800</u>	\$ <u>800</u>
Total liabilities	800	800
Member's equity	<u>51,154</u>	<u>2,154</u>
Total member's equity	<u>51,954</u>	<u>2,954</u>
Total liabilities and member's equity	<u><u>\$ 51,954</u></u>	<u><u>\$ 2,954</u></u>

See notes to financial statements.

ENGENIUS LEARNING CENTERS, LLC
 Statements of Operations and Member's Equity
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues	\$ -	\$ 1,954
Operating expenses	-	-
Total operating expense	-	-
Operating income	-	1,954
Income before provision for income taxes	-	1,954
Provision for income taxes	<u>800</u>	<u>800</u>
Net income	(800)	1,154
Member's equity, beginning of year	2,154	50,000
Capital contributions	49,800	-
Capital distributions	<u>-</u>	<u>(49,000)</u>
Member's equity, end of year	<u>\$ 51,154</u>	<u>\$ 2,154</u>

See notes to financial statements.

ENGENIUS LEARNING CENTERS, LLC
 Statements of Cash Flows
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Net Income	\$ (800)	\$ 1,154
(Increase) decrease in assets:		
Increase (decrease) in liabilities:		
Income taxes payable	<u>-</u>	<u>800</u>
Cash from operating activities	<u>(800)</u>	<u>1,954</u>
Cash flows from investing activities:	<u>-</u>	<u>-</u>
Cash from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Capital contributions	49,800	-
Capital distributions	<u>-</u>	<u>(49,000)</u>
Cash (used) from financing activities	<u>49,800</u>	<u>(49,000)</u>
Change in cash	49,000	(47,046)
Cash, beginning of year	<u>2,954</u>	<u>50,000</u>
Cash, end of year	<u><u>\$ 51,954</u></u>	<u><u>\$ 2,954</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ 800</u>	<u>\$ 800</u>

See notes to financial statements.

ENGENIUS LEARNING CENTERS, LLC
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of business

Engenius Learning Centers, LLC (the "Company") was organized in January of 2019 in the State of California to offer franchises for the operation of educational tutoring centers for students.

An Engenius Learning Center ("Center") is a full service tutoring center where Mike and Kerry Flynn, owners of Engenius Learning Centers, have been delivering results since they opened their first tutoring center in Cupertino over 25 years ago. They have four locations in the South Bay and their tutoring locations are in Almaden, Los Gatos, Morgan Hill, and Willow Glen, as well as programs at Wilcox High, Willow Glen High School, and a year-round daycare at Booksin Elementary. Students will improve with tutors that are both experienced and dedicated.

Tutors at these facilities work with children of all ages, in almost every academic subject. They work with students of all skill ranges, from catching up to getting ahead. Due to their many years of experience, the Center's tutors are also uniquely qualified to help students who have specific needs. Whether those needs are learning differences, ADD/ADHD, or simply students who have lost their confidence, the tutors can help them improve.

The Company sold two franchise locations during December of the 2019 year, however, it agreed not to collect initial franchise fees from both of these locations. During the 2020 year, the Company collected royalty fees from one of these locations that was temporarily open and running. As of December 31, 2020, all physical locations were shutdown due to the COVID-19 pandemic. In August of the 2021 year, both physical locations were opened again for operation.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

ENGENIUS LEARNING CENTERS, LLC

Notes to Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income taxes

The Company is a single member limited liability company and, as such, the Federal tax attributes pass through to the individual member who reports the income or loss on his respective income tax return. The Company pays state tax minimum fees and is subject to state jurisdiction examinations for all tax years.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company, from time to time, maintains cash balances that exceed the Federal Deposit Insurance Corporation limits. There were no amounts in excess of these limits as of December 31, 2021 and 2020.

Revenue recognition

In 2014, the FASB issued Revenue from Contracts with Customer (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Company adopted the standard on January 1, 2019 and also analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and concluded that no changes are necessary to conform with the new standard.

Revenue from the sale of franchises is allocated as follows: First, to any distinct pre-opening activity services; Second, any remaining revenue will be recognized over the license term. In December of 2019, two franchises were sold, however, the Company has agreed not to collect initial franchise fees for these locations. As of December 31, 2021, no other franchise locations have been sold.

Fair value of financial Instruments

The carrying value of cash and cash equivalents approximates the current value due to the short-term nature of these instruments.

ENGENIUS LEARNING CENTERS, LLC
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent event disclosures

The Company has evaluated subsequent events through March 9, 2022, the date which the financial statements were available.

2. PROVISION FOR INCOME TAXES

The provision for income taxes consisted of the following:

	<u>2021</u>	<u>2020</u>
Current:		
Federal	\$ -	\$ -
State	<u>800</u>	<u>800</u>
	<u>\$ 800</u>	<u>\$ 800</u>

3. CONTINGENCY

On March 19, 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic and public health emergency. The related development and fluidity of this situation presents uncertainty and precludes any prediction as to any ultimate material adverse impact to the Company. The Company continues to monitor the situation and navigate the many resources available to it; however, the uncertainty presents risks with respect to the Company, its performance, and its financial results.

Exhibit

F

EXHIBIT F

LIST OF CURRENT FRANCHISEES **As of December 31, 2023**

Heidi Richins, Director
DWR, LLC
6467 Almaden Expressway, #40
San Jose, California 95120
(408) 997-0227

Doug Thorburn, Director
Raising Aces, LLC
1053 Cochrane Road, Suite 120
Morgan Hill, CA 95037
(408) 435-1100

Doug Thorburn, Director
Raising Aces, LLC
291 E. Main Street, #B-2
Los Gatos, CA 95030
(408) 399-9765

State Effective Dates

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	

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 G

ITEM 23. RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Engenius Learning Centers, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Engenius Learning Centers, LLC does not deliver this disclosure document on time or if it contains a false or misleading misstatement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit E.

The franchisor is Engenius Learning Centers, LLC located at 1002 Byerley Avenue, San Jose, CA 95125-2507; tel: (408) 979-9900.

Issuance Date: March 8, 2024

The franchise seller for this offering is Michael Flynn at 1002 Byerley Avenue, San Jose, CA 95125-2507; tel: (408) 979-9900. Any additional individual franchise sellers involved in offering the franchise are: _____ located at _____
(____).

Engenius Learning Centers, LLC authorizes the respective state agencies identified on Exhibit E to receive service of process for it in the particular state.

I have received a disclosure document dated March 8, 2024 that included the following Exhibits:

- A. Franchise Agreement and State Addendum
- B. Area Development Agreement
- C. Confidentially Agreement
- D. State Agents and State Administrators
- E. Financial Statements
- F. Receipt

Date

Franchisee

Printed Name: _____

You may return the signed receipt either by signing, dating, and mailing it to Engenius Learning Centers, LLC at 1002 Byerley Avenue, San Jose, CA 95125-2507; tel: (408) 979-9900 or by faxing a copy of the signed and dated receipt to Engenius Learning Centers, LLC at (408) 979-9900.

ITEM 23. RECEIPT (YOUR COPY)

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 Engenius Learning Centers, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Engenius Learning Centers, LLC does not deliver this disclosure document on time or if it contains a false or misleading misstatement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit E.

The franchisor is Engenius Learning Centers, LLC located at 1002 Byerley Avenue, San Jose, CA 95125-2507; tel: (408) 979-9900.

Issuance Date: March 8, 2024

The franchise seller for this offering is Michael Flynn at 1002 Byerley Avenue, San Jose, CA 95125-2507; tel: (408) 979-9900. Any additional individual franchise sellers involved in offering the franchise are: _____ located at _____
(____)_____.

Engenius Learning Centers, LLC authorizes the respective state agencies identified on Exhibit E to receive service of process for it in the particular state.

I have received a disclosure document dated March 8, 2024 that included the following Exhibits:

- A. Franchise Agreement and State Addendum
- B. Area Development Agreement
- C. Confidentially Agreement
- D. State Agents and State Administrators
- E. Financial Statements
- F. Receipt

Date

Franchisee

Printed Name:_____

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