

FRANCHISE DISCLOSURE DOCUMENT – UNIT FRANCHISE

	Gold Medal Swim School Franchises, LLC 6909 W. Ray Rd. #27 Chandler, AZ 85226 Telephone: (480) 287-4000 Facsimile: (480) 961-5069 walker@goldmedalswimschool.com www.goldmedalswimschool.com
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Gold Medal Swim School Franchises, LLC (“Gold Medal”) grants single-unit franchises that will license directly from us the right to operate a business under the name “Gold Medal Swim School,” “Gold Medal” or “GMSS” (“Unit Franchise(s)"). We offer Unit Franchises that provide swim lessons for all ages using instruction methods created from Olympic level concepts.

The total investment necessary to begin operation of a Gold Medal Swim School franchised business ranges from \$552,500 to \$1,146,000. This includes \$30,000 per Unit Franchise (\$15,000 for each additional Gold Medal Unit Franchise) that must be paid to the franchisor or its designee.

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 fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however that no 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 disclosures in different formats, contact Mike Walker, Gold Medal Swim School Franchises, LLC, 6909 W. Ray Rd. #27, Chandler, AZ 85226, 480-287-4000.

The terms of your contract will govern your franchise relationship. Don’t rely on the FDD alone to understand your contract. Read your entire contract carefully. Show your contract and this FDD to an advisor, like 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 “Buying a Franchise: A Consumer’s Guide” which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information on franchising. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: June 22, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE 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 G.
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 D 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 Gold Medal Swim School business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Gold Medal Swim School franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Arizona. Out-of-state mediation, 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 Arizona than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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EXHIBITS TO DISCLOSURE DOCUMENT:

- A. STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**
- B. FRANCHISE AGREEMENT**
- C. OPERATIONS MANUAL FOR GOLD MEDAL UNIT FRANCHISES:
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Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Gold Medal Swim School Franchises, LLC, an Arizona limited liability company, doing business as Gold Medal Swim School, Gold Medal or GMSS, is offering prospective franchise owners the opportunity to operate Gold Medal Unit Franchises in accordance with the terms described in this franchise disclosure document (the “Disclosure Document” or “FDD”). To simplify the language in this Disclosure Document, the terms, “We,” “Us,” “the Company,” or “Gold Medal” mean Gold Medal Swim School Franchises, LLC, the franchisor (but not the Company’s officers, directors, agents or employees). The term “Unit Franchise” means a Gold Medal Franchise offering Gold Medal products and services to the public. The term “Unit Franchisee” means the owner of a Gold Medal Unit Franchise.

The Franchisor, and any Parents, Predecessors and Affiliates. We are an Arizona limited liability company, created in April 2018. We do not have any parent or predecessor.

Our principal business and mailing address is 6909 W. Ray Rd. #27, Chandler, AZ 85226. Our telephone number is (480) 287-4000. Our facsimile number is (480) 961-5069. Our agent for service of process is disclosed in Exhibit A.

We have the following affiliate:

Gold Medal Swim School, Inc., an Arizona corporation established in August 2006, currently owns and operates one (1) outlet that offers products and services similar to those that will be offered by Gold Medal Unit Franchises. Gold Medal Swim School, Inc.’s principal business address and telephone number are 6909 W. Ray Rd. #27, Chandler, AZ 85226 – tel. 480-287- 4000.

The Franchise. We offer Gold Medal Unit Franchise(s) offering Gold Medal products and services to individuals within and outside of a defined territory (“Territory”). We started to offer these franchises at the end of 2018.

Gold Medal Unit Franchises: We offer and sell Unit Franchises that specialize in swim lessons for all ages using methods created from Olympic level concepts. The Company is not engaged in any other business. From time to time, the Company may also own or operate similar businesses, but does not do so at the present time.

Under our Franchise Agreement (the “Franchise Agreement” or the “Agreement”), which is Exhibit B of this Disclosure Document, the Company offers qualified purchasers the right to establish and operate a Unit Franchise within a specified Territory. The Franchise Agreement gives you the right to operate a Unit Franchise under the “Gold Medal Swim School” name and mark, and other marks designated by the Company from time to time (all referred to as the “Proprietary Marks”).

Franchisor reserves the right in the future to offer Area Representation Franchises that recruit and support Gold Medal Unit Franchises in a defined geographic area (“Representation Area”). Franchisor reserves the right to delegate and transfer any and all of its rights relating to the Franchise and its obligations to Unit Franchisees in a Representation Area to the Area Representation Franchise over that Representation Area. If Area Representation Franchises are offered, they will not be offered through this Disclosure Document, but will be a separate offering with a separate disclosure document.

You must operate your Unit Franchise in accordance with the standards and procedures designated by the Company (the “System”), and according to the Company’s Operations Manual for Unit Franchises (“Franchise Operations Manual” or “Manual”).

Market and Competition. The market for Gold Medal franchises and Gold Medal products is primarily individuals seeking swim instruction. If you open a Unit Franchise, your competition will include other companies or concepts (franchised and non-franchised operating locally, regionally, and nationally), offering or selling similar products and services. A Gold Medal Unit Franchise can be located at a pool location that we approve.

Laws and Regulations. There are no specific federal laws relating to the operation of your Franchise. However, there may be laws and regulations in your state or county that may apply to your operation of the Franchise, including but not limited to licensing, environmental protection or product usage or disposal requirements. In addition to laws and regulations that apply to businesses generally, the Franchise may be subject to other federal, state and local occupational safety and health regulations including but not limited to the Clean Air Act, Equal Employment Opportunity, Americans with Disabilities Act, lifesaving, CPR, and rules and regulations related to protections for children. Some jurisdictions may choose to regulate vigorously these and other laws that may adversely affect your ability to obtain the proper permits and licenses needed in order to open a Franchise. Prior to signing a Franchise Agreement, we strongly recommend that you make sure that you will be able to obtain all necessary permits and licenses in order to operate the Franchise in your Territory. We will not accept any liability or responsibility, nor will we refund any fees paid by you to us, if you realize after the signature of the Franchise Agreement that you are unable to open your Franchise for business because of your failure to comply with local, state or federal laws and regulations.

Prior Business Experience. The Company started to offer Gold Medal Unit Franchises at the end of 2018. The Company has not offered franchises in other lines of business.

Item 2

BUSINESS EXPERIENCE

Mike Walker – Owner, Manager

<u>Date</u>	<u>Location</u>	<u>Title</u>
Apr. 2018 – Present	Gold Medal Swim School Franchises, LLC 6909 W. Ray Rd. #27 Chandler, AZ 85226	Owner, Manager
Aug. 2006 – Present	Gold Medal Swim School, Inc. 6909 W. Ray Rd. #27 Chandler, AZ 85226	Owner, President
May 2000 – Mar. 2008	University of Texas Athletics 405 De Loss Dodds Way Austin, TX 78712	Women’s Head Swimming Coach

Rebekah Ross – Vice President, Training Coordinator

<u>Date</u>	<u>Location</u>	<u>Title</u>
Apr. 2018 – Present	Gold Medal Swim School Franchises, LLC 6909 W. Ray Rd. #27 Chandler, AZ 85226	Vice President, Training Coordinator
May 2008 – Present	Gold Medal Swim School, Inc. 6909 W. Ray Rd. #27 Chandler, AZ 85226	General Manager
Mar. 2004 – May 2007	Mike Troy’s Gold Medal Swim School 500 N. 56 th Street, Suite 7 Chandler, AZ 85226	Manager, Instructor

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

Gold Medal Unit Franchises

You must pay to us an initial franchise fee after signing your Franchise Agreement. The initial franchise fee for a Unit Franchise is \$30,000 (“Initial Franchise Fee”) for the first Unit Franchise and \$15,000 for each additional Unit Franchise you purchase if you purchase multiple Unit Franchises at the same time. You must pay your Initial Franchise Fee for all franchises being purchased in a lump sum upon signing the Franchise Agreement (if you purchase multiple franchises, you will sign the Franchise Agreements for all of the franchises at the same time). The Initial Franchise Fee is nonrefundable and is uniform to all Franchise Owners. However, we reserve the right to offer Unit Franchises at a reduced franchise fee to large groups that become associated with Gold Medal as part of an existing non-Gold Medal franchise system, or to existing Gold Medal employees who desire to own a Franchise. If you are required to purchase your opening inventory and supplies from us or our affiliate, you will be required to pay us between \$7,500 and \$20,000 for the inventory and supplies in addition to the Initial Franchise Fee.

Item 6

OTHER FEES

Gold Medal Unit Franchises

<u>Fee (1), (2), (3)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty Fee	6% of monthly Gross Revenues	Due on the 10 th day of the month following the month when the revenues are collected	Based on Gross Revenues (4) during the previous month.
Advertising Fund	Varies up to a maximum of 2% of your monthly Gross Revenues as required by Franchisor	As required by the franchisor	We may establish an advertising fund for the benefit of the franchise system.
Local or Regional Advertising	1% of your monthly Gross Revenues	As required by the franchisor	You are required to spend 1% of your monthly Gross Revenues on local advertising. We or the Area Representative over your territory may establish an advertising cooperative for the benefit of the Unit Franchises in your area. If we establish an advertising cooperative, you will be required to pay your local advertising contribution to the cooperative.
Interest	Lesser of 18% per annum, or the highest commercial contract interest rate permitted by law	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of Royalty Fees, amounts due for product purchases, or any other amounts due to or our affiliates.
Audit Expenses	Cost of audit and inspection, plus interest and any reasonable accounting and legal expenses	On demand	Payable if Gross Revenues are understated by 2% or more, or you fail to submit required reports.

<u>Fee (1), (2), (3)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Late Fee	\$50 per day	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of Royalty Fees, Advertising Fees, amounts due for product purchases, or any other amounts due us or our affiliates.
Non-Sufficient Funds Fee	\$30 per occurrence	As incurred	Payable for any of your payments by check that are not honored by the bank upon which they are drawn.
Unauthorized Product Usage Fee	\$100 per day per product or service	As incurred	Payable if you use, sell or distribute unauthorized products or services, and do not cease the use, sale or distribution of unauthorized products or services, within 15 days after written notice is given to you, to cover the cost of damages incurred by us.
Accounting Fee	\$100	As incurred	Payable for each occurrence if it is determined that software reports from you are inaccurate.
Additional Training Fee (5)	Actual costs incurred by us for the training	On demand	Payable for each person who attends any mandatory or optional additional training program.
Insurance	Amount of unpaid premiums and related costs	On demand	Payable if you fail to maintain required insurance coverage and we obtain coverage for you.
Replacement of Operations Manual	\$500 per manual	As incurred	Payable if your copy of the Operations Manual is lost, destroyed, or significantly damaged.
Management Fee	Up to 10% of Gross Revenues, plus costs and expenses	As incurred	Payable if we manage the franchise after you materially breach the Franchise Agreement, or we choose to purchase the franchise upon the expiration or termination of the Franchise Agreement.
Renewal Fee	50% of the then-current initial franchise fee	Upon renewal	Payable upon renewal of the Franchise Agreement.

<u>Fee (1), (2), (3)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Transfer Fee	\$30,000	Before transfer completed	Applies to any transfer of the Franchise Agreement, the franchise, or a controlling interest in the franchise.
Legal Costs and Attorneys' Fees	All legal costs and attorneys' fees incurred by us	As incurred	Payable if we must enforce the Franchise Agreement, or defend our actions related to, or against your breach of, the Franchise Agreement.
Indemnification	All amounts (including attorneys' fees) incurred by us or otherwise required to be paid	As incurred	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership and operation of your franchise.
Relocation Fee	\$2,500	Upon Relocation	Payable to us if you change the location of your franchise, to cover the administrative costs we will incur to update all our information to reflect your new address.
De-Identification	All amounts incurred by us	As incurred	Payable if we de-identify the franchise upon its termination, relocation, or expiration.
Termination Fee (6)	One-half of the then-current initial franchise fee, plus our attorney fees and costs	On demand	If you or we terminate your franchise before your franchise term expires.
Fee for Operating the Franchise After Termination	\$25,000, plus all costs and attorneys' fees incurred by us	As incurred	Payable if you continue to operate the Franchise after termination of the Agreement. The amount is a reasonable estimation of the damages that would occur from such a breach.
Evaluation Fee	Actual costs incurred	As incurred	Payable if you request that we approve additional suppliers and we incur costs to evaluate and inspect the proposed supplier's products and facilities to ensure that they meet our high standards; not to exceed the reasonable cost of the inspection and the actual cost of the test.

Explanatory Notes:

- (1) The above table and accompanying notes describe the nature and amount of all other payments that you must pay to us or any affiliates we may have, or that we or our affiliates collect on behalf of third parties, on a recurring basis, whether on a regular periodic basis or as infrequent anticipated expenses, in carrying on your Unit Franchise.
- (2) Except for some groups that become associated with Gold Medal as part of an existing non-Gold Medal franchise or dealership system (see Item 5), all fees are uniform, and are imposed by, collected by, and payable to us or our affiliates. All fees are non-refundable.
- (3) You must pay all amounts due by automatic debit. You will be required to execute an ACH Authorization Form permitting us to electronically debit your designated bank account for payment of all fees payable to us as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must ensure that there are sufficient funds available in your account for withdrawal before each due date.

If you do not report your Unit Franchise's Gross Revenues for any month, then we may debit your account for 120% of the Royalty Fee amounts that we debited during the previous month. If the Royalty Fee amounts we debit are less than the Royalty Fee amounts you actually owe us (once we determine the franchise's actual gross revenues for the month), then we will debit your account for the balance on the day we specify. If the Royalty Fee amount we debit is greater than the Royalty Fee amount you actually owe us, then we will credit the excess amount, without interest, against the amount we otherwise would debit from your account during the following reporting period.

- (4) The term "Gross Revenues," as defined further in the Franchise Operations Manual, means the amount of all receipts for the sale of any products or services at Gold Medal Unit Franchises and income of every other kind and nature related to the Franchise, whether for products or services, cash, exchange, or credit, regardless of collection in a case of credit, less any refunds; provided, however, that "Gross Revenues" shall not include any sales taxes or other taxes collected by Franchise Owner for transmittal to the appropriate taxing authorities.
- (5) If we determine that the Franchisee, Managers (if any) or employees need additional training, we will charge you for the actual costs of the materials used for the training in addition to the actual compensation for the person(s) providing the training.
- (6) You must pay the termination fee, plus any costs and attorneys' fees incurred by us, if you improperly attempt to terminate or close your franchise before your term expires, or we terminate your Franchise Agreement for any reason set forth in the Franchise Agreement. We may also recover from you any damages suffered by us (e.g., lost future revenues) resulting from your improper or wrongful termination of the franchise. Termination fees may be unenforceable in certain states. See Item 17 and state-specific addenda for additional information.

Item 7

ESTIMATED INITIAL INVESTMENT

Gold Medal Unit Franchise

ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT					
Expenditures	Amount		When Due	Method of Payment	To Whom Paid
	Low	High			
Initial Franchise Fee (1)	\$30,000 for the first Gold Medal Unit Franchise (\$15,000 for each additional Gold Medal Unit Franchise)	\$30,000 for the first Gold Medal Unit Franchise (\$15,000 for each additional Gold Medal Unit Franchise)	Upon execution of Franchise Agreement	Lump sum	Franchisor
Travel, Lodging, Meals, Etc. for Initial Training (2)	\$3,000	\$18,000	As incurred	As agreed	Third party
Real Estate/Rent	\$0	\$45,000	As incurred	As agreed	Third party
Pool Design, Leasehold Improvement	\$400,000	\$800,000	Before franchise opens for business	As agreed	Third party
Grand Opening Marketing (3)	\$10,000	\$15,000	As incurred	As agreed	Third party
Insurance (4)	\$2,000	\$8,000	As incurred	As agreed	Third party
Furniture and Equipment (5)	\$35,000	\$50,000	Before franchise opens for business	As agreed	Third party
Opening Inventory and Supplies (6)	\$7,500	\$20,000	Before franchise opens for business.	Lump sum	Third parties, franchisor or affiliates
Professional Fees (7)	\$4,000	\$25,000	As incurred	As agreed	Attorneys, accountants, and other professionals
Licenses and Permits	\$2,500	\$10,000	As incurred	As agreed	Third parties or government entities

ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT					
Expenditures	Amount		When Due	Method of Payment	To Whom Paid
	Low	High			
Computer Equipment, Software, Telephone and Internet Services (8)	\$3,500	\$10,000	As incurred..	As agreed	Franchisor, affiliate or third parties
Signage (9)	\$5,000	\$20,000	Before franchise opens for business	As agreed	Third party
Additional Funds – (First 3 months) (10)	\$50,000	\$125,000	As incurred	As agreed	Third party, or affiliates
TOTAL ESTIMATED INITIAL INVESTMENT (11)	\$552,500	\$1,146,000			

Explanatory Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your franchise. Our estimates are based on our experience (see Items 1 and 2), and our current requirements for Franchises. The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your franchise may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All payments made to us or our affiliates are non-refundable. We or our affiliates do not offer financing to our franchisees.

- (1) See Item 5 for additional information about your Initial Franchise Fee. We may offer Unit Franchises at a reduced franchise fee to groups that become associated with Gold Medal as part of an existing non-Gold Medal franchise system, or to existing Gold Medal employees who desire to own a Franchise. The Initial Franchise Fee is non-refundable.
- (2) We estimate that your travel and lodging expenses for initial training (“Initial Training”) will range from \$3,000 to \$18,000 depending on the location of the Initial Training. While the Company does not charge any fees for Initial Training for the Franchise Owner and up to four other staff members, the Franchise Owner is required to pay for transportation to and from our training site and pay for living arrangements and food during the time of training for Franchise Owner and any of the Franchise’s employees who attend the training. The Company estimates costs of \$200 per day, per person, for lodging, food and other miscellaneous expenses, plus travel expenses to and from each attendee’s personal residence. If the training occurs in the Territory of your Unit Franchise, this

amount may be \$0. This amount does not include any wages or salary for you or your employees during training.

- (3) We require you to spend \$10,000 to \$15,000 in advertising during the first three (3) months of operating your Unit Franchise, including advertising expenses for the grand opening of your Franchise.
- (4) You must obtain and maintain, at your own expense, insurance coverage for the buildings and vehicles you use or operate in connection with your franchise. Insurance costs depend on a variety of factors. Annual premiums are typically paid to the insurer immediately, with refunds being issued if you cancel the insurance. The cost of your premiums will depend on coverage amounts, the insurance carrier's charges, terms of payment, and your insurance and payment history. We will advise you of, and you may use our Preferred Carrier. Our insurance requirements are contained in our Franchise Operations Manual.
- (5) You will need to furnish your Unit Franchise with equipment that we require you to purchase as prescribed in the Franchise Operations Manual. This equipment will include a secondary sanitation system to ensure the water quality at your location meets our standards and video cameras we require you to purchase for your location.
- (6) You are required to purchase an opening inventory of products from us, our affiliates or other third-party providers we designate at the time you sign your Franchise Agreement.
- (7) You may incur legal fees, accounting fees and other professional fees in order to incorporate your business, perform all necessary tax filings and to set up a small business including a general ledger, tax reports, payroll deposits, etc.
- (8) We estimate that your initial investment for your computer equipment, software, and credit card machine will be between \$3,500 and \$10,000 depending on whether you decide to purchase additional computer equipment and the type of computer equipment and software you purchase. See Franchise Operations Manual and Item 11 for more details about computer systems and software. This figure includes an annual software fee of \$2,000 paid directly to the software licensor. This figure does not include the monthly costs to maintain an internet connection.
- (9) We estimate that the cost for signage will range from \$5,000 to \$20,000 depending on the amount of printed material you require. This includes business cards and other pamphlets and marketing materials.
- (10) The estimate of additional funds is based on an owner-operated business and does not include any allowance for an owner's draw. The estimate is for a period of three months. The Company estimates that, in general, you may expect to put additional cash into the business to cover working capital needs during at least the first three (3) months, and sometimes longer, but the Company cannot estimate or promise when or whether you will achieve a positive cash flow or profits.
- (11) We have relied on our experience in this industry in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase this franchise opportunity.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Lease and Purchase Specifications and Requirements

You must lease or purchase your Unit Franchise, leasehold improvements, computer and office equipment (including computer hardware and software), fixtures, furnishings and decor, signage, insurance, inventory, advertising and marketing materials, and certain supplies under our specifications set forth in our Manual. These specifications include standards for appearance, delivery, performance, quality control, and/or design.

You must lease or purchase your leasehold improvements, furnishings, inventory, and certain supplies and products only from suppliers approved by us, if any. Our Manual lists our approved suppliers. There may be items for which we or our affiliates are approved suppliers (see below).

Issuance and Modification of our Specifications

Our Manual sets forth our specifications, standards, and guidelines for all real estate, goods, and services that we require you to obtain in establishing and operating your franchise, and additional guidelines and requirements for operating your franchise. We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Manual, or other written materials. We will issue written copies of our standards and specifications to you and our approved and proposed suppliers, unless these standards and specifications contain our confidential information.

Approved Products, Distributors and Suppliers

We have developed standards and specifications for the equipment, materials, goods and services used to operate your Gold Medal Franchise. We have approved, and will continue to periodically approve, specifications and/or suppliers and distributors of the above items and products, which may include us or any affiliates we may have, that meet our standards and requirements. We, nor any of our affiliates, is currently the only approved supplier for any specific product or service. These specifications include standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations. Currently, these specifications are not available to Franchisees.

We may approve a single distributor or other suppliers (collectively, “supplier”) for any product, and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Gold Medal Franchises operated by us. Our approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and other similar criteria, and may be temporary, pending our continued evaluation of the supplier.

In 2022, our total revenues were \$0.00. Of that amount, \$0.00, or 0.0% of our total revenues, was derived from required purchases. Our affiliates’ total revenue from required purchases in 2022 was \$0.00.

If you would like to purchase or lease any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier (or the proposed supplier may submit its own request). We may inspect the proposed supplier’s facilities, and require that product samples from the proposed supplier be delivered for testing either directly to us or any independent certified laboratory that we designate. We also may require you (or the proposed supplier requesting the evaluation) to pay us an evaluation fee to make the evaluation (not to exceed the reasonable cost of the inspection and actual cost of the test). We will approve or disapprove your proposed supplier within sixty (60) days of receiving all of

the information that we require for the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria. We will notify you in writing immediately when our approval of a supplier is revoked. Upon receipt of our notice of revocation, you will immediately stop using the services or products of the revoked supplier. We will not reimburse you for any remaining products or services purchased from the revoked supplier that you were unable to use as a result of our revocation of the supplier's approval.

We may negotiate price terms and other purchase arrangements with suppliers for some items that we require you to lease or purchase in developing and operating your Gold Medal Franchise. There currently are no purchasing and distribution cooperatives.

We estimate that the proportion of the required purchases and leases by a Gold Medal Unit Franchise to all purchases and leases by a Gold Medal Unit Franchise of goods and services in (1) establishing the Franchise is approximately between zero percent (0%) and ten percent (10%) and in (2) operating the Franchise is approximately between zero percent (0%) and ten percent (10%).

Company, Affiliates, and Area Representatives as Approved Suppliers

We may designate ourselves or our affiliates as approved suppliers, or the only approved suppliers, from which you may or must lease or purchase certain products or services in developing and operating your Gold Medal franchise. We or our affiliates may derive revenue from these sales, and may sell these items at prices exceeding our or their costs in order to make a profit on the sale. Products for use in the operation of the Unit Franchise may include a mark-up of up to fifty percent (50%). Products for resale by the franchisee may include a mark-up of up to one-hundred and fifty percent (150%).

We reserve the right to become in the future, an approved supplier for other categories of products and supplies offered or used by your Gold Medal Franchise, including any additional proprietary software that we develop and require you to use in operating your franchise. We expect that at least some of these arrangements will generally allow us to obtain discounts off standard pricing, and pass at least a portion of the savings on to you. To date, we or our affiliates have made no sales of products or services to Gold Medal franchisees, and have received no revenues from any sales. We reserve the right in the future, to designate other affiliates as approved suppliers, or the only suppliers, from whom you may purchase or lease certain categories of products, services, and equipment. No franchisor officer owns an interest in any supplier.

The list of approved products and services and of their designated suppliers is included in our Manual.

Effects of Compliance and Noncompliance

You must comply with our requirements to purchase or lease real estate, goods, and services according to our specifications and/or from approved suppliers to be eligible to renew your franchise. Failure to comply with these requirements will render you ineligible for renewal, and may be a default allowing us to terminate your franchise. We do not provide any other benefits to you because of your use of designated or approved services and products, or suppliers.

Insurance Specifications.

Before you open your Gold Medal Franchise, you must obtain certain minimum insurance coverage, naming the Company as an additional insured. Such insurance policies and minimum limits may include, but are not limited to: (1) comprehensive public, professional, product and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Unit Franchise or otherwise in conjunction with your conduct of the Franchise pursuant to this Agreement, under one or more policies of insurance containing minimum

liability coverage amounts as required by law, with limits equal to or in excess of those required by statute; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Unit Franchise and its contents, and any other assets of the Unit Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than six (6) months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than \$1,000,000/\$3,000,000 or such other amounts that we may establish. We may increase these limits or have new types of coverage added at any time after giving you notice. You must maintain this insurance coverage, as required by your Franchise Agreement, from a responsible carrier.

Advertising Specifications

You must obtain our approval before you use any advertising and promotional materials, signs, forms and stationary unless we have prepared or approved them during the twelve (12) months prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from approved vendors only. Further, you must not engage in any advertising of your Franchise unless we have previously approved the medium, content and method.

Computer Equipment and Software

You may be required to purchase your computer hardware and software ("Computer System") from our approved vendor as provided for in the Manual. You are also required to purchase or lease a credit card machine. Under your Franchise Agreement, we may in the future establish sales reporting systems as we consider appropriate for the accurate and expeditious reporting of Gross Revenues, and you must fully cooperate with us in implementing any such system at each Unit Franchise and at your expense, equip the offices with such sales recording devices as we may require, which may include sales recording cash registers, credit card machines or devices or similar services provided online which will telecommunicate Gross Revenues to us on a daily basis.

We may require additional items to be purchased by the Franchise Owner from certain manufacturers or suppliers in the future. We will notify you of such requirements by sending to you such changes by modifying the Manual or sending to you other written forms of communication and you agree to change or upgrade your computer equipment and software as required by us. You will also be required to pay the monthly cost of maintaining high speed internet access at your site.

Item 9

FRANCHISEE'S OBLIGATION

Gold Medal Unit Franchises

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

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Sections 2.3 and 3.1	Items 7 and 11
b. Pre-opening purchases/leases	Sections 3.1, 3.2, 3.4 and 3.5	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 3.2, 3.3, 3.4 and 3.5	Items 7, 8 and 11
d. Initial and ongoing training	Sections 4.2 and 5.1	Items 7 and 11
e. Opening	Sections 3.1 and 3.6	Items 7 and 11
f. Fees	Sections 2.4, 3.4, 3.6, 4.2, 5.1, 5.2, 6, 8.3, 10.2, 10.3, 10.7, 11.1, 11.3, 12, 13.2, 14.5, 15, 16.1, 16.5 and 16.7, 17.8, and 17.9	Items 5, 6, 7, 8 and 11
g. Compliance with standards and policies/operating manual	Sections 2.4, 3.3, 3.4, 3.5, 5.2, 5.3 and 10	Items 11, 14, 15 and 16
h. Trademarks and proprietary information	Sections 7 and 9	Items 13 and 14
i. Restrictions on products/services offered	Section 10.2	Items 8 and 16
j. Warranty and customer service requirements	Section 10.6	Not Applicable
k. Territorial development and sales quotas	Section 3	Item 12
l. On-going product/service purchases	Section 3.3, 5.1, 10.2, 10.3, 10.8, 10.9 and 11	Items 8 and 11

Obligation	Section in Franchise Agreement	Item in Disclosure Document
m. Maintenance, appearance, and remodeling requirements	Sections 10.1 and 10.5	Item 11
n. Insurance	Section 10.8	Items 6, 7 and 8
o. Advertising	Section 11	Items 6, 7, 8 and 11
p. Indemnification	Section 8.3	Items 6, 11 and 13
q. Owner's participation/ management and staffing	Sections 4.1 and 10.7	Items 11 and 15
r. Records/reports	Sections 12, 13.2	Item 6
s. Inspections/audits	Section 13	Items 6 and 11
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 2.4	Items 6 and 17
v. Post-termination obligations	Sections 9.2, 9.3 and 16	Item 17
w. Non-competition covenants	Sections 9.3, 14.5, 16 and 17.1	Item 17
x. Dispute resolution	Sections 17.8, 17.9, 17.10 and 17.11	Item 17
y. Other	Not Applicable	Not Applicable

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, the Company need not provide any assistance to you.

Gold Medal Unit Franchises

Pre-Opening Obligations:

Before you open your Unit Franchise for business, we or our designee will:

1. Designate your Territory (Franchise Agreement – Section 2.3). See Item 12 for additional information about your Territory.

2. Identify the products, materials, supplies, and services you must use to develop and operate your Unit Franchise, the minimum standards and specifications that you must satisfy in developing and operating the Unit Franchise, and the designated and approved suppliers from whom you must or may buy or lease these items (which might be limited to or include us and/or our affiliates) (Franchise Agreement – Sections 10.2-10.3).

3. Lend to you one (1) copy of our Franchise Operations Manual, which contains our mandatory and suggested specifications, standards and procedures for operating your Unit Franchise (Franchise Agreement – Sections 5.1-5.2). Exhibit C to this Disclosure Document sets forth the Table of Contents for our Franchise Operations Manual. The total number of pages of the Manual is 1,723. Following is a list of all the modules included in the Manual with the number of pages for each module. Gold Medal Swim School Core Values and Company Mission (60 pages); Business Plans for Financial Institutions and Investors (2 pages); Point of Sale Software Training – Links (150 pages); Business Accounting Systems and Setup Procedures (25 pages); Gold Medal Swim School Company Structure and Franchise Support System (135 pages); Gold Medal Swim School Brand Management (6 pages); Gold Medal Swim School Marketing and Advertising (2 pages); Gold Medal Swim School Customer Service and Sales (150 pages); Gold Medal Swim School Key Performance Indicators: Management by Numbers, Sales Tracking and Operations Weekly Report (14 pages); Gold Medal Swim School Construction Plans, Management Systems and Daily Controls (45 pages); Gold Medal Swim School - Daily Operations (50 pages); Gold Medal Swim School – Facility Operating Systems (56 pages); Gold Medal Swim School Management Strategy – Building your Team for Success (10 pages); Human Resources and Risk Management (10 pages); Gold Medal Swim School Instructor Training Manual (1,000 pages); Retail Inventory Reference and Ordering Systems (8 pages). The Franchise Operations Manual may be composed of or include audiotapes, videotapes, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Franchise Operations Manual available to you through various means, including the Internet. The Franchise Operations Manual contains our System Standards and information about your other obligations under the Franchise Agreement. We may modify the Franchise Operations Manual periodically to reflect changes in System Standards. You must keep your copy of the Franchise Operations Manual current, and in a secure location at your Unit Franchise. If you and we have a dispute over the contents of the Franchise Operations Manual, then our master copy of the Franchise Operations Manual will control. The Franchise Operations Manual is confidential, and you may not copy, duplicate, record or otherwise reproduce any part of it. If your copy of the Franchise Operations Manual is lost, destroyed or significantly damaged, then you must obtain a replacement copy at our then-applicable charge. You may view our Franchise Operations Manual at our corporate headquarters before purchasing your Unit Franchise, but must first sign a nondisclosure agreement promising not to reveal any of the

information contained in the Franchise Operations Manual without our permission. See Exhibit C for additional information about our Franchise Operations Manual.

4. We or our designee will review and approve or disapprove your proposed Unit Franchise site (Franchise Agreement – Section 3.1). Our approval of your Unit Franchise site is not a guarantee of success. Prior to the opening of a Unit Franchise, we will provide the Franchisee with our Initial Training and opening assistance for Unit Franchises pursuant to the terms of the Franchise Agreement.

5. Provide you with specifications for the computer system for your Unit Franchise (Franchise Agreement – Section 3.4). See below for additional information about these specifications.

6. Provide you with guidance and assistance in the following areas: (a) the products and services authorized for sale by the Unit Franchise and specifications, standards and operating procedures used by Gold Medal Unit Franchises; (b) purchasing approved equipment, furniture, furnishings, signs, products, operating materials, and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and general operating and management procedures; (e) establishing and conducting employee training programs at the Unit Franchise; (f) notifying you of changes in any of the above that occur from time to time; and (g) specifying any approved and/or required brands, types and/or models of equipment, furniture, fixtures, and signs, including signs advertising Gold Medal franchise opportunities that you will be required to post at your location (Franchise Agreement – Section 5.1).

7. Before your Unit Franchise opens for business, provide to you, other members of your management team, and/or any agents you employ our Initial Training for Gold Medal Unit Franchises. You (if you are an individual) or at least one of your Principal Owners as defined in your Franchise Agreement (if you are a legal entity), your general manager (if we agree for you to have a general manager), and other members of your management team whom we designate must complete the Initial Training to our satisfaction. The Initial Training includes classroom and on-the-job training in Chandler, Arizona or any other location we designate. There will be no tuition charge for the Initial Training program for you (if you are an individual) or your Principal Owner (if you are a legal entity) and up to four other staff members. Tuition of \$500 will be charged for each additional attendee. In addition to any applicable tuition charge (if any), you must pay any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by, all of your personnel who attend the training programs. All persons who attend the Initial Training must complete it to our satisfaction. If we, in our sole discretion, determine that the Franchise Owner cannot complete the Initial Training to our satisfaction, we may, at our option, either (1) require the Franchise Owner to attend additional training at the Unit Franchisee's expense (for which we may charge reasonable fees), or (2) terminate this Agreement. If we, in our sole discretion, determine that any general manager or employee whom we require to attend any Initial Training is unable to satisfactorily complete such program, then you must not hire that person, and must hire a substitute general manager or employee (as the case may be), who must enroll in the Initial Training within fifteen (15) days thereafter, and complete the Initial Training to our satisfaction.

Our Initial Training currently includes the following:

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Company History	4 hours	0 hours	Chandler, Arizona, or other designated location
General Knowledge and Information	4 hours	0 hours	Chandler, Arizona, or other designated location
Sales and Customer Service	8 hours	0 hours	Chandler, Arizona, or other designated location
Advertising and Marketing	8 hours	0 hours	Chandler, Arizona, or other designated location
Point-of-Sale (POS) and Software Training	6 hours	6 hours	Chandler, Arizona, or other designated location
Bookkeeping and Organization	6 hours	4 hours	Chandler, Arizona, or other designated location
Deck Training and Shadowing	4 hours	8 hours	Chandler, Arizona, or other designated location
Instructor Training and Shadowing	8 hours	8 hours	Chandler, Arizona, or other designated location
Management	4 hours	4 hours	Chandler, Arizona, or other designated location
Wrap Up & Questions	4 hours	4 hours	Chandler, Arizona, or other designated location
Total Hours	56 hours	34 hours	

Explanatory Notes:

- Most of these subjects are integrated throughout the two-week training program (comprised of 56 hours of classroom training and 34 hours of on-the-job training). We plan to be flexible in scheduling training. There currently are no fixed (i.e., monthly or bi-monthly) training schedules.
- Future training may be accomplished by the Company online, with the use of videos and online streaming. We may charge a reasonable fee for this online training.
- Although the individuals instructing the training program may vary, our instructors will include some of the persons listed in Item 2, other Company representatives, the persons listed below or any other persons with experience in the subject matters included in the training. The instructors providing the training will have at least five (5) years of experience in the subject matter they teach.
 - Mike Walker - Mike has over 17 years of experience in the type of business operated by Gold Medal's Franchises.
 - Rebekah Ross - Rebekah has more than 15 years of experience in the type of business operated by Gold Medal's Franchises.
 - Nancy Joyce – Nancy has over 16 years of experience in the type of business operated by Gold Medal's Franchises.

- Amy Augée – Amy has over 14 years of experience in the type of business operated by Gold Medal's Franchises.

- Currently, the Company plans to require yearly additional training at its headquarters for up to five individuals per franchisee for no additional fee. However, the Company reserves the right to charge an additional fee for any additional training. The Company also may offer additional or refresher training courses from time to time, including video and online training. Some of these courses may be mandatory, and some may be optional. These courses may be conducted at the Company's headquarters or at any other locations selected by the Company.
- You and/or your employees will be responsible for all out-of-pocket expenses in connection with all training programs, including costs and expenses of transportation, lodging, meals, wages and employee benefits. The Company reserves the right to impose reasonable charges for training classes and materials in connection with such training courses. The Company will notify you of any additional charges before you or your employees enroll in a course.
- All classes are scheduled by advance written notice to all Franchise Owners. The Company's class cancellation policies will be included in the written notice of class schedules.
- The instruction materials for our training programs include handouts, online material, the Franchise Operations Manual, and lectures.

Opening and Post-Opening Assistance:

After your Unit Franchise opens for business, we or our designee will:

1. Continue to provide you with guidance and assistance in the following areas: (a) the products and services authorized for sale by the Unit Franchise, the minimum, maximum, and suggested prices at which such products and services should be offered, and specifications, standards, and operating procedures used by Gold Medal Unit Franchises; (b) purchasing approved equipment, furniture, furnishings, signs, products, operating materials, and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and general operating and management procedures; (e) establishing and conducting employee training programs at the Unit Franchise; (f) notifying you of changes in any of the above that occur from time to time; and (g) specifying any approved and/or required brands, types and/or models of equipment, furniture, fixtures, and signs, including signs advertising Gold Medal franchise opportunities that you will be required to post at your location (Franchise Agreement – Section 5.1).

2. Continue lending to you a copy of our Franchise Operations Manual (Franchise Agreement – Sections 5.1-5.2).

3. Allow you to use our Marks and confidential information in operating your Unit Franchise (Franchise Agreement – Sections 7 and 9). You must use the Marks and confidential information only as authorized in the Franchise Agreement and Franchise Operations Manual.

4. Indemnify you against damages for which you are held liable in any proceeding arising out of your use of our Marks in compliance with the Franchise Agreement, and reimburse you for costs you incur in defending against any such claim (Franchise Agreement – Section 7.5).

5. Review and approve suppliers and distributors you would like to use (Franchise Agreement – Section 10.3).

6. As we deem appropriate, provide you with additional, ongoing, and supplemental training programs (Franchise Agreement – Section 4.2). We may hold mandatory and optional training programs for you and your staff regarding new techniques, services or products, and other appropriate subjects. We may decide to hold these training programs at our own initiative, or in response to your request for additional or special training. We will determine the location, frequency, and instructors of these training programs. We may charge you a daily attendance fee to cover our costs of training for each owner, officer, director, manager, or employee of yours who attends any mandatory or optional training program. You must pay this fee to us in a lump sum before the training program begins. You must pay for all travel, lodging, meal, and personal expenses related to your attendance and the attendance of your personnel. At this time, we do not know the number of training sessions or the amount of time our training program will require annually.

7. Review and approve or disapprove your advertising, marketing, and promotional materials (Franchise Agreement – Section 11.2).

8. As we deem advisable, conduct assessments, inspections and/or audits of your Unit Franchise, including evaluations of its training methods, techniques, and equipment; its staff; and the services rendered to its customers (Franchise Agreement – Section 13.1). We may provide you with additional guidance and training based on the results of these inspections and/or audits.

9. If we establish an Ad Fund that includes your Territory, provide you with marketing materials and services paid for by the Fund (Franchise Agreement – Section 11.1). We may create a fund to support and pay for marketing programs we deem necessary, desirable, or appropriate to promote the services and products offered by you and other Gold Medal Unit Franchises.

10. If we establish a local or regional advertising cooperative that covers all or any part of your Territory, approve or disapprove any advertising, marketing, or promotional materials created by the cooperative (Franchise Agreement – Section 11.3). We may create cooperatives to support the advertising and marketing needs of their respective members.

Advertising and Marketing

Advertising by You

You may develop, at your cost, advertising and promotional materials for your use by your Gold Medal Unit Franchise, but may not use them until after we have approved them in writing. You must submit to us for our approval samples of all advertising and promotional materials not prepared or previously approved by us that you wish to use. We will not unreasonably withhold our approval. If you do not receive our written disapproval within fifteen (15) days from the date we receive the materials, the materials will be deemed to have been approved. Any materials submitted to us for approval will become our intellectual property.

You are required to spend 1% of your monthly Gross Revenues on local advertising. If we decide to establish an advertising cooperative, then you are also required to join and participate in the Gold Medal Advertising Cooperative (“Co-op”), which is an association of all other Franchise Owners whose franchises are located within your Area of Dominant Influence (“ADI”). An ADI is a geographic market designation that defines a broadcast media market, consisting of all counties in which the home market stations receive a preponderance of viewing. One function of the Co-op is to establish a local advertising pool, whose funds must be used for Unit Franchise advertising only and for the mutual benefit of each Co-op member. When/if the Co-op is established, each Franchise within the ADI of the Co-op must contribute to the pool as determined by the members of the Co-op, up to a maximum of one percent (1%) of the Franchise’s Gross Revenue. Amounts contributed to the advertising pool by a Franchise Owner may be considered as spent for local advertising, and therefore toward the minimum local advertising requirement.

Advertising by Us

We may create separate advertising funds (“Ad Fund(s)”) for our Unit Franchises to accomplish those advertising and promotional programs we deem necessary or appropriate for each type of franchise. We may increase or decrease your contribution to the Ad Funds upon thirty (30) days written notice to you. However, your contribution to the Ad Funds cannot exceed 2% of your monthly Gross Revenue. This amount is in addition to your monthly local advertising requirement or contribution to the Co-op. Any Unit Franchise owned by us must contribute to any Ad Fund or Ad Co-op on the same basis as you. As of the end of 2022, we did not operate any Ad Fund, and therefore there were no amounts collected or spent by the Ad Fund.

We will direct all marketing programs financed by any Ad Funds, and will have sole discretion over the creative concepts, materials and endorsements used by the Ad Funds, and the geographic, market, and media placement and allocation of the Ad Funds. An Ad Fund may be used to pay the costs of administering regional and multi-regional advertising programs, including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. We will not use Ad Fund contributions for advertising that is principally a solicitation for the sale of franchises.

An Ad Fund will be accounted for separately from our other funds, and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead that we incur in activities reasonably related to the administration of the Ad Fund and its marketing programs, including preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Ad Fund in that year, and the Ad Fund may borrow from us or other lenders to cover the Ad Fund’s deficits, or invest any surplus for future use by the Ad Fund. We will prepare an annual statement of monies collected and costs incurred by an Ad Fund, and you may obtain a copy of the Ad Fund’s most recent annual accounting by sending us a written request. At this time, we do not intend to have the Ad Fund audited but reserve the right to do so in the future.

We may cause an Ad Fund to be incorporated or operated through an entity separate from us when we deem appropriate, and the entity will have the same rights and duties as we do under the Franchise Agreement. If established, an Ad Fund will be intended to enhance recognition of the Marks. Although we will endeavor to use an Ad Fund to develop advertising and marketing materials and programs and place advertising that will benefit all Unit Franchises (as the case may be), we do not have to ensure that the Ad Fund’s expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by Unit Franchises in that geographic area, or that any Unit Franchise will benefit from the development of advertising and marketing materials or the placement of advertising by the Ad Fund directly or in proportion to the franchise’s contribution to the Ad Fund. We assume no direct or indirect liability or obligation to you or any other Unit Franchise (as the case may be) in connection with the establishment of an Ad Fund, or the collection, administration, or disbursement of monies paid into an Ad Fund.

We may suspend contributions to, and the operations of, an Ad Fund for any period we deem appropriate, and may terminate an Ad Fund upon thirty (30) days written notice to you. All unspent monies held by an Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other franchisees in proportion to each party’s respective contributions to the Ad Fund during the preceding twelve (12) month period. We may reinstate a terminated Ad Fund upon the same terms and conditions set forth in the Franchise Agreement upon thirty (30) days advance written notice to you.

The Company has the right to create Ad Funds and/or Advertising Co-ops and to decide how they will be run. The specific manner in which they will be organized and governed has yet to be determined. At this

time, there is no advertising council composed of franchisees that advises us on advertising policies, but franchisees may choose to form such an advertising council in the future.

Website

You may not operate a website separate from our website for your Franchise. We will set up a webpage for your Unit Franchise within a reasonable time after the signature of your Franchise Agreement. You agree that Franchisor has full control over the content of its website and the content of your webpage. You may customize your webpage with our consent. Additionally, you may use social media (as that term is defined in our Manual) only as outlined in our Manual.

Computer System

You must use the computer hardware and software and other electronic equipment, including the point of sale system, if applicable (collectively, “Computer System”) that we periodically designate to operate your Gold Medal Unit Franchise. You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may include or be limited to us and/or our affiliates). We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Computer System. We may change the booking software we require you to use, and you must comply with any requirements within sixty (60) days’ notice from us. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We may charge you a reasonable fee for (i) installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System-related maintenance and support services that we or our affiliates provide to you. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require.

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded.

Your Computer System must be capable of supporting our required software, with internet capability, and accessible by us remotely. You may also be required to purchase certain customer contact software and financial software, and to pay monthly charges associated with your Computer System. The specification regarding the required hardware and software for your Computer System is contained in the Manual. We reserve the right to have independent access to all information generated and stored in your Computer System at any time and reserve the right to access your Computer System without prior notice to you.

We estimate the cost of purchasing the Computer System including your point-of-sale system and related software will range from \$3,000 to \$8,000. We do not presently require you to purchase or lease computer hardware from the Company. However, you must purchase a Computer System which meets our requirements. Additionally, your point-of-sale (POS) system must also meet our requirements and be obtained through the vendor we specify. We estimate that the annual costs of any optional or required maintenance update, upgrading or support contract for your Computer System will range from \$2,000 to

\$2,500 including the annual software fee which is currently \$2,000. You will also be required to pay the monthly cost of maintaining high speed internet access at your site.

Periodic Inspections

You must operate your Gold Medal Unit Franchise in accordance with the Franchise Agreement and the Manual. We reserve the right to conduct or have a third party we designate conduct periodic assessments or inspections of your Franchise to ensure that you are in compliance with your Franchise Agreement as well as the Manual. You agree to cooperate with us or our designated third party for the assessment or inspection of your Franchise. We may terminate your Franchise Agreement if you do not operate your business in compliance with the Franchise Agreement or the Manual.

Site Selection

If you choose to operate your franchise from a commercial business location, you must select a proposed site for the premises of your Unit Franchise and obtain our approval of the proposed site no later than sixty (60) days after the Agreement Date. Factors used in determining if a site will be approved include, but are not limited to, location, neighboring businesses, traffic patterns, population demographics, and local zoning regulations. If you submit your proposed site to us and we do not specifically disapprove of it within twenty (20) days, your site is deemed to be approved. If the proposed site is specifically disapproved, you will have an additional sixty (60) days to submit new site proposal(s). Once the site is approved, you must then obtain lawful possession of the premises through lease or purchase within thirty (30) days of our approval of the location. Finally, you must open your Franchise no later than twelve (12) months after obtaining legal possession of a location approved by us. If no proposed site is approved by us within one hundred twenty (120) days after the Agreement Date, or if you do not open your franchise within twelve (12) months after obtaining legal possession of an approved location, we reserve the right to terminate the Franchise Agreement and the Initial Franchise Fee will be forfeited.

Time to Open

You must select a proposed site for the premises of your Unit Franchise and obtain our approval of the proposed site no later than ninety (90) days after the Agreement Date. You must then obtain lawful possession of the premises through lease or purchase within sixty (60) days of our approval of the location. Finally, you must open your Franchise no later than two-hundred and forty (240) days after obtaining legal possession of a location approved by us. We estimate that a Unit Franchise will typically open for business approximately eight (8) to twelve (12) months after signing the Franchise Agreement. Factors affecting this length of time include locating a site and signing a lease, obtaining business and construction permits, construction or remodeling of the site, completion of required training, financing arrangements, local ordinance and building code compliance, delivery and installation of equipment or supplies, and hiring and training of your staff.

Item 12

TERRITORY

Gold Medal Unit Franchises

Your Franchise Agreement grants you an exclusive territory composed of an area that we will determine using population and business density figures, number of residences, income and traffic patterns and possibly other criteria (the “Territory”) in which you will establish your franchise location. Your Territory will be designated in Exhibit 1 to your Franchise Agreement. You will be provided with the specific boundaries of the Territory (including description and/or map) before you sign your Franchise Agreement. You will be required to operate one (1) physical franchise location for a Gold Medal Unit Franchise that we need to approve within the Territory. Except as stated above, you may not open or operate any additional outlets inside your Territory without our prior written consent. You will have the right to solicit, sell, market and/or distribute Gold Medal Swim School products and services to individuals and businesses both inside and outside of the Territory without limitations (including in other Unit Franchise’s territories). Similarly, we, our affiliates or other Gold Medal Unit Franchises may solicit, sell, market and/or distribute Gold Medal products and services to individuals and businesses within or outside of your Territory without limitations. You may not open or operate any additional outlet within or outside of your Territory under this Franchise Agreement. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory. We reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales inside your Territory using our principal trademark. We will not be required to compensate you for soliciting or accepting orders inside your territory.

As long as you remain in compliance with your Franchise Agreement, we will not establish company-owned outlets or additional Gold Medal Unit Franchises owned by us, our affiliates, or other Gold Medal Unit Franchises in part or all of your Territory that market, solicit or service individuals or businesses in your Territory. The Company and its affiliates may operate Gold Medal Unit Franchises or grant franchises for Gold Medal Unit Franchises outside your Territory. There are no restrictions on us soliciting or accepting business from consumers inside your Territory, and we are not required to provide you with any compensation if we do so.

At this time, the Company does not have any plans to operate a competing franchise system offering similar goods and services.

You have no options or rights of first refusal to purchase additional franchises outside your territory but may apply to us for the right to operate additional Gold Medal Unit Franchises under separate agreements. You will need our prior written approval, which we may grant or withhold in our sole discretion, if you desire to relocate your Gold Medal Unit Franchise within your Territory. You may not relocate your Gold Medal Unit Franchise outside of your Territory. Your Territory may not be modified under any circumstances unless you and we both agree to the change in writing.

While the continuation of your rights to operate your Franchise within your Territory generally depends upon your compliance with the obligations of your Franchise Agreement, you must also generate a minimum volume of sales revenue each month.

The minimum sales requirements for your Gold Medal Unit Franchise are:

<u>Minimum Gross Sales Requirement*</u>	<u>Time Frame</u>
\$15,000	Per month for the first six (6) months of operation of your franchise.
\$25,000	Per month for months seven (7) through twelve (12).
\$40,000	Per month after the first year.

If you own more than one Gold Medal Unit Franchise, the Minimum Gross Sales Requirements must be met for each Gold Medal Unit Franchise separately, and is not cumulative.

If you fail to reach your Minimum Gross Sales Requirement on more than two occasions during any three-year period, we reserve the right to terminate this Agreement.

Company Reserved Rights

In addition to any other rights that we have reserved in this Disclosure Document, we and our affiliates reserve the right to engage in any activities we deem appropriate that your Franchise Agreement does not expressly prohibit, whenever and wherever we desire, including the right to:

- (a) establish and operate Unit Franchises, and granting rights to other persons to establish and operate Unit Franchises, on any terms and conditions we deem appropriate and at any locations other than in your Territory;
- (b) establish Area Representation Franchises and grant rights to other persons to establish and operate Area Representation Franchises, on any terms and conditions we deem appropriate and at any locations;
- (c) provide and grant rights to other persons to provide goods and services similar to and/or competitive with those provided by Gold Medal Unit Franchises to customers located within a Territory, whether identified by the Marks or other trademarks or service marks, through any distribution channel other than Gold Medal Unit Franchises located within a Territory (including, but not limited to, sales of products via mail order, catalogs, toll-free telephone numbers and electronic means including the Internet);
- (d) acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Gold Medal Unit Franchises, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, including within a Representation Area or within the Territory of an existing Gold Medal Unit Franchise; and
- (e) be acquired (regardless of the form of transaction) by a business providing products and services similar to those provided at Gold Medal Unit Franchises, or by another business, even if such business operates, franchises and/or licenses competitive businesses within a Territory.

Item 13

TRADEMARKS

We grant you the right to operate your Gold Medal Unit Franchise using our principal Mark(s), including the name “Gold Medal Swim School” as set forth on the first page of this Disclosure Document. You may also use other future trademark(s), service mark(s), and logo(s) we approve to identify your Gold Medal franchise. However, you are not to use the Marks as part of your Franchise’s corporate or trade name.

You may use the following trademark which is registered on the Principal Register of the United States Patent and Trademark Office (“PTO”):

MARK	REGISTRATION NUMBER	FILING DATE	APPROVAL DATE	INTERNATIONAL CLASS OF GOODS
Gold Medal Swim School	5685088	June 29, 2018	February 26, 2019	41

The right to use the Mark is licensed to us through an exclusive license agreement with Gold Medal Swim School, Inc., the owner of the Mark. All required affidavits have been filed. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are currently no effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. No agreement significantly limits our right to use or license the Marks in a manner material to your franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

Your right to use the Marks is derived solely from your Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable specifications, standards, and operating procedures we prescribe during the term of your franchise. Any unauthorized use of the Marks by you will constitute an infringement of our rights in and to the Marks. Your use of the Marks and any goodwill established by them will be for our exclusive benefit, and your Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. All provisions of your Franchise Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by, and licensed to you under, your Franchise Agreement. You may not at any time during or after the term of your franchise contest, or assist any other person in contesting, the validity or ownership of any of the Marks.

You must use the Marks as the sole identification of your franchise, but must also identify yourself as the independent owner of the franchise in the manner we prescribe. You may not use any Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form. You also may not use any Marks with the sale of any unauthorized service or in any manner we have not expressly authorized in writing. You must prominently display the Marks on or with franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe; to give any notices of trade and service mark registrations and copyrights

that we specify; and to obtain any fictitious or assumed name registrations that may be required under applicable law.

You must immediately notify us of any apparent infringement of, or challenge to, your use of any Marks, or any claim by any person of any rights in any Marks. You may not communicate with any person other than us and our counsel about the apparent infringement, challenge, or claim. We and our affiliates will have sole discretion to take any action we deem appropriate, and the exclusive right to control any litigation or PTO or other proceeding arising out of any apparent infringement, challenge, or claim, or otherwise relating to any Marks. You must sign any instruments and documents, render any assistance, and perform any acts that our or our affiliates' counsel deems necessary or advisable to protect and maintain our or our affiliates' interests in any litigation or PTO or other proceeding related to any Marks, or otherwise protect and maintain our interests in the Marks.

If we decide that it is advisable for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trade or service marks, then you must comply with our instructions to do so within a reasonable time after receiving written notice from us. If a new trade name or Mark is registered by the Company with the U.S. Patent and Trademark Office, you must change, at your expense, all signs, marketing literature and other materials when you have been notified by the Company that a new trade name and Mark has been registered.

We will indemnify you against, and reimburse you for, (1) all damages for which you are held liable in any judicial or administrative proceeding arising out of your use of any Mark in compliance with your Franchise Agreement; and (2) all costs you reasonably incur in defending against any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of the claim or proceeding, and have complied with the Franchise Agreement. We may defend any proceeding arising out of your use of any Mark under your Franchise Agreement and have no obligation to indemnify or reimburse you for any attorneys' fees or disbursements you incur if we defend the proceeding.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or registered copyrights are material to the franchise, nor do we have any pending applications for patents or copyrights that are material to the franchise.

The Company or its affiliates may file or acquire the rights to certain patents that are material to the franchise. These patents would pertain to the Gold Medal products or services which you will be offering as part of your Franchise. You are not licensed to manufacture or sell any inventions in any pending patent applications. You merely receive the right to own and use equipment or products covered by such patents or patent applications.

You also have the right to use proprietary information in our Manual. Although we have not filed an application for copyright registration of our Manual, we claim copyright protection in them, and they are proprietary. We do not have to take any action for unauthorized uses of the information in our Manual, but we intend to do so in circumstances we deem appropriate. We do not have to indemnify you for losses brought by a third party concerning your use of this information, but intend to do so under circumstances we deem appropriate. We are not aware of any infringing uses of this information. There are no agreements in effect affecting our right to use this information.

We and/or our affiliates have developed proprietary confidential information comprising methods, techniques, procedures, information, systems, and knowledge of and experience in the design and operation of Gold Medal Franchises, including (1) knowledge of test programs, concepts, or results relating to

services and products; (2) sources of products and services sold from Gold Medal Franchises; (3) advertising and promotional programs; (4) Gold Medal Franchise image and decor; (5) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of Gold Medal Franchises; and (6) the selection and methods of training employees (collectively, the “Confidential Information”). We will disclose the Confidential Information to you in the initial training program described in Item 11, the Manual lent to you, and guidance furnished to you during the term of your franchise. You will not acquire any interest in the Confidential Information other than the right to use it in the development and operation of your franchise during the term of the franchise.

The Confidential Information is proprietary, and, except to the extent that it is or becomes generally known in the industry or trade, is our trade secret, and is disclosed to you solely for your use in the operation of your franchise during the term of the franchise. You (1) must not use the Confidential Information in any other business or capacity; (2) must maintain the confidentiality of the Confidential Information during and after the term of the franchise; (3) must not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) must adopt and implement all reasonable procedures that we may prescribe periodically to prevent the unauthorized use or disclosure of any of the Confidential Information, including restrictions on disclosure to your employees and the use of nondisclosure clauses in employment agreements with your employees.

Under the Franchise Agreement, you must operate the Franchise in accordance with the standards, methods, policies, and procedures specified in the Manual. You will be loaned a copy of the Manual for the term of the Franchise Agreement, when you have completed the initial training program to our satisfaction. You must operate your Unit Franchise strictly in accordance with the Manual, as it may be revised by the Company from time to time. You must at all times treat the Manual and the information in it as confidential, as required by the Franchise Agreement.

You must treat as confidential the Manual and any other materials created for or approved by us for the operation of your Franchise. You must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be returned in the event that you cease to be a Unit Franchise Owner.

We may from time to time revise the contents of the Manual, and you must comply with each new or changed provision as soon as possible and in any case within fifteen (15) days of our notice to you, unless otherwise provided for in this Franchise Disclosure Document and the Franchise Agreement. You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must (as a Unit Franchise Owner) personally participate in the direct operation of your Gold Medal Franchise. If you do not personally participate in the direct operation of your franchise on a full-time basis, then you are obligated to have a fully trained Manager operate the franchise. We believe that only a person with an equity interest can adequately ensure that our standards of quality and competence are maintained. Your Manager and employees, however, are not required to own any equity interest in the Franchise. The Agreement requires that you be directly involved in the day-to-day operations and utilize your best efforts to promote and enhance the performance of the Franchise. While in most cases Franchise Owners will seek additional assistance for the labor-intensive portions of the business, we have built our reputation on Franchise Owner participation and believe it is crucial for continued success.

Any Manager you employ for the operation of your franchise must complete the initial management-training course required by the Company. All subsequent Managers must be trained fully according to our standards by either the Franchise Owner or the Company. However, the Company may charge a fee for this additional training.

Each individual who holds an ownership interest in the Franchise Owner (and their spouse, if they are married) must personally guarantee all of the obligations of the Franchise Owner under the Franchise Agreement. (See Exhibit F for the form of Guaranty and Assumption of Obligations.)

At the Company's request, you must obtain and deliver executed covenants of confidentiality and non-competition from any persons who have or may have an ownership interest in the Franchise Owner or in the franchise, or who receive or have access to training and other confidential information under the System. (See Exhibit F for the form of Owner's Guaranty and Assumption of Obligations.) The covenants must be in a form satisfactory to us, and must provide that we are a third-party beneficiary of, and have the independent right to enforce, the covenants.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchise in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual and in other writings by the Company from time to time. You must use your Unit Franchise location only for the operation of the Franchise and may not operate any other business at or from such offices without the express prior written consent of the Company.

The Company requires you to offer and sell only those goods and services that the Company has approved. The Company maintains a written list of approved goods and services in its Manual, which the Company may change from time to time.

You must offer all goods and services that the Company designates as required for all franchises. In addition, the Company may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before the Company will allow you to offer certain optional services.

You are not authorized to sell Gold Medal products or services through internet, catalog, mail order or any other means other than direct sale to clients from your franchise location.

We reserve the right to designate additional required or optional products or services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

Gold Medal Unit Franchises

This table lists important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	15 years
b. Renewal or extension of the term	Section 2.4	Your renewal rights permit you to remain a franchisee after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renew, we will offer you the right to one renewal term of ten (10) years.
c. Requirements for you to renew or extend	Section 2.4	You must: have substantially complied with your Franchise Agreement; given notice of your intent to renew between 9 and 12 months before expiration; sign a new Franchise Agreement in our then current form which may include terms and conditions materially different from those in the original Franchise Agreement; sign general release of claims against us and related parties (see Exhibit H); pay the applicable renewal fee; cure any defaults; and
		pay all amounts owed to us. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
d. Termination by you	Not Applicable	Not Applicable

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Section 15	Various breaches of Franchise Agreement
g. “Cause” defined – curable defaults	Section 15	You do not pay us within 10 days after written notice; you do not comply with any other provision of the Franchise Agreement or specification, standard, or operating procedure and do not correct such failure within 20 days after written notice.
h. “Cause” defined – non-curable defaults	Section 15	You fail to timely develop or open the franchise; you abandon, surrender, transfer control of or do not actively operate the franchise or lose the right to occupy the franchise location; you or any Principal Owner make an unauthorized transfer or assignment of the franchise or its assets; you are adjudged a bankrupt, become insolvent, or make an assignment for the benefit of creditors; you use, sell, or distribute unauthorized products; you or your Principal Owners are convicted of a felony, or are convicted or plead no contest to any crime or offense that adversely affects the reputation of the franchise and the goodwill of our Marks; you violate any health or safety law or ordinance or regulation, or operate the franchise in a way that creates a health or safety hazard; or you fail on 3 or more occasions within any 12 month period to comply with the Franchise Agreement regardless of whether or not such failures to comply are corrected.
i. Your obligations on termination/non-renewal	Section 16	Includes payment of money owed to us, return Manual for Unit Franchises, cancellation of assumed names and transfer of phone numbers, cease using Proprietary Marks, cease operating Franchise, no confusion with Proprietary Marks, our option to

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
		purchase your inventory and equipment, your modification of the premises and our option to purchase your Franchise.
j. Assignment of contract by us	Section 14.3	No restriction on right to transfer.
k. “Transfer” by you-defined	Section 14	Includes assignment of Franchise Agreement, sale or merger of business entities, transfer of corporate stock, death of Franchise Owner or majority owner of Franchise Owner.
l. Our approval of transfer by you	Section 14.4	We have the right to approve all transfers.
m. Conditions for our approval of transfer by you	Section 14.5	New owner must have sufficient business experience, aptitude and financial resources to operate the franchise; you must pay all amounts due us or our affiliates; new owner and its director must successfully complete our initial training program; your landlord must consent to transfer of the lease, if any; you must pay us a transfer fee; you and your Principal Owners must sign a general release in favor of us, our affiliates, and our and their officers, directors, employees and agents (see Exhibit I); if applicable, the new owner must agree to remodel to bring the franchise to current standards; new owner must assume all obligations under your Franchise Agreement or, at our option, sign a new Franchise Agreement using our then-current form; you and your Principal Owners must sign a non-competition agreement agreeing not to engage in a competitive business for 1 year and within 5 miles of your Territory (see Exhibit I). We also may approve the material terms of the transfer, and require that you subordinate any installment payments to the new owners’ obligation to pay us. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
		Franchise Registration and Disclosure Law.
n. Our right of first refusal to acquire your business	Section 14.6	We have the option to match any offer for your Franchise.
o. Our option to purchase your business	Section 16.5	We have the option to purchase your Franchise upon termination or non-renewal.
p. Your death or disability	Section 14.7	Franchise must be assigned by estate to approved buyer within 3 months.
q. Non-competition covenants during the term of the franchise	Section 9.3	You cannot be involved in a competitive business during the term of the Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Section 9.3	No involvement in competing business for 12 months within 5 miles of your Territory.
s. Modification of the agreement	Section 20	Must be in writing by both sides.

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 20	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by mediation	Section 17.9	Except for certain claims, we and you must mediate all disputes in Arizona (subject to state law).
v. Choice of forum	Section 17.11	Maricopa County, Arizona.
w. Choice of law	Section 17.11	Arizona law applies, except for matters regulated by the United States Trademark Act.

Notes

Any state-specific disclosures are included as addenda at the end of this Franchise Disclosure Document. Not all states have an addendum.

Item 18

PUBLIC FIGURES

The Company does not use any public figure to promote its franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial

performance information or projections of your future income, you should report it to the franchisor's management by contacting Mike Walker, Gold Medal Swim School Franchises, LLC, 6909 W. Ray Rd. #27, Chandler, AZ 85226, (480) 287-4000, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

The following charts show the number of Gold Medal outlets or Franchises during the three (3) calendar years prior to this Disclosure Document, together with projections for the current calendar year.

Gold Medal Unit Franchises

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned*	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	1	1	0
	2021	1	1	0
	2022	1	1	0

*Includes outlets owned by affiliate.

Table No. 2
Transfers of Outlets From Franchises to New Owners
(Other than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
Arizona	2020	0
	2021	0
	2022	0
All other states	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchise Outlets
For Years 2020 to 2022*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
All other states	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
Status of Company-Owned Outlets For
Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Other locations	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

*Includes outlets owned by affiliate.

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchise Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Maryland	0	1	0
Michigan	0	1	0
Total	0	2	0

Exhibit G list the names of all current Gold Medal Unit Franchisees, and the address and telephone numbers of each of their outlets as of December 31, 2022.

Exhibit G also lists name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who had not communicated with us within ten (10) weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you lease the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

As of the time of issuance of this FDD, there are no trademark-specific franchisee organizations associated with the franchise system.

Item 21

FINANCIAL STATEMENTS

Attached as Exhibit D to this FDD are financial statements of Gold Medal Swim School Franchises, LLC, which include: an audited Balance Sheet, Statement of Income, Statement of Member Equity, and Statement of Cash Flow as of December 31, 2020 and December 31, 2021, and December 31, 2022.

Item 22

CONTRACTS

Attached are copies of the following agreements relating to the offer of the franchise:

Exhibit B	Franchise Agreement
Exhibit E	Confidentiality/Nondisclosure Agreement
Exhibit F	Owner's Guaranty and Assumption of Obligations
Exhibit H	General Release Agreements
Exhibit I	Transfer Agreements
Exhibit J	Form UCC-1 Financing Statement

Item 23

RECEIPT

Two copies of an acknowledgement of your receipt of this Disclosure Document are attached at the end of all of the Exhibits as Exhibit K. The receipts are detachable and one copy must be signed by you and given to us. The other copy may be retained by you for your records. If the acknowledgement page or any other pages or exhibits are missing from your copy, please contact the Company at the address or phone number noted in Item 1.

STATE-SPECIFIC ADDENDA

STATE OF CALIFORNIA'S SPECIFIC DISCLOSURE ADDENDUM

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.

Section 31125 of the California Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your Agreement.

Our website address is provided to you on the Cover Page of the Franchise Disclosure Document. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DIVISION OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DIVISION OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

Item 3 (The disclosures required to be made in Item 3 of this Disclosure Document are supplemented as follows):

Franchisor, persons or franchise brokers disclosed in Item 2 who are 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. 78 *a et seq.*, suspending or expelling such persons from membership in such association or exchange: None – (end of item 3 supplement).

Item 17 (The disclosures required to be made in Item 17 of this Disclosure Document are supplemented as follows):

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

The 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.*).

The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an agreement restricting venue to a forum outside the State of California.

The Agreement may require application of the laws of another state than the State of California. This provision may not be enforceable under California law.

You must sign a general release of claims if you transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 through 31516). Business and Professions Code Section 30010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043) – (end of item 17 supplement).

STATE OF CONNECTICUT'S SPECIFIC DISCLOSURE ADDENDUM
--

The delivery date of the services to be provided by us is within ninety (90) days of signing the Agreement by you.

STATE OF ILLINOIS' SPECIFIC DISCLOSURE ADDENDUM
--

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The choice of forum and law may be different as provided by the Illinois Franchise Disclosure Act (815 ILCS 7054). In these cases Illinois, forum and law shall control.

Area Representatives are considered subfranchisors in the State of Illinois, and must register with the State before offering, training, and assisting prospective subfranchisees, only if they participate in the negotiations of the sale of franchises. Otherwise they are franchise brokers and are not required to register with the Illinois Attorney General's Office.

For curable defaults, a 30-day time frame generally is considered a reasonable time period for all such cure periods unless the default deals with health or safety issues.

Because of our financial condition, the Illinois Attorney General's Office has imposed that we defer the payment by you of all initial franchise fees owed to us, or our affiliate, until such time as all initial obligations owed to you under the franchise agreement or other agreements have been fulfilled by us and you have commenced doing business pursuant to the franchise agreement.

STATE OF INDIANA’S SPECIFIC DISCLOSURE ADDENDUM
--

There will be no indemnification for liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.

We will not operate a substantially identical business to that of your franchise within your territory regardless of trade name.

The choice of law provision is subject to the superseding provisions of Indiana’s Franchise Act, IC 23-2-2.5 and IC 23-2-2.7.

The reservation of right to injunctive relief, any specified remedy or limitation of the remedies available to either party and the release of any rights with regard to the Agreement shall not apply.

An estate has six (6) months to find a transferee or the Agreement can be terminated.

A franchisee will not be required to covenant not to compete with us for a period longer than three (3) years or in an area greater than the exclusive area granted by the Agreement or, in absence of such a provision in the Agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

IC 23-2-2.7-1(1) prohibits us from requiring you (if you are a resident of Indiana or a non-resident who will operate a franchise in Indiana) to purchase goods, supplies, inventories, or services exclusively from us or sources designated by us where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by us. However, the (i) publication by us of a list of approved suppliers of goods, supplies, inventories, or services, (ii) the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by us, and/or (iii) our reasonable right to disapprove a supplier does not constitute designation of a source. This above prohibition does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by us.

IC 23-2-2.7.1-1(5) prohibits us from requiring you to prospectively assent to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability imposed under the Indiana Franchise Act.

We will not obtain money, goods, services, or any other benefit from any other person with whom you do business, on account of, or in relation to, the transaction between you and the other person, other than for compensation for services rendered by us, unless the benefit is promptly accounted for, and transmitted to you.

IC section 23-2-2.7-1(11) prohibits us from requiring you to participate in any (i) advertising campaign or contest, (ii) promotional campaign, (iii) promotional materials, or (iv) display decorations or materials, at an expense that is indeterminate, determined by a third party, or determined by a formula, unless the Agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that you may be required to pay.

IC section 23-2-2.7-1(7) prohibits the Agreement from permitting unilateral termination of your franchise if termination is without good cause or in bad faith. Good cause within the meaning of this paragraph includes any material violation of the Agreement.

IC section 23-2-2.7-1(8) prohibits us from failing to renew your Agreement without good cause or in bad faith. This provision does not prohibit your Agreement from providing that it is not renewable upon expiration, or that renewal is conditioned upon your meeting certain conditions specified in the Agreement.

IC section 23-2-2.7-1(10) prohibits the Agreement from limiting litigation brought for breach of the Agreement in any manner whatsoever.

STATE OF MARYLAND'S SPECIFIC DISCLOSURE ADDENDUM

The provisions in Item 17 relating to the general release that is required as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The provisions in Item 5 are amended as follows:

- Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

The provisions in Section 15 of the Franchise Agreement which provide for termination of the franchise upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).

The provisions in Item 17 are amended as follows:

- A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

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

STATE OF MINNESOTA'S SPECIFIC DISCLOSURE ADDENDUM
--

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE.

THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subdivisions 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement.

We will protect your right to use the Marks, trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

You do not consent to us obtaining injunctive relief. However, you agree that we may seek injunctive relief. See Minn. Rules 2860.4400J.

Minnesota Rule part 2860.4400D prohibits requiring a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person of liability imposed by the Minnesota Franchise Law, provided that this rule shall not bar the voluntary settlement of disputes.

We will not require you to assent to liquidated damages. Liquidated damage provisions are void.

Minn. Rule Part 2860.4400J prohibits you from waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minn. Rule 2860.4400J prohibits waiver of a jury trial. If any portion of the Franchise Disclosure Document or the Agreement provides for a waiver of jury trial, Minnesota law will control.

The Limitations of Claims section of the Franchise Disclosure Document must comply with Minnesota Statutes, Section 80C.17, Subd. 5. If any portion of the Franchise Disclosure Document or the Agreement is contrary to Minnesota Statutes, Section 80C.17, Subd. 5, Minnesota law will control.

The Minnesota Department of Commerce requires us to defer collection of initial franchise fees and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement or other agreements have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement. The Minnesota Department of Commerce has imposed the deferral requirement because of the franchisor's financial condition.

STATE OF NEW JERSEY'S SPECIFIC DISCLOSURE ADDENDUM

Liquidated damages are void if unreasonable under the totality of the circumstances, including whether a statute governs the relationship and concerns liquidated damages clauses; and the common practice in the industry.

STATE OF NEW YORK'S SPECIFIC DISCLOSURE ADDENDUM

Item 3 (The disclosures in Item 3 of the Disclosure Document are amended to read as follows):

Neither the persons identified in Item 2, nor any predecessor or affiliate of ours: (A) has an administrative, criminal, or civil action pending against that person alleging a felony; a violation of a franchise, antitrust, or securities law; fraud, embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive trade practices; or comparable civil or misdemeanor allegations; (B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding our application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations; or (C) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling that person from membership in the association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation actions affecting a license as a real estate broker or sales agent – (end of item 3)

Item 4 (The disclosures in Item 4 of the Disclosure Document are amended to read as follows):

Neither we, any predecessor or affiliate of ours, or our officers and directors, during the 10-year period immediately before the date of this Disclosure Document, (A) filed as debtor, or had filed against it, a petition to start an action under the U.S. Bankruptcy Code; (B) obtained a discharge of its debts under the bankruptcy code; or (C) was a principal officer of a company or a general partner in a partnership that either filed as debtor, or had filed against it, a petition to start an action under the U.S. Bankruptcy Code, or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in the company or partnership – (end of item 4).

Liquidated damage provisions are void and shall not apply to franchises located in New York State if the parties did not intend to liquidate damages, or intended to provide for a penalty; the liquidated damages clause amount is not reasonably related to the anticipated loss suffered by the non-breaching party; or the actual loss is not difficult to ascertain or incapable of estimation.

STATE OF NORTH DAKOTA'S SPECIFIC DISCLOSURE ADDENDUM

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

Situs of Arbitration Proceedings: An agreement providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

Applicable Laws: An agreement that specifies that it is to be governed by the laws of a state other than North Dakota.

Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

General Release: An agreement that requires the franchisee to sign a general release upon renewal of the Agreement.

Limitation of Claims: An agreement that requires the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

Enforcement of Agreement: An agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Any contrary provision in this Agreement or the Franchise Disclosure Document will be void.

STATE OF RHODE ISLAND’S SPECIFIC DISCLOSURE ADDENDUM

Section 19-28.1-14 of the Rhode Island franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

STATE OF SOUTH DAKOTA’S SPECIFIC DISCLOSURE ADDENDUM

You will receive thirty (30) days written notice with an opportunity to cure a breach of the Agreement, failure to meet performance and quality standard and failure to make royalty payments before termination.

Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

Liquidated damage provisions are void.

Pursuant to SDCL 37-5B, any condition, stipulation or provision of the Agreement purporting to waive compliance with any provision of this chapter or any rule or order thereunder is void. Any acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in an agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.

Any provision in an agreement that designates jurisdiction or venue or requires you to agree to jurisdiction or venue to a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota.

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, the Agreement will be and remain subject to the application, construction, enforcement and interpretation under the governing law listed in the Governing Law section of the Agreement.

STATE OF VIRGINIA’S SPECIFIC DISCLOSURE ADDENDUM

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement and the Franchisee has commenced doing business pursuant to the Franchise Agreement.

Additional Disclosure. The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

STATE OF WASHINGTON’S SPECIFIC DISCLOSURE ADDENDUM

The state of Washington has a statute, RCW 19.100.180 that may supersede the Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

If any of the provisions of this Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investor Protection Act (the “Act”), the provisions of the Act will prevail over the inconsistent provisions of the Agreement with regard to any franchise sold in Washington.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of law, the provision of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

The State of Washington’s Department of Financial Institutions, Securities Division, requires us to defer payment of the initial franchise fee and other initial payments owed by franchisee to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

STATE OF WISCONSIN'S SPECIFIC DISCLOSURE ADDENDUM
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The Wisconsin Fair Dealership Law applies to most, if not all, agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void. The Wisconsin Fair Dealership Law supersedes any provisions contained in the franchise or license agreement that are inconsistent with that Law.

ADDITIONAL STATE PROVISIONS

These states have statutes which may supersede the Agreement in your relationship with us, including the areas of termination and renewal of your franchise: Arkansas, California, Connecticut, Delaware, Hawaii, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, South Dakota, Virginia, Washington, Wisconsin.

These states have statutes which limit our ability to restrict your activity after the Agreement has ended: California, Florida, Michigan, Montana, North Dakota, Oklahoma, Washington. Other states have court decisions limiting our ability to restrict your activity after the Agreement has ended.

A provision in the Agreement which terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

The following states have statutes which restrict or prohibit the imposition of liquidated damage provisions: California, Indiana, Minnesota, South Dakota. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law and state and federal court decisions.

If any provision of your Agreement violates any of these provisions then that specific provision may not apply to franchisees located in that particular state.

For franchises located in any state not specifically mentioned, if any provision of this Agreement violates the provision of any state law, then that specific provision may not apply to franchisees located in that particular state.

EXHIBIT A

STATE ADMINISTRATORS / AGENTS FOR SERVICE OF PROCESS

The following is information about state agencies and administrators whom you may wish to contact with questions about Gold Medal Swim School Franchises, LLC, or this Disclosure Document, as well as our agents for service of process.

Except as provided otherwise below, our agent for service of process is:

Mike Walker
6909 W Ray Rd. #27
Chandler, AZ 85226

We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment or business opportunity laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

CALIFORNIA

Department of Financial Protection and
Innovation:
1 (866) 275-2677

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

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

San Diego
1350 Front Street
San Diego, California 92101
(619) 525-4234

San Francisco
One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8565

CONNECTICUT

(Agent for Service of Process)

Banking Commissioner of the
State of Connecticut
260 Constitution Plaza
Hartford, CT 06103
(800) 831-7225

HAWAII

(State Administrator)

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

(Agent for Service of Process)

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

ILLINOIS

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

INDIANA

(State Administrator)

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

(Agent for Service of Process)

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

IOWA

Secretary of State
Lucas Building, First Floor
Des Moines, IA 50319
(515) 281-5204

MARYLAND

(State Administrator)

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

(Agent for Service of Process)

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

MICHIGAN

(State Administrator)

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 373-7177

(Agent for Service of Process)

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

MINNESOTA

Minnesota Department of Commerce
Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(State Administrator)

New York State Department of Law
Bureau of Investor Protection
and Securities
120 Broadway
New York, New York 10271
(212) 416-8000

(Agent for Service of Process)

Secretary of State of New York
41 State Street
Albany, New York 12231
(518) 474-4750

NORTH CAROLINA

North Carolina Secretary of State
2 South Salisbury Street
Raleigh, NC 27601-2903
P.O. Box 29622
Raleigh, NC 27626-0622
(919) 807-2000

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910

RHODE ISLAND

Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903
(401) 222-3048

SOUTH DAKOTA

South Dakota Department of Labor and
Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501-3185
(605) 773-4823

VIRGINIA

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

(Agent for Service of Process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9672

WASHINGTON

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

(Agent for Service of Process)
Administrator of Securities
Department of Financial Institutions
Securities Division
150 Israel Road SW
Olympia, Washington 98501

WISCONSIN

Securities and Franchise Registration
Wisconsin Securities Commission
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703
(608) 266-1064

EXHIBIT B
FRANCHISE AGREEMENT

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC
FRANCHISE AGREEMENT

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GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC

FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is being entered into effective as of the day of _____, 20_(the “Agreement Date”). The parties to this Agreement are Gold Medal Swim School Franchises, LLC, an Arizona limited liability company, doing business as Gold Medal Swim School, Gold Medal, or GMSS (“we,” “us,” the “Company,”) and _____, as Franchise Owner (“you,” “Franchise Owner,” or “Franchisee”), and, if you are a partnership, corporation, or limited liability company, your “Principal Owners” (defined below).

1. **INTRODUCTION.**

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. This Agreement includes several exhibits, all of which are legally binding and are an integral part of the complete Franchise Agreement. In this Agreement, we refer to Gold Medal Swim School Franchises, LLC as “we,” “us,” or the “Company.” We refer to you as “you,” “Franchise Owner” or “Franchisee.” The term “Gold Medal Unit Franchise(s)” or “Unit Franchise(s)” means a Gold Medal franchise offering Gold Medal products and services. If you are a corporation, partnership or limited liability company, you will notice certain provisions that are applicable to those principal shareholders, partners or members on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as “Principal Owners.”

Through the expenditure of considerable time, effort and money, we and our affiliates have devised a system for the establishment and operation of a Gold Medal business model, a model that specializes in swim lessons for all ages using methods created from Olympic level concepts. All of these characteristics are referred to in this Agreement as the “System.” This business model includes a model offering all of our franchised services and products. We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the mark “Gold Medal Swim School” and certain associated designs, artwork and logos, which we may change, or add to, from time to time (the “Mark(s)").

From time to time we grant to persons who meet our qualifications a Unit Franchise to own and operate in accordance with the System. This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own, and be franchised to operate a Unit Franchise. In signing this Agreement, you acknowledge that you have conducted an

independent investigation of the Unit Franchise, and recognize that, like any other business, the nature of it may evolve and change over time, that an investment in a Unit Franchise involves business risks, and that the success of this business venture is primarily dependent on your business abilities and efforts.

We expressly disclaim making, and you acknowledge that you have not received or relied on, any guarantee, express or implied, as to the revenues, profits, or likelihood of success of the Unit Franchise venture contemplated by this Agreement. You acknowledge that there have been no representations by us or our affiliates, or our or their respective officers, directors, members, employees, or agents that are inconsistent with the statements made in our current Franchise Disclosure Document concerning the Franchise, or the provisions of this Agreement. You further represent to us, as an inducement to our entering into this Agreement with you, that there have been no misrepresentations to us in your application for the rights granted by this Agreement, or in the financial information provided by you and your Principal Owners.

2. **GRANT OF FRANCHISE.**

2.1 **Term; Reference to Exhibit 1.**

You have applied for a franchise to own and operate a Unit Franchise, and we have approved your application in reliance on all of the representations you made in that application. As a result, and subject to the provisions of this Agreement, we grant to you a franchise to operate a Unit Franchise offering all products, services, and proprietary programs of ours, in accordance with all elements of the System, that we may require for Unit Franchises.

You must operate the Unit Franchise at a mutually agreeable site (the “Premises”) to be identified after the signing of this Agreement and use the System and the Mark(s) in the operation of the Unit Franchise, for a term of fifteen (15) years (the “Initial Term”). The Initial Term will begin on the Agreement Date. (For convenience, the expiration date of the Initial Term is listed on Exhibit 1.) Termination or expiration of this Agreement will constitute a termination or expiration of your Unit Franchise. (All references to the “Term” of this Agreement refer to the period from the Agreement Date to the date on which this Agreement actually terminates or expires.)

2.2 **Full Term Performance.**

You specifically agree to be obligated to operate the Unit Franchise, perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the business of the Unit Franchise for the full term of this Agreement, including but not limited to, the minimum requirements (if any) set forth in the Franchise Disclosure Document.

2.3 **Exclusive Territory; Selection of Premises; Reservation of Rights.**

You acknowledge that the Franchise granted to you by this Agreement gives you the right to operate your Unit Franchise within your exclusive territory (your “Territory”) described in Exhibit 1. We will designate your Territory before or upon the signing of this Agreement. You will locate a suitable place for the Premises upon or after the signing of this Agreement and submit

it to us for our approval. You acknowledge that the franchise granted by this Agreement gives you the right to operate your Unit Franchise only at the Premises. Except as otherwise provided in this paragraph, we retain all rights with respect to Unit Franchises, the Mark(s) and the System, including (by way of example only and not as a limitation): (a) the right to operate or grant others the right to operate Unit Franchises in any location on terms and conditions we deem appropriate outside of your Territory; and (b) the right to solicit, sell, market and/or distribute Gold Medal products and services to individuals anywhere.

2.4 Renewal of Franchise.

(a) **Franchise Owner's Right to Renew.** Subject to the provisions of Subsection 2.4(b) below, and if you have substantially complied with all provisions of this Agreement and all other agreements between us, on expiration of the Initial Term, if you refurbish and decorate the Premises, replace fixtures, furnishings, wall decor, furniture, equipment, and signs and otherwise modify the Unit Franchise in compliance with specifications and standards then applicable under new or renewal franchises for Unit Franchises, you will have the right to renew the Unit Franchise for one (1) additional term of ten (10) years (the "Renewal Term").

(b) **Notice of Deficiencies and Other Requirements.** At least one (1) year before the expiration of the Initial Term and the Renewal Term, we agree to give you written notice of any deficiencies in your operation or in the historical performance of the Unit Franchise that could cause us not to renew the Unit Franchise. If we will permit renewal, our notice will state what actions, if any, you must take to correct the deficiencies in your operation of the Unit Franchise or of the Premises, and will specify the time period in which those deficiencies must be corrected or other requirements satisfied. Renewal of the Unit Franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement up to the date of expiration. If we send a notice of non-renewal, it will state the reasons for our refusal to renew.

(c) **Renewal Agreement; Releases.** Should you choose to renew the Unit Franchise, you must provide us with written notice of that intent between nine (9) and twelve (12) months before the expiration of the Initial Term. To renew the Unit Franchise, the Company, you and your Principal Owners must execute the form of Franchise Agreement and any ancillary agreements we are then customarily using in the grant or renewal of franchises for the operation of Unit Franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), except that no initial franchise fee will be payable upon renewal of the Unit Franchise. However, you must pay to us a renewal fee equal to fifty percent (50%) of our then-current initial franchise fee for Unit Franchises. You and your Principal Owners and your and their spouses must also execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates, and our and their respective owners, officers, directors, employees, and agents.

2.5 Personal Guaranty by Principal Owners; Reference to Exhibit 2.

Each of the Principal Owners and their spouses (where applicable), will be required to execute a personal guaranty (the “Guaranty”), guaranteeing the Unit Franchise’s liabilities and obligations to the Company. A copy of the Guaranty is incorporated herein as Exhibit 2.

3. DEVELOPMENT AND OPENING OF THE FRANCHISE

3.1 Site Approval; Lease or Purchase of Premises; Opening Timeline; Reference to Exhibit 3.

(a) You will use your best efforts to locate and select a proposed site for the Premises that are acceptable to us as suitable for the operation of the Unit Franchise, which must be reviewed and approved by us within ninety (90) days of the Agreement Date. Our review and approval process may take up to thirty (30) days, so we recommend you submit your proposed site to us within sixty (60) days of the Agreement Date. You must submit to us, in the form we specify, a description of the site and such other information or materials as we may reasonably require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout and other physical characteristics, for Unit Franchises. If you submit your proposed site to us and we do not specifically disapprove of it within twenty (20) days, your site is deemed to be approved. If the initial proposed site is specifically disapproved, you will have an additional sixty (60) days to submit new site proposal(s). Our approval of a site shall not constitute, nor be deemed, a judgment as to the likelihood of success of a Unit Franchise at such location, or a judgment as to the relative desirability of such location in comparison to other locations. If you fail to identify a mutually agreeable site within one hundred twenty (120) days after the Agreement Date, we may terminate this Agreement and the Initial Franchise Fee will be forfeited.

(b) Once we have approved the proposed site of the Premises for your Unit Franchise, you must obtain lawful possession of the Premises through lease or purchase within sixty (60) days of our approval of the Premises. You agree that you will not execute a lease without our advance written approval of the lease terms. The lease for the Premises must include the Addendum to Lease, attached hereto as Exhibit 3, permitting us to take possession of the Premises under certain conditions if this Agreement is terminated or if you violate the terms of the lease.

(c) The timeline for opening of the Unit Franchise shall be as follows:

- (i) Select a proposed site and obtain our approval of the proposed site no later than ninety (90) days after the Agreement Date.
- (ii) Obtain lawful possession of the Premises through lease or purchase within sixty (60) days of our approval of the location.

- (iii) Obtain all necessary building permits and obtain our approval of all construction plans within forty-five (45) days of obtaining lawful possession of the location.
- (iv) Obtain all necessary business licenses, complete construction and hold a grand opening of the Unit Franchise within two hundred forty (240) days of obtaining lawful possession of the location.

3.2 **Prototype and Construction Plans and Specifications.**

We will furnish to you sample plans and/or specifications for your Unit Franchise location, reflecting our requirements for design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for the Unit Franchises, which may be in the form of actual plans for an existing or proposed Unit Franchise with which we are involved. It will then be your responsibility to have the plans and specifications modified to comply with all ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the Premises. You must submit final construction plans and specifications to us for our approval before you begin construction at the Premises, and must construct the Unit Franchise's location in accordance with those approved plans and specifications.

3.3 **Development of the Franchise.**

You agree at your own expense to do the following by the Opening Deadline defined in Exhibit 1: (1) secure all financing required to fully develop the Unit Franchise; (2) obtain all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses; (3) construct the Unit Franchise location according to the approved construction plans and specifications; (4) decorate the Unit Franchise location in compliance with the approved plans and specifications; (5) purchase and install all required equipment, furniture, furnishings and signs including a sign advertising Gold Medal's franchise opportunities as provided by the Company; (6) cause the training requirements of Section 4 to be completed; (7) purchase an opening inventory of products and other supplies and materials and display these products and supplies in strict compliance with the schematics approved by the Company; (8) provide proof, in a form satisfactory to us, that your operation of the Unit Franchise at the Unit Franchise's location does not violate any applicable state or local zoning or land use laws, ordinances, or regulations, or any restrictive covenants that apply to such location; (9) provide proof, in a form satisfactory to us, that you (and/or your General Manager, as defined in Section 4.1, if any) are legally authorized and have all licenses necessary to perform all of the services to be offered by your Unit Franchise, and that your organizational structure is consistent with all legal requirements; (10) provide proof, in a format satisfactory to us, that you have obtained all required insurance policies; (11) do any other acts necessary to open the Unit Franchise for business; (12) obtain our approval to open the Unit Franchise for business; and (13) open the Unit Franchise for business. Additional details regarding the above requirements relating to the development of the franchise are found in the operations manual.

3.4 **Computer System.**

- (a) **General Requirements.** You agree to use in the development and operation of the Unit Franchise the computer hardware, terminals/billing systems, and operating software ("Computer System") that we specify from time to time. You acknowledge that

we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including without limitation a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease, use and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto), and that the cost to you of obtaining and using the Computer System (or additions or modifications thereto), including software and hardware components, may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we, and our affiliates, have the right to charge a reasonable fee for software, hardware or Computer System installation services; modifications and enhancements specifically made for us or our affiliates that are licensed to you; and other maintenance and support for the Computer System services that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded. You will also be required to pay the monthly cost of maintaining high speed internet access at your site. Our requirements for your Computer System (including software requirements) are contained in the Manual.

(b) **Software.** We may require you to purchase certain proprietary software which you will be required to install onto the Computer System and use in the daily operation of the Franchise. In addition, we may, at any time and from time to time, contract with one or more software providers, business service providers, or other third parties (individually, a “Service Provider”) to develop, license, or otherwise provide to, or for the use and benefit of, you and other Unit Franchises certain software, software applications, and software maintenance and support services related to the Computer System that you must or may use in accordance with our instructions with respect to your Computer System. Specific Computer System requirements can be found in the Operations Manual. We may change the software we require you to use, and you must comply with any requirements within sixty (60) days’ notice from us.

3.5 **Equipment, Furniture, Fixtures, Furnishings and Signs.**

You agree to use in the development and operation of the Unit Franchise only those brands, types, and/or models of equipment, furniture, fixtures, furnishings, and signs we have approved.

3.6 **Franchise Opening.**

You agree not to open the Unit Franchise for business until: (1) all of your obligations under Sections 3.1 through 3.4 have been fulfilled; (2) we determine that the Unit Franchise has

been constructed, decorated, furnished, equipped, and stocked with materials and supplies in accordance with plans and specifications we have provided or approved; (3) you and any of your Unit Franchise's employees whom we require complete our pre-opening initial training (as defined in Section 4) to our satisfaction; (4) the initial franchise fee (as defined in Section 6.1) and all other amounts due to us have been paid; (5) you have furnished us with copies of all insurance policies required by Section 10.8 of this Agreement, or have provided us with appropriate alternative evidence of insurance coverage and payment of premiums as we have requested; and (6) we have approved any marketing, advertising, and promotional materials you desire to use, as provided in Section 11.2 of this Agreement.

If your Unit Franchise is located within a representation area owned by an Area Representative of the Company, that Area Representative will act as an opening supervisor and will be on site at your Unit Franchise to assist you with your operational efficiency, staff training, Unit Franchise setup and grand opening.

4. **TRAINING.**

4.1 **General Manager.**

At your request, we may, but are not obligated to, agree for you to employ a general manager to operate the Unit Franchise. The term "General Manager" means an individual with primary day-to-day responsibility for the Unit Franchise's operations, and may or may not be you (if you are an individual) or a Principal Owner, officer, director, or employee of yours (if you are an entity). If the General Manager is an employee of the Franchisee, then we will not require that the General Manager have an equity interest in the Unit Franchise. The General Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Unit Franchise's operations, and must have full authority from you to implement the System at the Unit Franchise. You must not hire any General Manager or successor General Manager without first receiving our written approval of such General Manager's qualifications. Our approval of your General Manager shall not constitute, nor be deemed, a judgment as to the likelihood of success of your Unit Franchise. We will not be liable, nor will we assume liability, if you are unhappy with, or if you are damaged in any way because of any actions or decisions of the General Manager we approved. Each General Manager and successor General Manager must attend and complete our Initial Training (as defined herein). No General Manager may have any interest in, or business relationship with, any business competitor of your Unit Franchise. Each General Manager must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information described in Section 9.1, and to abide by the covenants not to compete described in Section 9.3. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training, that your General Manager (if any) is not qualified to act as General Manager of the Unit Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

4.2 **Training.**

You acknowledge that it is very important to the operation of the Unit Franchise that you and your employees receive appropriate training. To that end, you agree as follows:

(a) Before your Unit Franchise opens for business, you must attend our initial training program for Unit Franchise (the “Initial Training”) at the time and place we designate. You (if you are an individual), or at least one of your Principal Owners (if you are a legal entity), must complete the Initial Training to our satisfaction. If you employ a General Manager other than yourself or one of your Principal Owners, that General Manager must also complete the Initial Training to our satisfaction. Other employees may complete the Initial Training at your sole discretion, provided you first obtain our approval and subject to availability of facilities and materials. The Initial Training may include classroom instruction and Unit Franchise operation training, and will be furnished at our training facility in Chandler, Arizona, or at another location we designate. Our Initial Training may be different for each employee depending on their responsibilities at the Unit Franchise. There is no tuition fee charged to the franchise owner for the Initial Training and up to four other staff members. However, a tuition fee of \$500.00 will be charged to the Franchisee for any additional attendee. All persons who attend our Initial Training must attend and complete the Initial Training to our satisfaction. If we, in our sole discretion, determine that the Franchisee cannot complete Initial Training to our satisfaction, we may, at our option, either (1) require the Franchisee to attend additional training at the Franchisee’s expense (for which we may charge reasonable fees), or (2) terminate this Agreement. If we, in our sole discretion, determine that any General Manager or employee whom we require to attend any Initial Training is unable to satisfactorily complete such program, then you must not hire that person, and must hire a substitute General Manager or employee (as the case may be), who must enroll in the Initial Training within fifteen (15) days thereafter, and complete the Initial Training to our satisfaction.

(b) You agree to have you, your General Manager (if any) and/or other employees who attend our Initial Training complete additional training programs at places and times as we may request from time to time during the term of this Agreement. We reserve the right to charge you for the costs of these additional training programs incurred by us (including without limitation the salary of the person(s) providing the training).

(c) In addition to providing the Initial Training described above, we reserve the right to offer and hold such additional ongoing training programs and franchise owners meetings regarding such topics and at such times and locations as we may deem necessary or appropriate including but not limited to online means with the use of videos and on-line streaming. We also reserve the right to make any of these training programs mandatory for you and/or designated owners, your General Manager (if any), employees, and/or representatives of yours. We reserve the right to charge you a daily attendance fee in an amount to be set by us for each attendee of yours who attends any mandatory or optional training program or owners’ meeting. If we offer any such mandatory training programs, we understand that you may not be able to attend all of our mandatory training but we require that you or your designated personnel attend a minimum of seventy-five percent (75%) of any ongoing mandatory training program that we offer on an annual basis.

(d) You agree to pay all wages and compensation owed to, and travel, lodging, meal, transportation, and personal expenses incurred by, all of your personnel who attend our Initial Training and/or any mandatory or optional training we provide.

(e) The Franchise's General Manager (if any) and other employees shall obtain all certifications and licenses required by law in order to perform their responsibilities and duties for the Unit Franchise.

5. GUIDANCE; OPERATIONS MANUAL.

5.1 Guidance and Assistance.

During the term of this Agreement, we may from time to time furnish you guidance and assistance with respect to: (1) specifications, standards, and operating procedures used by Unit Franchises; (2) purchasing approved equipment, furniture, furnishings, signs, materials and supplies; (3) development and implementation of local advertising and promotional programs; (4) general operating and management procedures; (5) establishing and conducting employee training programs for your Unit Franchise; and (6) changes in any of the above that occur from time to time. This guidance and assistance may, in our discretion, be furnished in the form of bulletins, written reports and recommendations, operations manuals and other written materials (the "Operations Manual"), and/or telephone consultations and/or personal consultations at our offices or your Unit Franchise. If you request—and if we agree to provide—any additional, special on-premises training of your personnel or other assistance in operating your Unit Franchise, then you agree to pay a daily training fee in an amount to cover our costs and all expenses we incur in providing such training or assistance, including any wages or compensation owed to, and travel, lodging, transportation, and living expenses incurred by, our Company personnel.

5.2 Operations Manual.

The Operations Manual we lend to you will contain mandatory and suggested specifications, standards, and operating procedures that we prescribe from time to time for your Unit Franchise, as well as information relative to other obligations you have in the operation of the Unit Franchise. The Operations Manual may be composed of, or include, audio recordings, video recordings, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Operations Manual available to you through various means, including the Internet. A previously delivered Operations Manual may be superseded from time to time with replacement materials to reflect changes in the specifications, standards, operating procedures and other obligations in operating the Unit Franchise. You must keep your copy of the Operations Manual current, and if you and we have a dispute over the contents of the Operations Manual, then our master copy of the Operations Manual will control. You agree that you will not at any time copy any part of the Operations Manual, permit it to be copied, disclose it to anyone not having a need to know its contents for purposes of operating your Unit Franchise, or remove it from the Unit Franchise location without our permission. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, then you must obtain a replacement copy from us at our then-applicable charge.

5.3 Modifications to System.

We will continually be reviewing and analyzing developments in the line of products and services that we offer, and based upon our evaluation of this information, may, in our sole discretion, make changes in the System, including but not limited to, adding new components to

services offered and equipment used by the Unit Franchises. Moreover, changes in laws regulating the services offered by the Unit Franchises may (a) require us to restructure our franchise program, (b) require your General Manager (if any) and employees to obtain additional licenses or certifications, (c) require you to retain or establish relationships with additional professionals and specialists in the industry relating to our products and services offered, and/or (d) require you to modify your ownership or organizational structure. You agree, at our request, to modify the operation of the Unit Franchise to comply with all such changes as soon as possible and in any case within fifteen (15) days of our notice to you, unless otherwise provided for in this Agreement or the Franchise Disclosure Document, and to be solely responsible for all related costs.

5.4 Advisory Councils.

You agree to participate in, and, if required by us, become a member of any advisory councils or similar organizations we form or organize for the Unit Franchises.

6. FEES AND COSTS.

6.1 Initial Franchise Fee.

You agree to pay us, in a lump sum, the initial franchise fee of Thirty Thousand and No/100 Dollars (\$30,000.00) (the “Initial Franchise Fee”) when you sign this Agreement. In recognition of the expenses we incur in furnishing assistance and services to you, you agree that we will have fully earned the Initial Franchise Fee, and that it is due and non-refundable when you sign this Agreement. If you purchase more than one Unit Franchise at the same time, then the Initial Franchise Fee for each additional Unit Franchise starting with the second franchise will be Fifteen Thousand and No/100 Dollars (\$15,000.00).

*Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. Similarly, if in the future Franchisor offers Area Representation Franchises in the defined geographic area “Representation Area” all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

6.2 Royalty Fee.

You agree to pay us a continuing monthly franchise royalty fee (“Royalty Fee”) of six percent (6%) of the monthly Gross Revenues of the Unit Franchise. This fee will be payable monthly on the tenth (10th) day of the month based on the Unit Franchise’s Gross Revenues for the preceding month. The term “Gross Revenues” shall, for purposes of this Agreement, mean the total of all revenue and receipts derived from the operation of the Unit Franchise, including all amounts received at, or away from, the site of the Unit Franchise, or through the business the Unit Franchise conducts (such as fees for lessons, classes and consultations, fees for the sale of any service or product, gift certificate sales, and revenue derived from product sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the Unit Franchise actually makes. You and we acknowledge and agree that the Royalty Fee represents compensation paid by you to us for the guidance and assistance we provide and for the use of our Mark(s), Confidential Information (as defined herein), know-how, and other intellectual property we allow you to use under the terms of this Agreement. The Royalty Fee does not represent payment for the referral of customers to you, and you

acknowledge and agree that the services we offer to you and our other franchisees do not include the referral of customers.

6.3 Regional and National Advertising Fee.

Recognizing the value of advertising to the goodwill and public image of the Unit Franchises, we may, in our sole discretion, establish, maintain and administer a regional and national advertising fund (the “Ad Fund”) for such advertising as we may deem necessary or appropriate in our sole discretion. If we establish an Ad Fund, you agree to contribute to the Ad Fund a percentage of Gross Revenues of the Unit Franchise in an amount we designate from time to time by notice to you, up to a maximum of two percent (2%) of the Gross Revenues of the Unit Franchise. In the event we choose to change the required contribution amount (which may never exceed 2% of the Gross Revenue of your Franchise) we will provide you with thirty (30) days’ advance written notice of the change. These advertising fees (the “Advertising Fees”) will be payable monthly with, and at the same time as, your Royalty Fee.

6.4 Regional Advertising Cooperative.

You are required to spend 1% of your monthly Gross Revenues on local advertising. In the event that more than one Unit Franchise is located in an area of dominant influence (“ADI”), we reserve the right to form a regional advertising cooperative (the “Regional Ad Co-op”), require you to join the Regional Ad Co-op and contribute to its funding. An ADI is a geographic market designation that defines a broadcast media market, consisting of all counties in which the home market stations receive a preponderance of viewing. The members of the Regional Ad Co-op will determine by a majority vote the amount to be contributed by each member of the Regional Ad Co-op as necessary, up to a maximum of 1% of each Franchise’s Gross Revenues. This amount is in addition to each member’s contribution to the Ad Fund. Amounts contributed to the advertising pool by you may be considered as spent for local advertising, and therefore toward the minimum local advertising requirement.

6.5 Grand Opening Costs.

During the ninety (90) day period that begins thirty (30) days prior to the opening of your Unit Franchise, and ends sixty (60) days after the opening of your Unit Franchise (the “Grand Opening Period”), you will be required to expend between Ten Thousand Dollars (\$10,000) and Fifteen Thousand Dollars (\$15,000) in verifiable marketing costs to publicize the grand opening of your Unit Franchise. These costs may include, but are not limited to, signage, local advertising, flyers, promotions, and giveaways. Upon conclusion of the Grand Opening Period, you must send to us a report detailing the amounts spent to publicize the grand opening of your Unit Franchise during the Grand Opening Period. All proposed grand opening advertising must be submitted to, and approved by, us.

6.6 Relocation Fee.

If you must relocate the Premises of your Unit Franchise for any reason, your new location must be approved by us following the same approval procedures as your original location. In addition, you must pay to us a franchise relocation fee (the “Relocation Fee”) of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00). The Relocation Fee will help the Company defray

the costs of approving a new location, reviewing and approving plans for the new location, and updating Company records and marketing materials to reflect the new location.

6.7 Late Payments.

All Royalty Fees, Advertising Fees, amounts due from you for purchases from us or our affiliates, and other amounts that you owe us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the lesser of (i) the highest commercial contract interest rate permitted by state law, and (ii) the rate of eighteen percent (18%) per annum. In addition to any accruing interest, all late payments will incur a late charge of Fifty and No/100 Dollars (\$50.00) per day until the payment is made. Payments due to us or our affiliates will not be deemed received until such time as funds from the deposit of any check by us or our affiliates is collected from your account. You acknowledge that the inclusion of this paragraph in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Unit Franchise. We have the right to require that any payments due to us or our affiliates be made by certified or cashier's check in the event that any payment by check is not honored by the bank upon which the check is drawn. We also reserve the right to charge you a fee of One Hundred and No/100 Dollars (\$100.00) for any payment by check that is not honored by the bank upon which it is drawn.

6.8 Electronic Funds Transfer.

We have the right to require you to participate in an electronic funds transfer program under which Royalty Fees, Advertising Fees, and any other amounts payable to us or our affiliates are deducted or paid electronically from your bank account (the "Account"). In the event you are required to authorize us to initiate debit entries, you agree to make the funds available in the Account for withdrawal by electronic transfer no later than the payment due date. The amount actually transferred from the Account to pay Royalty Fees and Advertising Fees will be based on the Unit Franchise's Gross Revenues as reported by the Franchisee. If we determine that you have not properly input the Unit Franchise's Gross Revenues for any reporting period, then we will be authorized to debit the Account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee, Advertising Fee, and other amounts transferred from the Account for the last reporting period for which a report of the Unit Franchise's Gross Revenues was provided to us. If at any time we determine that you have under-reported the Unit Franchise's Gross Revenues or underpaid any Royalty Fee or Advertising Fee due us under this Agreement, then we will be authorized to initiate immediately a debit to the Account in the appropriate amount, plus applicable interest, in accordance with the foregoing procedure. Any overpayment will be credited, without interest, against the Royalty Fee, Advertising Fee, and other amounts we otherwise would debit from your account during the following reporting period. Our use of electronic funds transfers as a method of collecting Royalty Fees and Advertising Fees due to us does not constitute a waiver of any of your obligations to provide us with monthly reports as provided in Section 12, nor shall it be deemed a waiver of any of the rights and remedies available to us under this Agreement.

6.9 Application of Payments.

When we receive a payment from you, we have the right, in our sole discretion, to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for Royalty

Fees, Advertising Fees, purchases, interest, or for any other reason, regardless of how you may designate a particular payment should be applied.

6.10 Modification of Payments.

If, by operation of law or otherwise, any fees contemplated by this Agreement cannot be based upon Gross Revenues, then you and we agree to negotiate in good faith an alternative fee arrangement. If you and we are unable to reach an agreement on an alternative fee arrangement, then the Company reserves the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

7. MARKS.

7.1 Ownership and Goodwill of Marks.

You acknowledge that your right to use the Mark(s) is derived solely from this Agreement, and is limited to your operation of the Unit Franchise pursuant to, and in compliance with, this Agreement and all applicable standards, specifications, and operating procedures we prescribe from time to time during the term of the Franchise. You understand and acknowledge that our right to regulate the use of the Mark(s) includes, without limitation, any use of the Mark(s) in any form of electronic media, such as Websites (as defined herein) or web pages, or as a domain name or electronic media identifier. If you make any unauthorized use of the Mark(s), it will constitute a breach of this Agreement and an infringement of our rights in and to the Mark(s). You acknowledge and agree that all your usage of the Mark(s) and any goodwill established by your use will inure exclusively to our benefit and the benefit of our affiliates, and that this Agreement does not confer any goodwill or other interests in the Mark(s) on you (other than the right to operate the Franchise in compliance with this Agreement). All provisions of this Agreement applicable to the Mark(s) will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, or logos we may authorize and/or license you to use during the term of this Agreement.

7.2 Limitations on Franchise Owner's Use of Marks.

You agree to use the Mark(s) as the sole trade identification of the Franchise, except that you will display at the Unit Franchise location a notice, in the form we prescribe, stating that you are the independent owner of the Unit Franchise pursuant to a franchise agreement with us. You agree not to use any mark(s) as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Agreement), or in any modified form. You also shall not use any mark(s) or any commercial symbol similar to the Mark(s) in connection with the performance or sale of any unauthorized services or products, or in any other manner we have not expressly authorized in writing. You agree to display the Mark(s) in the manner we prescribe at the Unit Franchise and in connection with advertising and marketing materials, and to use, along with the Mark(s), any notices of trade and service mark registrations we specify. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

7.3 Notification of Infringements and Claims.

You agree to immediately notify us in writing of any apparent infringement of, or challenge to, your use of any Mark(s), or claim by any person of any rights in any Mark(s) or similar trade

name, trademark, or service mark of which you become aware. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge, or claim. We have the right to exclusively control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Mark(s). You agree to sign any documents, render any assistance, and do any acts that our attorneys say are necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Mark(s), or to otherwise protect and maintain our interests in the Mark(s).

7.4 Discontinuance of Use of Marks.

If it becomes advisable at any time in our sole judgment for the Franchise to modify or discontinue the use of any Mark(s), or use one or more additional or substitute trade or service marks, including the Mark(s) used as the name of the Franchise, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark(s), or use one or more additional or substitute trade or service marks, within ninety (90) days after our notice to you.

7.5 Indemnification of Franchise Owner.

We agree to indemnify you against, and reimburse you for, all damages for which you are held liable in any trademark infringement proceeding arising out of your use of any Mark(s) pursuant to, and in compliance with, this Agreement, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim, and have otherwise complied with this Agreement.

8. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

8.1 Independent Contractor; No Fiduciary Relationship.

This Agreement does not create a fiduciary relationship between you and us. You and we are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, joint-venturer, partner, or employee of the other for any purpose whatsoever. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, Franchise personnel, and others as the owner of the Unit Franchise pursuant to a franchise agreement with us, and to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.

8.2 No Liability, No Warranties.

We have not authorized or empowered you to use the Mark(s) except as provided by this Agreement, and you agree not to employ any of the Mark(s) in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other, or represent that your and our relationship is other than that of franchisor and franchisee.

8.3 **Indemnification.**

We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets, or on us, in connection with the business you conduct, or any payments you make to us pursuant to this Agreement (except for our own income taxes). You agree to indemnify, defend, and hold us, our affiliates and our and their respective owners, directors, officers, employees, agents, successors, and assigns (individually, an “Indemnified Party,” and collectively, the “Indemnified Parties”), harmless against, and to reimburse such Indemnified Parties for, all such obligations, damages, and taxes for which any Indemnified Party may be held liable, and for all costs the Indemnified Party reasonably may incur in the defense of any such claim brought against the Indemnified Party, or in any such action in which the Indemnified Party may be named as a party, including without limitation actual and consequential damages; reasonable attorneys’, accountants’, and/or expert witness fees; cost of investigation and proof of facts; court costs; other litigation expenses; and travel and living expenses. Each Indemnified Party has the right to defend any such claim against the Indemnified Party. You further agree to hold us harmless and indemnify and defend us for all costs, expenses, and/or losses we incur in enforcing the provisions of this Agreement, defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement, including without limitation reasonable arbitrator’s and attorneys’ fees (including those for appeal), unless, after legal proceedings are completed, you are found to have fulfilled and complied with all of the terms of this Agreement. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

9. **CONFIDENTIAL INFORMATION; NON-COMPETITION.**

9.1 **Types of Confidential Information.**

We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by us, including but not limited to: (1) services and products offered and sold at Gold Medal Franchises; (2) knowledge of sales and profit performance of any one or more Gold Medal Franchise; (3) knowledge of sources of products sold at Gold Medal Franchises, advertising and promotional programs, and image and decor; (4) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of Gold Medal Franchises; and (5) the selection and methods of training employees. We will disclose much of the above-described information to you in advising you about site selection, providing our Initial Training, the Operations Manual, and providing guidance and assistance to you under this Agreement. In addition, in the course of the operation of your Unit Franchise, you or your employees may develop ideas, concepts, methods, or techniques of improvement relating to the Franchise that you disclose to us, and that we may then authorize you to use in the operation of your Unit Franchise, and may use or authorize others to use in other Gold Medal Franchises owned or franchised by us or our affiliates. Any such

information disclosed to, or developed by, you will be referred to in this Agreement as “Confidential Information.”

9.2 Non-Disclosure Agreement.

You agree that your relationship with us does not vest in you any interest in the Confidential Information, other than the right to use it in the development and operation of the Unit Franchise, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information belongs to us, may contain trade secrets belonging to us, and is disclosed to you, or authorized for your use, solely on the condition that you agree, and you therefore do agree, that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form that may be copied or duplicated; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including without limitation restrictions on disclosure to your employees, and the use of non-disclosure and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information.

9.3 Non-Competition Agreement.

You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure, and would be unable to encourage a free exchange of ideas and information among Gold Medal Franchises, if owners of Gold Medal Franchises were permitted to participate in any Competitive Businesses. The term “Competitive Business” means any business that derives more than Ten Thousand Dollars (\$10,000) of revenue per year from providing products and services similar to the products and services offered by Gold Medal Unit Franchises, or any business which grants franchises or licenses to others to operate such a business, other than a Unit Franchise operated under a franchise agreement with us. Therefore, during the term of this Agreement, neither you, nor any Principal Owner, nor any member of your immediate family or of the immediate family of any Principal Owner, shall perform services for, or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in, a Competitive Business. The ownership of one percent (1%) or less of a publicly traded company will not be deemed to be prohibited by this paragraph. Upon expiration or termination of this Agreement for any reason, you agree not to engage in a competitive business for a period of one (1) year after the Transfer or termination and within five (5) miles of your Territory.

10. UNIT FRANCHISE OPERATING STANDARDS.

10.1 Condition and Appearance of the Franchise.

You agree that:

- (a) neither the Unit Franchise nor the Premises will be used for any purpose other than the operation of the Unit Franchise in compliance with this Agreement;

(b) you will maintain the condition and appearance of the Unit Franchise; its equipment, furniture, furnishings, and signs; and the Premises in accordance with our standards and consistent with the image of a Unit Franchise as an efficiently operated business offering high quality services, and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and for that purpose will take, without limitation, the following actions during the term of this Agreement: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (2) interior and exterior repair of the Premises; and (3) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings and signs;

(c) you will not make any material alterations to the Premises or the appearance of the Unit Franchise, as originally developed, without our advance written approval. If you do so, we have the right, at our option and at your expense, to rectify alterations we have not previously approved;

(d) you will promptly replace or add new equipment when we reasonably specify in order to meet changing standards or new methods of service;

(e) you will expend at least Five Thousand and No/100 Dollars (\$5,000.00) every four (4) years in remodeling, expansion, redecorating and/or refurnishing of the Premises and the Unit Franchise, if deemed necessary by us (any changes to the decoration or furnishing of the Premises must be approved by us);

(f) on notice from us, you will engage in remodeling, expansion, redecorating and/or refurnishing of the Premises and the Unit Franchise to reflect changes in the operations of Unit Franchise that we prescribe and require of new franchisees, provided that (1) no material changes will be required unless there are at least two (2) years remaining on the Initial Term of the Unit Franchise (any changes to the decoration or furnishing of the Premises must be approved by us); and (2) we have required the proposed change in at least twenty-five percent (25%) of all similarly situated Company and affiliate-owned Unit Franchises, and have undertaken a plan to make the proposed change in the balance of such Company and affiliate-owned Unit Franchises (any expenditures incurred pursuant to this paragraph shall apply to the requirement in Section 10.1(e));

(g) you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve;

(h) if at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the premises of the Unit Franchise or its fixtures, equipment, furniture, or signs do not meet our standards, then we shall have the right to notify you specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within ten (10) days after receipt of our notice, and then

continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, then we shall have the right, in addition to all other remedies available to us at law or under this Agreement, to enter the Premises or the Unit Franchise and perform any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand; and

(i) you will display the signs we require you to display and the products and supplies offered by the Franchise in strict compliance with the schematics approved by the Company as provided (and revised from time to time) in the Manual.

10.2 Franchise Services and Products.

You agree that (a) the Unit Franchise will offer for sale all services and products that we from time to time specify for Unit Franchises, (b) the Unit Franchise will offer and sell approved services and products only in the manner we have prescribed; (c) you will not offer for sale or sell at the Unit Franchise, the Premises, or any other location any services or products we have not approved; (d) all products will be offered at retail prices, and you will not offer or sell any products at wholesale prices; (e) you will not use the Premises for any purpose other than the operation of the Unit Franchise; and (f) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing. In the event that you use, sell or distribute unauthorized products or services, and do not cease the use, sale, or distribution of unauthorized services or products within fifteen (15) days after written notice is given to you, we reserve the right to terminate this Agreement and/or charge you a fee of One Hundred and No/100 Dollars (\$100.00) per product or service for each day that you fail to comply with our demand to cease the use, sale or distribution of unauthorized products or services, which is a reasonable estimate of the damages we would incur from your continued use, sale or distribution of unauthorized products or services, and not a penalty. You agree to maintain an inventory of approved products sufficient in quantity and variety to realize the full potential of the Unit Franchise. We may, from time to time, conduct market research and testing to determine consumer trends and the salability of new services and products. You agree to cooperate by participating in our market research programs, test marketing new services and products in the Unit Franchise, and providing us with timely reports and other relevant information regarding such market research. In connection with any such test marketing, you agree to offer a reasonable quantity of the products or services being tested, and effectively promote and make a reasonable effort to sell them.

10.3 Approved Products, Distributors and Suppliers.

We have developed, or may develop, various unique products or services that may be prepared according to our formulations. We have approved, and will continue to periodically approve, specifications for suppliers and distributors (which may include us and/or our affiliates) for products or services required to be purchased by, or offered and sold at, Unit Franchises, that meet our standards and requirements, including without limitation standards and requirements relating to product quality, prices, consistency, reliability, and customer relations. You agree that the Unit Franchise will: (1) purchase any required products or services in such quantities as we designate; (2) utilize such formats, formulas, and packaging for products as we prescribe; and

(3) purchase all designated products and services only from distributors and other suppliers we have approved. Approved suppliers are listed in the Operations Manual.

We may approve a single distributor or other suppliers (collectively “supplier”) for any product, and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Unit Franchises franchised or operated by us. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria, and may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like to purchase any items that we do not provide or for which we have not designated an approved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier’s facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria. We will notify you in writing immediately when our approval of a supplier is revoked. Upon receipt of our notice of revocation, you will immediately stop using the services or products of the revoked supplier. We will not reimburse you for any remaining products or services purchased from the revoked supplier that you are unable to use as a result of our revocation of the supplier’s approval.

We, and/or our affiliates, may be an approved supplier or the only approved supplier of certain and all products or services to be purchased by you for use and/or sale by the Unit Franchise. We, and our affiliates, reserve the right to charge any licensed manufacturer engaged by us or our affiliates a royalty to manufacture products for us or our affiliates, or to receive commissions or rebates from vendors that supply goods or services to you. We or our affiliates may also derive income from our sale of products or services to you, and may sell these items at prices exceeding our or their costs in order to make a profit on the sale.

10.4 Hours of Operation.

You agree to keep the Unit Franchise open for business at such times and during such hours as we may prescribe from time to time.

10.5 Specifications, Standards and Procedures.

You agree to comply with all mandatory specifications, standards, and operating procedures relating to the appearance, function, cleanliness, sanitation and operation of the Unit Franchise. Any mandatory specifications, standards, and operating procedures that we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to “this Agreement” include all such mandatory specifications, standards, and operating procedures.

10.6 Compliance with Laws and Good Business Practices.

You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Unit Franchise. You also agree to operate the Unit Franchise in full compliance with all applicable laws, ordinances, and regulations, including without limitation all government regulations relating to worker's compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes.

All advertising you employ must be completely factual, in good taste (in our sole discretion), and conform to the highest standards of ethical advertising and all legal requirements. You agree that in all dealings with us, your customers, your suppliers, and public officials, you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice that may be harmful to the business of the Company, the Unit Franchise, and/or the goodwill associated with the Mark(s) and other Unit Franchises.

You must notify us in writing within five (5) days of (1) the commencement of any action, suit, or proceeding, and/or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, that may adversely affect your and/or the Unit Franchise's operation, financial condition, or reputation; and/or (2) your receipt or knowledge of any notice of violation of any law, ordinance, or regulation relating to health or safety.

10.7 Management and Personnel of the Franchise.

Unless we approve your employment of a General Manager to operate the Unit Franchise as provided in Section 4.1, you must actively participate in the actual, on-site, day-to-day operation of the Unit Franchise, and devote as much of your time as is reasonably necessary for the efficient operation of the Unit Franchise. If you are an entity, then at least one of your Principal Owners, directors, officers, or other employees whom we approve must comply with this requirement. If we agree that you may employ a General Manager, then the General Manager must fulfill this requirement. Any General Manager shall each obtain all licenses and certifications required by law before assuming his or her responsibilities at the Unit Franchise. You will ensure that your employees and independent contractors of Unit Franchise have any licenses as may be required by law, and hold or are pursuing any licenses, certifications, and/or degrees required by law or by us in the Operations Manual, as updated from time to time. You will be exclusively responsible for the terms of your employees' and independent contractors' employment and compensation, and for the proper training of your employees and independent contractors in the operation of the Unit Franchise. You must establish any training programs for your employees and/or independent contractors that we may prescribe in writing from time to time. You must require all employees and independent contractors to maintain a neat and clean appearance, and conform to the standards of dress that we specify in the Operations Manual, as updated from time to time. Each of your employees and independent contractors must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information, proprietary information, and trade secrets as described in Section 9.2, and to abide by the covenants not to compete described in Section 9.3. You must forward to us a copy of each such signed agreement. All of your employees and independent contractors must render prompt, efficient and courteous service to all customers of

the Unit Franchise. You agree not to recruit or hire, either directly or indirectly, any employee (or a former employee, for six (6) months after his or her employment has ended) of any Unit Franchise operated by us, our affiliates, or another Unit Franchise owner without first obtaining the written consent of us, our affiliate, or the franchise owner that currently employs (or previously employed) such employee. If you violate this provision, in addition to any other right or remedy we may have, you agree to pay the employee's current or former employer twice the employee's annual salary, plus all costs and attorneys' fees incurred as a result of the violation. This amount is set at twice the employee's annual salary because it is a reasonable estimation of the damages that would occur from such a breach, and it will almost certainly be impossible to calculate precisely the actual damages from such a breach.

10.8 **Insurance.**

Before you open the Unit Franchise and during any Term of this Agreement, you must maintain in force, under policies of insurance written on an occurrence basis issued by carriers approved by us, and in such amounts as we may determine from time to time: (1) comprehensive public, professional, product and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Unit Franchise or otherwise in conjunction with your conduct of the Franchise pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage amounts as set forth in the Operations Manual; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Unit Franchise and its contents, and any other assets of the Unit Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than six (6) months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than \$1,000,000/\$3,000,000 or such other amounts that we may establish in the Operations Manual. Approved insurance carrier(s) are listed in the Operations Manual. We may periodically increase or decrease the amounts of coverage required under these insurance policies, and/or require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Each insurance policy must name us (and, if we so request, our members, directors, employees, agents, and affiliates) as additional insureds, and must provide us with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy. Deductibles must be in reasonable amounts, and are subject to review and written approval by us. You must provide us with copies of policies evidencing the existence of such insurance concurrently with the execution of this Agreement and prior to each subsequent renewal date of each insurance policy, along with certificates evidencing such insurance.

Prior to the expiration of the term of each insurance policy, you must furnish us with a copy of a renewal or replacement insurance policy and appropriate certificates of insurance. If you, at any time, fail or refuse to maintain any insurance coverage required by us or to furnish satisfactory evidence thereof, then we, at our option and in addition to our other rights and remedies under this Agreement, may, but need not, obtain such insurance coverage on your behalf, and you shall reimburse us on demand for any costs or premiums paid or incurred by us.

Notwithstanding the existence of such insurance, you are and will be responsible for all loss or damage and contractual liability to third persons originating from, or in connection with, the operation of the Unit Franchise, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage, which indemnity shall survive the termination or expiration and non-renewal of this Agreement. In addition to the requirements of this Section, you must maintain any and all insurance coverage in such amounts and under such terms and conditions as may be required in connection with your lease or purchase of the Premises.

Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf.

10.9 Credit Cards and Other Methods of Payment.

You must obtain a credit card merchant account through our preferred provider, and you must at all times have arrangements in existence with Visa, Master Card, American Express, Discover and any other credit and debit card issuers or sponsors, check verification services, and electronic fund transfer systems that we designate from time to time, in order that the Unit Franchise may accept customers' credit and debit cards, checks, and other methods of payment. We may require you to obtain such services through us or our affiliates.

11. ADVERTISING.

11.1 By Company.

As stated in Section 6.3, due to the value of advertising and the importance of promoting the public image of Unit Franchises, we may establish, maintain, and administer an Ad Fund to support and pay for national, regional, or local marketing programs that we deem necessary, desirable, or appropriate to promote the goodwill and image of all Unit Franchises. You will contribute to the Ad Fund the Advertising Fee set forth in Section 6.3. We agree that any Unit Franchises owned by us or our affiliates will contribute to the Ad Fund on the same basis as you do.

We will be entitled to direct all advertising programs financed by the Ad Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. You agree that the Ad Fund may be used to pay the costs of preparing and producing video, audio, and written advertising materials; administering multi-regional advertising programs; and providing advertising and marketing materials to Unit Franchises. The Ad Fund will furnish you with approved advertising materials at its direct cost of producing those advertising materials. The amounts you contribute to the Ad Fund will not be used for placement of advertising in television, radio, newspaper or other media. Rather, any collective media placement will be conducted through the local and regional advertising cooperatives described in Section 11.3.

The Ad Fund will be accounted for separately from other funds of the Company, and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs, and overhead we may incur in activities reasonably related to the

administration of the Ad Fund and its advertising programs (including without limitation conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund). We may spend in any fiscal year an amount greater or less than the total contributions to the Ad Fund in that year. We may cause the Ad Fund to borrow from us or other lenders to cover deficits of the Ad Fund, or to invest any surplus for future use by the Ad Fund. You authorize us to collect for remission to the Ad Fund any advertising monies or credits offered by any supplier to you based upon purchases you make. We will prepare an annual statement of monies collected and costs incurred by the Ad Fund and will make it available to you on written request. At this time, we do not intend to have the Ad Fund audited but reserve the right to do so in the future.

You understand and acknowledge that the Ad Fund will be intended to maximize recognition of the Mark(s) and patronage of Gold Medal Franchises. Although we will endeavor to use the Ad Fund to develop advertising and marketing materials, and to place advertising in a manner that will benefit all Gold Medal Franchises, we undertake no obligation to ensure that expenditures by the Ad Fund in, or affecting, any geographic area are proportionate or equivalent to contributions to the Ad Fund by Gold Medal Franchises operating in that geographic area, or that any Gold Medal Franchise will benefit directly or in proportion to its contribution to the Ad Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Ad Fund.

We will have the right to terminate the Ad Fund by giving you thirty (30) days' advance written notice. All unspent monies on date of termination will be divided between the Company and the contributing franchisees in proportion to our and their respective contributions. At any time thereafter, we will have the right to reinstate the Ad Fund under the same terms and conditions as described in this Section (including the rights to terminate and reinstate the Ad Fund) by giving you thirty (30) days' advance written notice of reinstatement.

11.2 By Franchise Owner.

You agree to list and advertise your Gold Medal Franchise in each of the classified directories distributed within your market area, in those business classifications as we prescribe from time to time, using any standard form of classified telephone directory advertisement we may provide. You are required to spend 1% of your monthly Gross Revenues on local advertising.

On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. If you do not receive our written disapproval within fifteen (15) days from the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising or promotional materials that we have disapproved. You will be solely responsible and liable to ensure that all advertising, marketing, and promotional materials and activities you prepare comply with applicable federal, state, and local law, and the conditions of any agreements or orders to which you may be subject.

11.3 Regional Advertising Cooperatives.

In the event that more than one Unit Franchise is located in an area of dominant influence ("ADI"), we reserve the right to form a regional advertising cooperative (the "Ad Co-op"). We

also reserve the right to require you to join the Ad Co-op and to contribute to its funding. The members of the Regional Ad Co-op will determine by a majority vote the amount to be contributed by each member of the Regional Ad Co-op as necessary, up to a maximum of 1% of each Franchise's Gross Revenues. This amount is in addition to each member's contribution to the Ad Fund. Amounts contributed to the advertising pool by you may be considered as spent for local advertising, and therefore toward the minimum local advertising requirements.

11.4 Websites.

You agree that you may not operate a website separate from our website for your Franchise. We will set up a webpage for your Unit Franchise within a reasonable time after the signature of your Franchise Agreement. You agree that Franchisor has full control over the content of its website and the content of your webpage. Additionally, you may use social media (as that term is defined in our Manuals) only as outlined in our Manuals.

12. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS.

You agree to maintain, at your own expense, accounting and business-management software, which will act as a record keeping system for the Unit Franchise (the "Software"). With respect to the operation and financial condition of the Unit Franchise, you agree to submit to us: (1) by the fifteenth (15th) day of each month, an electronic report of the Unit Franchise's transactions for the preceding month, and any other data, information, and supporting records that we may require; (2) by the fifteenth (15th) day of each month, a profit and loss statement for the preceding calendar month, and a year-to-date profit and loss statement and balance sheet; (3) within ninety (90) days after the end of your fiscal year, a fiscal year-end balance sheet, and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments; and (4) such other reports as we require from time to time (collectively, the "Software Reports"). You agree to input all Unit Franchise transactions into the Software in a timely manner to ensure that the Software Reports are accurate. If it is determined that any information was omitted from the Software or input inaccurately, we may charge a non-refundable accounting fee of One Hundred and No/100 Dollars (\$100.00), payable in a lump sum by the fifteenth (15th) day of the month following the month during which the inaccurate report was submitted, in addition to any other remedies provided for in this Agreement. You agree to maintain and furnish upon our request complete copies of federal and state income tax returns you file with the Internal Revenue Service and state tax departments, reflecting revenues and income of the Unit Franchise or the corporation, partnership, or limited liability company that holds the Unit Franchise. We reserve the right to require you to have audited or reviewed financial statements prepared by a certified public accountant on an annual basis. You agree to retain hard copies of all records for a minimum of four (4) years.

13. INSPECTIONS AND AUDITS.

13.1 Company's Right to Inspect the Franchise.

To determine whether you and the Unit Franchise are complying with this Agreement and the specifications, standards, and operating procedures we prescribe for the operation of the Unit Franchise, we or our agents have the right, at any reasonable time and without advance notice to you, to: (1) inspect the Premises; (2) observe the operations of the Unit Franchise for such consecutive or intermittent periods as we deem necessary; (3) interview personnel of the Unit

Franchise; (4) interview customers of the Unit Franchise; and (5) inspect and copy any books, records and documents relating to the operation of the Unit Franchise. You agree to fully cooperate with us in connection with any of those inspections, observations and interviews. You agree to present to your customers any evaluation forms we periodically prescribe, and agree to participate in, and/or request that your customers participate in, any surveys performed by or on our behalf. Based on the results of any such inspections and audits and your other reports, we may provide to you such guidance and assistance in operating your Unit Franchise as we deem appropriate.

13.2 Company's Right to Audit.

We have the right at any time during business hours, and without advance notice to you, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Unit Franchise, and the books and records of any corporation, limited liability company, or partnership that holds the Unit Franchise. You agree to fully cooperate with our representatives and any independent accountants we may hire to conduct any inspection or audit. If the inspection or audit is necessary because of your failure to furnish any reports, supporting records, other information or financial statements as required by this Agreement, or to furnish such reports, records, information, or financial statements on a timely basis, or if an understatement of Gross Revenues for any period is determined by an audit or inspection to be greater than two percent (2%), then you agree to pay us all monies owed, plus interest at eighteen percent (18%) per annum, and reimburse us for the cost of such inspection or audit, including without limitation any attorneys' fees and/or accountants' fees we may incur, and the travel expenses, room and board, and applicable per diem charges for our employees or contractors. The above remedies are in addition to all our other remedies and rights under this Agreement or under applicable law.

14. TRANSFER REQUIREMENTS.

14.1 Organization.

If you are a corporation, partnership or limited liability company (or if this Agreement is assigned to a corporation, partnership or limited liability company with our approval), you represent and warrant to us that you are, and will continue to be, throughout the term of this Agreement, duly organized and validly existing in good standing under the laws of the state of your incorporation, registration or organization, that you are qualified to do business and will continue to be qualified to do business throughout the term of this Agreement in all states in which you are required to qualify, that you have the authority to execute, deliver and carry out all of the terms of this Agreement, and that during the term of this Agreement the only business you and your Principal Owners will conduct will be the development, ownership and operation of the Unit Franchise.

14.2 Interests in Franchise Owner; Reference to Exhibit 4.

You and each Principal Owner represent, warrant and agree that all "Interests" in Franchise Owner are owned in the amount and manner described in Exhibit 4. No Interests in Franchise Owner will, during the term of this Agreement, be "public" securities (i.e., securities that require, for their issuance, registration with any state or federal authority). An "Interest" is defined to mean any shares, membership interests, or partnership interests of Franchise Owner and any other

equitable or legal right in any of Franchise Owner's stock, revenues, profits, rights or assets. When referring to Franchise Owner's rights or assets, an "Interest" means this Agreement, Franchise Owner's rights under, and interest in, this Agreement, any Gold Medal Franchise, or the revenues, profits or assets of any Gold Medal Franchise. You and each Principal Owner also represent, warrant, and agree that no Principal Owner's Interest has been given as security for any obligation (i.e., no one has a lien on or security interest in a Principal Owner's Interest), and that no change will be made in the ownership of an Interest other than as expressly permitted by this Agreement or as we may otherwise approve in writing. You and each Principal Owner agree to furnish us with such evidence as we may request from time to time to assure ourselves that the Interests of Franchise Owner and each of your Principal Owners remain as permitted by this Agreement, including a list of all persons or entities owning any Interest, as defined above.

14.3 Transfer by Company.

This Agreement is fully transferable by us and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to our interests in this Agreement.

14.4 No Transfer Without Approval.

You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your Principal Owners. Accordingly, neither this Agreement nor any part of your interest in it, nor any Interest (as defined in Section 14.2) of Franchise Owner or a Principal Owner, may be Transferred (see definition below) without our advance written approval. Any Transfer that is made without our approval will constitute a breach of this Agreement and convey no rights to or interests in this Agreement, you, the Franchise, or any other Gold Medal Franchise.

As used in this Agreement the term "Transfer" means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest, or occurrence of any other event which would or might change the ownership of any Interest, and includes, without limitation: (1) the Transfer of ownership of capital stock, partnership interest or other ownership interest; (2) merger or consolidation, or issuance of additional securities representing an ownership interest in Franchise Owner; (3) sale of common stock of Franchise Owner sold pursuant to a private placement or registered public offering; (4) Transfer of an Interest in a divorce proceeding or otherwise by operation of law; or (5) Transfer of an Interest by will, declaration of, or transfer in trust, or under the laws of intestate succession.

We will not unreasonably withhold consent to a Transfer of an Interest by a Principal Owner to a member of his or her immediate family or to your key employees, so long as all Principal Owners together retain a "controlling Interest" (i.e., the minimum ownership percentage listed in Exhibit 4), although we reserve the right to impose reasonable conditions on the Transfer as a requirement for our consent.

Interests owned by persons other than the Principal Owners ("minority owners") may be transferred without our advance consent unless the Transfer would give that transferee and any person or group of persons affiliated or having a common interest with the transferee more than a collective twenty-five percent (25%) Interest in Franchise Owner, in which case our advance written approval for the Transfer must be obtained. Your formal partnership, corporation or other

formation documents and all stock certificates, partnership units or other evidence of ownership must recite or bear a legend reflecting the transfer restrictions of this Subsection.

14.5 Conditions for Approval of Transfer.

If you and your Principal Owners are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all the applicable requirements of this Section. The person or entity to whom you wish to make the Transfer, or its principal owners (“Proposed New Owner”), must be individuals of good moral character and otherwise meet our then-applicable standards for Franchisees. If you propose to Transfer this Agreement, the Unit Franchise or its assets, or any Interest therein; or if any of your Principal Owners proposes to Transfer a controlling Interest in you or make a Transfer that is one of a series of Transfers which taken together would constitute the Transfer of a controlling Interest in you, then all of the following conditions must be met before or at the time of the Transfer:

(a) the Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the Unit Franchise;

(b) you must pay any amounts owed for purchases from us and our affiliates, and any other amounts owed to us or our affiliates which are unpaid;

(c) the Proposed New Owner’s directors and such other personnel as we may designate must have successfully completed our Initial Training, and shall be legally authorized and have all licenses necessary to perform the services offered by the Unit Franchise. The Proposed New Owner shall be responsible for any wages and compensation owed to, and the travel and living expenses (including all transportation costs, room, board and meals) incurred by, the attendees who attend the Initial Training;

(d) if your lease for the Premises requires it, the lessor must have consented to the assignment of the lease of the Premises to the Proposed New Owner;

(e) you (or the Proposed New Owner) must pay us a Transfer Fee in the amount of Thirty Thousand Dollars (\$30,000), plus the cost of training that we may then charge to new Franchisees, as determined by us in our reasonable discretion, and must reimburse us for any reasonable expenses incurred by us in investigating and processing any Proposed New Owner where the Transfer is not consummated for any reason;

(f) you and your Principal Owners and your and their spouses must execute a general release (in a form satisfactory to us) of any and all claims you and/or they may have against us, our affiliates, and our affiliates’ respective officers, directors, employees, and agents;

(g) we must approve the material terms and conditions of the proposed Transfer, including without limitation that the price and terms of payment are not so burdensome as to adversely affect the operation of the Unit Franchise;

(h) the Unit Franchise and the Premises shall have been placed in an attractive, neat and sanitary condition;

(i) you and your Principal Owners must enter into an agreement with us providing that all obligations of the Proposed New Owner to make installment payments of the purchase price (and any interest on it) to you or your Principal Owners will be subordinate to the obligations of the Proposed New Owner to pay any amounts payable under this Agreement or any new Franchise Agreement that we may require the Proposed New Owner to sign in connection with the Transfer;

(j) you and your Principal Owners must enter into a non-competition agreement wherein you agree not to engage in a competitive business for a period of one (1) year after the Transfer and within five (5) miles of your Territory;

(k) the Unit Franchise shall have been determined by us to contain all equipment and fixtures in good working condition, as were required at the initial opening of the Unit Franchise. The Proposed New Owner shall have agreed, in writing, to make such reasonable capital expenditures to remodel, equip, modernize and redecorate the interior and exterior of the premises in accordance with our then existing plans and specifications for a Unit Franchise, and shall have agreed to pay our expenses for plan preparation or review, and site inspection;

(l) upon receiving our consent for the Transfer or sale of the Unit Franchise, the Proposed New Owner shall agree to assume all of your obligations under this Agreement in a form acceptable to us, or, at our option, shall agree to execute a new Franchise Agreement with us in the form then being used by us. We may, at our option, require that you guarantee the performance, and obligations of the Proposed New Owner; and

(m) you must have properly offered us the opportunity to exercise our right of first refusal as described below, and we must have then declined to exercise it.

14.6 **Right of First Refusal.**

If you or any of your Principal Owners wishes to Transfer any Interest, we will have a right of first refusal to purchase that Interest as follows. The party proposing the Transfer (the “transferor”) must obtain a bona fide, executed written offer (accompanied by a “good faith” earnest money deposit of at least five percent (5%) of the proposed purchase price) from a responsible and fully disclosed purchaser, and must submit an exact copy of the offer to us. You also agree to provide us with any other information we need to evaluate the offer, if we request it within five (5) days of receipt of the offer. We have the right, exercisable by delivering written notice to the transferor within thirty (30) days from the date of last delivery to us of the offer and any other documents we have requested, to purchase the Interest for the price and on the terms and conditions contained in the offer, except that we may substitute cash for any form of payment proposed in the offer, and will not be obligated to pay any “finder’s” or broker’s fees that are a part of the proposed Transfer. We also will not be required to pay any amount for any claimed value of intangible benefits, for example, possible tax benefits that may result by structuring and/or closing the proposed Transfer in a particular manner or for any consideration payable other than the bona fide purchase price for the Interest proposed to be transferred. (In fact, we may in our sole and absolute discretion withhold consent to any proposed Transfer if the offer directly or indirectly requires payment of any consideration other than the bona fide purchase price for the

Interest proposed to be transferred.) Our credit will be deemed equal to the credit of any other proposed purchaser, and we will have at least sixty (60) days to prepare for closing. We will be entitled to all customary representations and warranties given purchasers in connection with such sales. If the proposed Transfer includes assets not related to the operation of the Unit Franchise, we may purchase only the assets related to the operation of the Unit Franchise or may also purchase the other assets. (An equitable purchase price will be allocated to each asset included in the Transfer.)

If we do not exercise our right of first refusal, the transferor may complete the sale to the Proposed New Owner pursuant to and on the terms of the offer, as long as we have approved the Transfer as provided in Section 14. You must immediately notify us of any changes in the terms of an offer. Any material change in the terms of an offer before closing will make it a new offer, revoking any previous approval or previously made election to purchase and giving us a new right of first refusal effective as of the day we receive formal notice of a material change in the terms. If the sale to the Proposed New Owner is not completed within one hundred twenty (120) days after we have approved the Transfer, our approval of the proposed Transfer will expire. Any later proposal to complete that proposed Transfer will be deemed a new offer, giving us a new right of approval and right of first refusal effective as of the day we receive formal notice of the new (or continuing) proposal. We will not exercise a right of first refusal with respect to a proposed Transfer of less than a controlling interest to a member of a Principal Owner's immediate family or to your key employees.

14.7 Death and Disability.

Upon the death or permanent disability of you or a Principal Owner, the executor, administrator, conservator or other personal representative of the deceased or disabled person must Transfer the deceased or disabled person's Interest within a reasonable time, not to exceed ninety (90) days from the date of death or permanent disability, to a person we have approved. Such Transfers, including without limitation transfers by a will or inheritance, will be subject to all the terms and conditions for assignments and Transfers contained in this Agreement. Failure to so dispose of an Interest within the ninety (90) day period of time will constitute grounds for termination of this Agreement.

14.8 Effect of Consent to Transfer.

Our consent to a proposed Transfer pursuant to Section 14 will not constitute a waiver of any claims we may have against you or any Principal Owner, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner.

15. TERMINATION OF THE FRANCHISE.

We have the right to terminate this Agreement effective upon delivery of notice of termination to you, if: (1) you do not develop or open the Unit Franchise as provided in this Agreement and the Franchise Disclosure Document; (2) you abandon, surrender, transfer control of, lose the right to occupy the Premises of, or do not actively operate, the Unit Franchise, or your lease for or purchase of the location of the Unit Franchise is terminated for any reason; (3) you or your Principal Owners assign or Transfer this Agreement, any Interest, the Unit Franchise, or

assets of the Unit Franchise without complying with the provisions of Section 14; (4) you are adjudged a bankrupt, become insolvent or make a general assignment for the benefit of creditors; (5) you use, sell, distribute or give away any unauthorized services or products, and do not cease the use, sale, or distribution of unauthorized services or products within fifteen (15) days after written notice is given to you; (6) you fail to maintain a valid license to practice and/or fail to maintain compliance with state regulations and do not cure the failure within twenty (20) days after written notice is given to you; (7) you or any of your Principal Owners are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Mark(s); (8) you are involved in any action that is likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Mark(s); (9) you or any of your employees violate any health or safety law, ordinance or regulation, or operate the Unit Franchise in a manner that presents a health or safety hazard to your customers or the public; (10) you do not pay when due any monies owed to us or our affiliates, and do not make such payment within ten (10) days after written notice is given to you; (11) you or any of your Principal Owners fail to comply with any other provision of this Agreement or any mandatory specification, standard, or operating procedure within twenty (20) days after written notice of such failure to comply is given to you; or (12) you or any of your Principal Owners fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit, when due, any financial statements, reports or other data, information, or supporting records; pay, when due, any amounts due under this Agreement; or otherwise fail to comply with this Agreement, whether or not such failures to comply are corrected after notice is given to you or your Principal Owners.

In addition, if, in the opinion of our legal counsel, any provision of this Agreement is contrary to law, then you and we agree to negotiate in good faith an amendment that would make this Agreement conform to the applicable legal requirements. If you and we are unable to reach such an agreement, or if fundamental changes to this Agreement are required to make it conform to the legal requirements, then we reserve the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

In the event that we terminate this Agreement under this Section or other applicable provisions of this Agreement, we shall be entitled, in those states in which such termination fees are enforceable, to receive from you a termination fee in the amount equal to one-half (1/2) of our then-current initial franchise fee for new Unit Franchises (the "Termination Fee"). The Termination Fee shall be payable by you in addition to any damages payable to us, including loss of future revenues, resulting from your improper or wrongful breach or other termination of this Agreement. We shall be entitled to recover all costs, including attorneys' fees, incurred in connection with the termination and collection of the Termination Fee.

If you continue to operate the Unit Franchise after termination of this Agreement, in addition to any other right or remedy we may have (including the Termination Fee), you agree to pay to us the amount of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) for operating the Unit Franchise in violation of this Agreement, plus all costs and attorneys' fees incurred as a result of the violation. This amount is set at Twenty-Five Thousand and No/100 Dollars (\$25,000.00) because it is a reasonable estimation of the damages that would occur from such a breach, and it will almost certainly be impossible to calculate precisely the actual damages from such a breach.

16. **RIGHTS AND OBLIGATIONS OF COMPANY AND FRANCHISE OWNER
UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.**

16.1 **Payment of Amounts Owed to Company.**

You agree to pay us within five (5) days after the effective date of termination or expiration of the Unit Franchise, or any later date that the amounts due to us are determined, all amounts owed to us or our affiliates which are then unpaid.

16.2 **Marks.**

You agree that after the termination or expiration of the Unit Franchise you will:

- (a) not directly or indirectly at any time identify any business with which you are associated as a current or former Gold Medal Franchise or Franchisee;
- (b) not use any Mark(s) or any colorable imitation of any Mark(s) in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us;
- (c) return to us or destroy (whichever we specify) all customer lists, forms and materials containing any Mark(s) or otherwise relating to a Gold Medal Franchise;
- (d) remove all Mark(s) affixed to uniforms or, at our direction, cease to use those uniforms; and
- (e) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark(s).

16.3 **De-Identification.**

If you retain possession of the Premises, you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to disassociate the Premises with the image of a Unit Franchise, including any signage bearing the Mark(s). If you do not take the actions we request within thirty (30) days after notice from us, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.

16.4 **Confidential Information.**

You agree that on termination or expiration of the Unit Franchise you will immediately cease to use any of the Confidential Information, and agree not to use it in any business or for any other purpose. You further agree to immediately return to us all copies of the Operations Manual and any written Confidential Information or other confidential materials that we have loaned or provided to you.

16.5 Company's Option to Purchase the Franchise.

Upon the termination or expiration of the Unit Franchise, we will have the option, but not the obligation, exercisable for thirty (30) days upon written notice to you, to purchase at fair market value all of the assets of the Unit Franchise, including all approved equipment, fixtures, furniture and signs and all supplies, materials, and other items imprinted with any Mark(s), and to take an assignment of the lease for the Premises and any other lease or concession agreement necessary for the operation of the Unit Franchise. If you and we cannot agree on the fair market value of the assets of the Unit Franchise within a reasonable time, such value shall be determined by an average of the appraisals of two (2) independent appraisers, one of whom will be selected by you and one of whom will be selected by us. If the appraisals differ by more than ten percent (10%), then you and we will mutually agree on a value, or if you and we cannot agree, our appraisers will select a third appraiser whose determination of market value will be final. We shall not assume any liabilities, debts or obligations of the Unit Franchise in connection with any such transfer, and you will indemnify us from any and all claims made against us arising out of any such transfer of the assets of the Unit Franchise. All parties will comply with all applicable laws in connection with any such transfer, and you agree to cooperate with us in complying with all such requirements.

The closing shall occur within thirty (30) days after we exercise our option to purchase the assets or such later date as may be necessary to comply with applicable bulk sales or similar laws. At the closing, you and we both agree to execute and deliver all documents necessary to vest title in the purchased assets and/or real property in us free and clear of all liens and encumbrances, except those assumed by us and/or to effectuate the lease of the Premises. You also agree to provide us with all information necessary to close the transaction. We reserve the right to assign our option to purchase the Unit Franchise or designate a substitute purchaser for the Unit Franchise. By signing this Agreement, you irrevocably appoint us as your lawful attorney-in-fact with respect to the matters contemplated by Section 16.5, with full power and authority to execute and deliver in your name all documents required to be provided by you under Section 16.5 in the event you do not provide them in a timely and proper manner. You also agree to ratify and confirm all of our acts as your lawful attorney-in-fact, and indemnify and hold us harmless from all claims, liabilities, losses or damages suffered by you in so doing.

Once we give notice that we will purchase the Unit Franchise's assets, we will have the right to immediately take over the operations of the Unit Franchise. From the date we take over the Unit Franchise to the date of closing of the purchase of the Unit Franchise's assets, we will be entitled to use any Gross Revenues of the Unit Franchise to operate the Unit Franchise, and to retain as a management fee up to ten percent (10%) of the balance of such Gross Revenues after operating expenses are paid, plus any additional costs and expenses we may incur.

16.6 Continuing Obligations.

All obligations of this Agreement (whether yours or ours) that expressly, or by their nature, survive the expiration or termination of this Agreement will continue in full force and effect after, and notwithstanding, its expiration or termination until they are satisfied in full or, by their nature, expire.

16.7 Management of the Franchise.

In the event that we are entitled to terminate this Agreement in accordance with Section 15 above or any other provision of this Agreement, and in addition to any other rights or remedies available to us in the event of such termination, we may, but need not, assume the Unit Franchise's management. All Gross Revenues from the Unit Franchise's operation while we assume its management will be kept in a separate account, and all of the Unit Franchise's expenses will be charged to this account. We may charge you (in addition to the Royalty Fee and Advertising Fee contributions due under this Agreement) a reasonable management fee in an amount that we may specify, equal to up to ten percent (10%) of the Unit Franchise's Gross Revenues, plus our direct out-of-pocket costs and expenses, if we assume management of the Unit Franchise under this paragraph. We have a duty to utilize only our reasonable efforts in managing the Unit Franchise, and will not be liable to you for any debts, losses, or obligations the Unit Franchise incurs, or to any of your creditors for any products or services the Unit Franchise purchases, while we manage it pursuant to this paragraph.

17. ENFORCEMENT.

17.1 Invalid Provisions; Substitution of Valid Provisions.

To the extent that the non-competition provisions of Sections 9.3 or 14.5(j) are deemed unenforceable because of their scope in terms of area, business activity prohibited, or length of time, you agree that any invalid provision will be deemed modified or limited to the extent or manner necessary to make each particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in such provision under the laws applied in the forum in which we are seeking to enforce such provisions.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard, or operating procedure we prescribed invalid or unenforceable, then the advance notice and/or other action required or revision of the specification, standard, or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provisions enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

17.2 Unilateral Waiver of Obligations.

Either you or we may, by written notice, unilaterally waive or reduce any obligation or restriction of the other under this Agreement. The waiver or reduction may be revoked at any time for any reason on ten (10) days' written notice.

17.3 Written Consents from Company.

Whenever this Agreement requires our advance approval or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing except as it pertains to approval of advertising and website materials which will be governed by Sections 11.2 and 11.4 of this Agreement.

17.4 **Lien.**

To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (a) all inventory now owned or after-acquired by you and the Unit Franchise, including but not limited to, all inventory and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of you and/or the Unit Franchise now existing or subsequently arising, together with all interest in you and/or the Unit Franchise, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Unit Franchise, now existing or subsequently arising; and (d) all general intangibles of you and/or the Unit Franchise, now owned or existing, or after-acquired or subsequently arising. You agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in, and to, these assets.

17.5 **No Guarantees.**

If in connection with this Agreement we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, then we will not be deemed to have made any warranties or guarantees upon which you may rely, and will not assume any liability or obligation to you.

17.6 **No Waiver.**

If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice that is at variance with the terms of this Agreement, then we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement, or of any similar term in any other agreement between us and any other Franchisee will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments that are due to us under this Agreement.

17.7 **Cumulative Remedies.**

The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either you or us from exercising any other right or remedy provided under this Agreement, or permitted by law or equity.

17.8 **Specific Performance; Injunctive Relief.**

Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to (1) enforce the provisions of this Agreement relating to your use of the Mark(s) and non-disclosure and non-competition obligations under this Agreement; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance, or regulation; constitutes a danger to the public; or may impair the goodwill associated with the

Mark(s) or Gold Medal Franchises; or (3) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, then you shall pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

17.9 Mediation.

Except insofar as we elect to enforce this Agreement or to seek temporary or permanent injunctive relief as provided above, the parties will attempt, in good faith, to resolve promptly through negotiation all controversies, disputes or claims arising between us, our affiliates, and our and their respective owners, officers, directors, agents, and employees (in their representative capacity) and you (and your Principal Owners and guarantors) arising out of or related to: (1) this Agreement, any provision thereof, or any related agreement (except for any lease or sublease with us or any of our affiliates); (2) the relationship of the parties hereto; (3) the validity of this Agreement or any related agreement, or any provision thereof; or (4) any specification, standard or operating procedure relating to the establishment or operation of the Unit Franchise. For such purpose, any party may request the others to meet within fifteen (15) days at a mutually agreed upon time and place. If the parties are not able to conduct a meeting within the said fifteen (15) day period or to resolve the dispute within thirty (30) days after their first negotiating meeting (or such longer period of time as may be mutually agreed upon), any party may then refer the claim or controversy to non-binding mediation conducted by a reputable and licensed mediator in the Maricopa County, Arizona area (the "Mediator") by sending a written mediation request to the other parties (the "Mediation Request"). In the event that a Mediation Request is made, the parties agree to participate in the mediation process. The parties and the Mediator may join in the mediation any other party necessary for a mutually acceptable resolution of the dispute. Should the Mediator at any time be unable or unwilling to serve, the parties shall select a successor Mediator. The mediation procedure shall be determined by the Mediator in consultation with the parties. The fees and expenses of the Mediator shall be borne equally by the parties. Should such mediation efforts fail to resolve the dispute, then the parties are free to seek enforcement of the agreement through any legal means.

17.10 Waiver of Punitive Damages and Jury Trial; Limitations of Actions.

Except with respect to your obligations to indemnify us and claims that we may bring under Sections 7, 9, 15, or 16 of this Agreement, and except for claims arising from your non-payment or underpayment of any amounts owed to us or our affiliates, (1) any and all claims arising out of or related to this Agreement or the relationship between you and us shall be barred, by express agreement of the parties, unless an action or proceeding is commenced within two (2) years from the date the cause of action accrues; and (2) you and we hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and agree that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between you and us, each party will be limited to the recovery of any actual damages sustained by that party. You and we irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either you or us.

17.11 Governing Law/Consent To Jurisdiction.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and the Unit Franchise will be governed by the internal laws of the State of Arizona (without reference to its choice of law and conflict of law rules), except that the provisions of any Arizona law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this paragraph. You agree that we may institute any action against you arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) in any state or federal court of general jurisdiction in Maricopa County, Arizona, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

17.12 Binding Effect.

This Agreement is binding on, and will inure to the benefit of, our successors and assigns and, subject to the Transfers provisions contained in this Agreement, will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors, and administrators.

17.13 No Liability to Others; No Other Beneficiaries.

We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity that is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

17.14 Construction.

All headings of the various Sections of this Agreement are for convenience only, and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission

by you. The term “affiliate(s),” as used in this Agreement, is applicable to any company directly or indirectly owned or controlled by you or your Principal Owners, or any company directly or indirectly owned or controlled by us.

17.15 Joint and Several Liability.

If two (2) or more persons are the Franchise Owner under this Agreement, their obligation and liability to us shall be joint and several.

17.16 Multiple Originals.

This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other parties hereto. This Agreement, once executed by a party, may be delivered to the other parties hereto by facsimile transmission or other electronic means of a copy of this Agreement, bearing the signature of the party so delivering this Agreement.

17.17 Timing Is Important.

Time is of the essence of this Agreement. “Time is of the essence” is a legal term that emphasizes the strictness of time limits. In this case, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

17.18 Independent Provisions.

The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

18. NOTICES AND PAYMENTS.

All written notices, reports and payments permitted or required under this Agreement or by the Operations Manual will be deemed delivered: (a) at the time delivered by hand; (b) one (1) business day after transmission by telecopy, facsimile or other electronic system; (c) one (1) business day after being placed in the hands of a reputable commercial courier service for next business day delivery; or (d) three (3) business days after being placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and addressed to the party to be notified or paid at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party. Any required notice, payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

19. **INDEPENDENT PROFESSIONAL JUDGMENT OF YOU AND YOUR GENERAL MANAGER.**

You and we acknowledge and agree that the specifications, standards and operating procedures related to the services offered by the Unit Franchise are not intended to limit or replace your or your General Manager's (if any) professional judgment in supervising and performing the services offered by your Unit Franchise. The specifications, standards, and operating procedures represent only the minimum standards, and you and your General Manager (if any) are solely responsible for ensuring that the Unit Franchise performs services in accordance with all applicable requirements and standards of care. Nothing in this Agreement shall obligate you or your General Manager (if any) to perform any act that is contrary to your or your General Manager's (if any) professional judgment; provided, however, that you must notify us immediately upon your determination that any specification, standard or operating procedure is contrary to your or your General Manager's (if any) professional judgment.

20. **ENTIRE AGREEMENT.**

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Any provisions of state law applicable to the state where you will operate your franchise are contained in Exhibit 5. This Agreement may be modified only by written agreements signed by both you and us, except that we may modify the Operations Manual at any time, in our sole discretion, as provided herein.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Agreement Date.

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC,
an Arizona limited liability company

By: Michael Walker, its Member

FRANCHISE OWNER

Signature: _____

Name: _____

Title: _____

Signature: _____

Name: _____

Title: _____

A. EXHIBIT 1

**TO THE GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC FRANCHISE
AGREEMENT**

FRANCHISE SPECIFIC INFORMATION

1-1 **Expiration Date.** Unless sooner terminated or renewed in accordance with the provisions of this Agreement, this Agreement will expire on_____.

1-2 **Exclusive Territory.** The Exclusive Territory referred to in Section 2.3 of this Agreement shall be:_____

1-3 **Franchising Opening Schedule.** In signing the foregoing Agreement to which this Exhibit 1 is attached, you acknowledge that:

1. You have purchased the Franchise to which the Agreement corresponds as a Gold Medal Unit Franchise. You will establish this Gold Medal Unit Franchise as a Start-up Franchise.

2. You must open the Gold Medal Unit Franchise mentioned above within a certain time period specified by us, the length of which depends upon the number of Gold Medal Franchises you have purchased and the number of these Gold Medal Franchises that you have developed and opened for business before developing and opening the Gold Medal Unit Franchise to which this Agreement corresponds.

3. You must open the Franchise to which this Agreement corresponds within the following time period (the “Opening Deadline”), subject to the requirements of Section 3, and any other applicable provision of the Agreement:_____

B. EXHIBIT 2

TO THE GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC FRANCHISE AGREEMENT

OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement, dated as of this _____ day of _____, 20__ (“the Agreement”), by and between Gold Medal Swim School Franchises, LLC (“us”), an Arizona limited liability company, and _____ (“the Franchise Owner”), each of the undersigned owners of the Franchise Owner and their respective spouses (“you,” for purposes of this Guaranty only), hereby personally and unconditionally agree to perform and keep during the terms of the Agreement, each and every covenant, obligation, payment, agreement, and undertaking on the part of Franchise Owner contained and set forth in the Agreement. Each of you agree that all provisions of the Agreement relating to the obligations of Franchise Owners, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the Agreement, shall be binding on you.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchise Owner or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchise Owner which you may have arising out of your guaranty of the Franchise Owner's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchise Owner fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchise Owner or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchise Owner has any obligations under the Agreement.

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

any of the above-listed costs and expenses incurred by us.

This Guaranty is now executed as of the Agreement Date.

OWNER:

Name: _____

OWNER'S SPOUSE:

Name: _____

OWNER:

Name: _____

OWNER'S SPOUSE:

Name: _____

OWNER:

Name: _____

OWNER'S SPOUSE:

Name: _____

NOTARY PUBLIC

State of _____)
) ss.
County of _____)

I, _____, a notary in the State of _____, County of _____, do hereby certify that the foregoing Guaranty and Assumption of Obligations was acknowledged before me this _____ day of _____, _____, by _____ and _____, who is (are) personally known to me or who has (have) produced identification demonstrating his/her identity.

Signature of Person Taking Acknowledgement

My Commission Expires: _____

C. EXHIBIT 3

TO THE GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC FRANCHISE AGREEMENT ADDENDUM TO LEASE AGREEMENT

This Addendum to Lease Agreement (this “Addendum”), is entered into effective on this _____ day of _____, 20____, (the “Effective Date”) by and between _____, a _____ (the “Lessor”), and _____, a _____ (the “Lessee”) (each a “Party” and collectively, the “Parties”).

RECITALS

WHEREAS, the Parties hereto have entered into a certain Lease Agreement, dated on the _____ day of _____, 20____ (the “Agreement”), and pertaining to the premises located at _____ (the “Premises”);

WHEREAS, Lessor acknowledges that Lessee intends to operate a Gold Medal Unit Franchise from the Premises pursuant to a Franchise Agreement (the “Franchise Agreement”) with Gold Medal Swim School Franchises, LLC, an Arizona limited liability company (“Franchisor”) under the name Gold Medal Swim School or other name designated by Franchisor; and

WHEREAS, the Parties now desire to amend the Lease Agreement in accordance with the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth and each act done and to be done pursuant hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

1. Remodeling and Decor. The above recitals are hereby incorporated by reference. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Gold Medal Unit Franchise on the Premises.

2. Assignment. Lessee shall have the right to assign all of its right, title and interest in and to the Lease Agreement to Franchisor or its parent, subsidiary, or affiliate, (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent, pursuant to the terms of the Collateral Assignment of Lease attached hereto as Exhibit A. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease Agreement, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease

Agreement is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord's consent in accordance with Section 4(a) below.

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease Agreement, Lessor shall give Lessee and Franchisor written notice of the default or violation within ten (10) days after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Section 4(a) below. Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option to cure, but is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

Gold Medal Swim School Franchises, LLC
6909 W. Ray Rd. #27
Chandler, AZ 85226
Attention: Michael Walker
E-mail: walker@goldmedalswimschool.com

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of the Lease Agreement, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement, or any Interim Period thereof, without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to this effect shall be included in the Lease.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease Agreement or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest in the Lease Agreement and at any time thereafter to reassign the Lease Agreement to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease Agreement. Upon notice from Franchisor to Lessor requesting an automatic assignment, Lessor will, at the cost of Franchisor, take appropriate actions to secure the leased premises, including but not limited to, changing the locks and granting Franchisor sole rights to the Premises.

(b) Upon the expiration or termination of either the Lease Agreement or the Franchise Agreement (attached), Lessor will cooperate with and assist Franchisor in securing possession of the Premises, and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Gold Medal Unit Franchise, and to make other modifications (such as repainting) as are reasonably necessary to protect the Gold Medal Mark(s) and System, and to distinguish the Premises from a Gold Medal Unit Franchise. In the event Franchisor exercises its option to purchase assets of Lessee or has rights to those through the terms and conditions of any agreement between Lessee and Franchisor, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Exhibit A.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of, or against, Franchisor or any affiliate of Franchisor.

6. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Gold Medal Unit Franchise.

7. Amendments. No amendment or variation of the terms of the Lease or this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease Agreement shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copied herein in full.

9. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, the Parties have duly executed this Addendum as of the Effective Date.

LESSOR:

By:_____

Name:_____

Its:_____

LESSEE:

By:_____

Name:_____

Its:_____

EXHIBIT A

COLLATERAL ASSIGNMENT OF LEASE

This COLLATERAL ASSIGNMENT OF LEASE (this “Assignment”) is entered into effective as of the ____ day of _____, 20____ (the “Effective Date”). The undersigned, _____, (“Assignor”) hereby assigns, transfers and sets over to Gold Medal Swim School Franchises, LLC, an Arizona limited liability company (“Assignee”) all of Assignor’s right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the “Lease Agreement”) with respect to the premises located at _____ (the “Premises”). This Assignment is for collateral purposes only and, except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from, or in connection with, this Assignment unless Assignee shall take possession of the Premises demised by the Lease Agreement pursuant to the terms hereof, and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease Agreement and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease Agreement or the Premises.

Upon a default by Assignor under the Lease Agreement or under that certain franchise agreement for a Gold Medal Unit Franchise between Assignee and Assignor (“Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease Agreement.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease Agreement without the prior written consent of Assignee. Through the Initial Term of the Franchise Agreement and any Renewal Period thereof (as defined in the Franchise Agreement), Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease Agreement not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease Agreement as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Collateral Assignment of Lease as of the Effective Date.

ASSIGNOR:

By:_____

Name:_____

Its:_____

ASSIGNEE:

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC,
an Arizona limited liability company

By: Michael Walker, its Member

D. EXHIBIT 4

**TO THE GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC FRANCHISE
AGREEMENT**

OWNERSHIP INTERESTS IN FRANCHISE OWNER

4-1. Full name and address of the owners of, and a description of the type of, all currently held Interests in Franchise Owner: _____

4-2. Minimum individual and aggregate Principal Owner ownership percentage required at all times during the term of this Agreement:

4-2.1 During the term of this Agreement, the Principal Owners together must have a “controlling interest” (i.e., a ninety percent (90%) “ownership interest” of the equity, voting control and profits) in Franchise owner.

4-2.2 Unless otherwise permitted, the required minimum “ownership interest” of each Principal Owner during the term of this Agreement is:

<u>Name</u>	<u>Ownership Percentage</u>
_____	_____
_____	_____
_____	_____

**EXHIBIT 5 TO GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC'S FRANCHISE
AGREEMENT**
STATE-SPECIFIC ADDENDA

STATE OF CALIFORNIA'S SPECIFIC DISCLOSURE ADDENDUM

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.

Section 31125 of the California Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your Agreement.

Our website address is provided to you on the Cover Page of the Franchise Disclosure Document. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

Item 3 (The disclosures required to be made in Item 3 of this Disclosure Document are supplemented as follows):

Franchisor, persons or franchise brokers disclosed in Item 2 who are 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. 78 *a et seq.*, suspending or expelling such persons from membership in such association or exchange: None – (end of item 3 supplement).

Item 17 (The disclosures required to be made in Item 17 of this Disclosure Document are supplemented as follows):

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

The 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.*).

The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an agreement restricting venue to a forum outside the State of California.

The Agreement requires application of the laws of another state than the State of California. This provision may not be enforceable under California law.

You must sign a general release of claims if you transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 through 31516). Business and Professions Code Section 30010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043) – (end of item 17 supplement).

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF CONNECTICUT’S SPECIFIC DISCLOSURE ADDENDUM
--

The delivery date of the services to be provided by us is within ninety (90) days of signing the Agreement by you.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF ILLINOIS' SPECIFIC DISCLOSURE ADDENDUM
--

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The choice of forum and law may be different as provided by the Illinois Franchise Disclosure Act (815 ILCS 7054). In these cases Illinois, forum and law shall control.

For curable defaults, a 30-day time frame generally is considered a reasonable time period for all such cure periods unless the default deals with health or safety issues.

Because of our financial condition, the Illinois Attorney General's Office has imposed that we defer the payment by you of all initial franchise fees owed to us, or our affiliate, until such time as all initial obligations owed to you under the franchise agreement or other agreements have been fulfilled by us and you have commenced doing business pursuant to the franchise agreement.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF INDIANA'S SPECIFIC DISCLOSURE ADDENDUM

There will be no indemnification for liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.

We will not operate a substantially identical business to that of your franchise within your territory regardless of trade name.

The choice of law provision is subject to the superseding provisions of Indiana's Franchise Act, IC 23-2-2.5 and IC 23-2-2.7.

The reservation of right to injunctive relief, any specified remedy or limitation of the remedies available to either party and the release of any rights with regard to the Agreement shall not apply.

An estate has six (6) months to find a transferee or the Agreement can be terminated.

A franchisee will not be required to covenant not to compete with us for a period longer than three (3) years or in an area greater than the exclusive area granted by the Agreement or, in absence of such a provision in the Agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

IC 23-2-2.7-1(1) prohibits us from requiring you (if you are a resident of Indiana or a non-resident who will operate a franchise in Indiana) to purchase goods, supplies, inventories, or services exclusively from us or sources designated by us where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by us. However, the (i) publication by us of a list of approved suppliers of goods, supplies, inventories, or services, (ii) the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by us, and/or (iii) our reasonable right to disapprove a supplier does not constitute designation of a source. This above prohibition does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by us.

IC section 23-2-2.7-1(11) prohibits us from requiring you to participate in any (i) advertising campaign or contest, (ii) promotional campaign, (iii) promotional materials, or (iv) display decorations or materials, at an expense that is indeterminate, determined by a third party, or determined by a formula, unless the Agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that you may be required to pay.

IC 23-2-2.7.1-1(5) prohibits us from requiring you to prospectively assent to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability imposed under the Indiana Franchise Act.

We will not obtain money, goods, services, or any other benefit from any other person with whom you do business, on account of, or in relation to, the transaction between you and the other person, other than for compensation for services rendered by us, unless the benefit is promptly accounted for, and transmitted to you.

IC section 23-2-2.7-1(11) prohibits us from requiring you to participate in any (i) advertising campaign or contest, (ii) promotional campaign, (iii) promotional materials, or (iv) display decorations or materials, at an expense that is indeterminate, determined by a third party, or determined by a formula, unless the Agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that you may be required to pay.

IC section 23-2-2.7-1(7) prohibits the Agreement from permitting unilateral termination of your franchise if termination is without good cause or in bad faith. Good cause within the meaning of this paragraph includes any material violation of the Agreement.

IC section 23-2-2.7-1(8) prohibits us from failing to renew your Agreement without good cause or in bad faith. This provision does not prohibit your Agreement from providing that it is not renewable upon expiration, or that renewal is conditioned upon your meeting certain conditions specified in the Agreement.

IC section 23-2-2.7-1(10) prohibits the Agreement from limiting litigation brought for breach of the Agreement in any manner whatsoever.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF MARYLAND'S SPECIFIC DISCLOSURE ADDENDUM

The provisions in the Agreement relating to the general release that is required as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The provisions in Section 15 of the Franchise Agreement which provide for termination of the franchise upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).

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

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF MICHIGAN'S SPECIFIC DISCLOSURE ADDENDUM

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

A prohibition on the right of a franchisee to join an association of franchisees.

A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into an agreement, from settling any and all claims.

A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the agreement existing at the time of the proposed transfer.

A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and

able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the agreement and has failed to cure the breach in the manner provided in subdivision (c).

A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or enforcement by the Attorney General.

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48909
Telephone Number: (517) 373-1110

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF MINNESOTA'S SPECIFIC DISCLOSURE ADDENDUM

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE.

THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subdivisions 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement.

We will protect your right to use the Mark(s), trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

You do not consent to us obtaining injunctive relief. However, you agree that we may seek injunctive relief. See Minn. Rules 2860.4400J.

Minnesota Rule part 2860.4400D prohibits requiring a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person of liability imposed by the Minnesota Franchise Law, provided that this rule shall not bar the voluntary settlement of disputes.

We will not require you to assent to liquidated damages. Liquidated damage provisions are void.

Minn. Rule Part 2860.4400J prohibits you from waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minn. Rule 2860.4400J prohibits waiver of a jury trial. If any portion of the Franchise Disclosure Document or the Agreement provides for a waiver of jury trial, Minnesota law will control.

The Limitations of Claims section of the Franchise Disclosure Document must comply with Minnesota Statutes, Section 80C.17, Subd. 5. If any portion of the Franchise Disclosure Document or the Agreement is contrary to Minnesota Statutes, Section 80C.17, Subd. 5, Minnesota law will control.

The Minnesota Department of Commerce requires us to defer collection of initial franchise fees and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under

the franchise agreement or other agreements have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement. The Minnesota Department of Commerce has imposed the deferral requirement because of the franchisor's financial condition.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF NEW JERSEY’S SPECIFIC DISCLOSURE ADDENDUM

Liquidated damages are void if unreasonable under the totality of the circumstances, including whether a statute governs the relationship and concerns liquidated damages clauses; and the common practice in the industry.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF NEW YORK'S SPECIFIC DISCLOSURE ADDENDUM

Item 3 (The disclosures in Item 3 of the Disclosure Document are amended to read as follows):

Neither the persons identified in Item 2, nor any predecessor or affiliate of ours: (A) has an administrative, criminal, or civil action pending against that person alleging a felony; a violation of a franchise, antitrust, or securities law; fraud, embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive trade practices; or comparable civil or misdemeanor allegations; (B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding our application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations; or (C) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling that person from membership in the association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation actions affecting a license as a real estate broker or sales agent – (end of item 3)

Item 4 (The disclosures in Item 4 of the Disclosure Document are amended to read as follows):

Neither we, any predecessor or affiliate of ours, or our officers and directors, during the 10-year period immediately before the date of this Disclosure Document, (A) filed as debtor, or had filed against it, a petition to start an action under the U.S. Bankruptcy Code; (B) obtained a discharge of its debts under the bankruptcy code; or (C) was a principal officer of a company or a general partner in a partnership that either filed as debtor, or had filed against it, a petition to start an action under the U.S. Bankruptcy Code, or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in the company or partnership – (end of item 4).

Liquidated damage provisions are void and shall not apply to franchises located in New York State if the parties did not intend to liquidate damages, or intended to provide for a penalty; the liquidated damages clause amount is not reasonably related to the anticipated loss suffered by the non-breaching party; or the actual loss is not difficult to ascertain or incapable of estimation.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF NORTH DAKOTA'S SPECIFIC DISCLOSURE ADDENDUM

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

Situs of Arbitration Proceedings: An agreement providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

Applicable Laws: An agreement that specifies that it is to be governed by the laws of a state other than North Dakota.

Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

General Release: An agreement that requires the franchisee to sign a general release upon renewal of the Agreement.

Limitation of Claims: An agreement that requires the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

Enforcement of Agreement: An agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Any contrary provision in this Agreement or the Franchise Disclosure Document will be void.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF RHODE ISLAND’S SPECIFIC DISCLOSURE ADDENDUM

Section 19-28.1-14 of the Rhode Island franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF SOUTH DAKOTA'S SPECIFIC DISCLOSURE ADDENDUM

You will receive thirty (30) days written notice with an opportunity to cure a breach of the Agreement, failure to meet performance and quality standard and failure to make royalty payments before termination.

Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

Liquidated damage provisions are void.

Pursuant to SDCL 37-5B, any condition, stipulation or provision of the Agreement purporting to waive compliance with any provision of this chapter or any rule or order thereunder is void. Any acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in an agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.

Any provision in an agreement that designates jurisdiction or venue or requires you to agree to jurisdiction or venue to a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota.

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, the Agreement will be and remain subject to the application, construction, enforcement and interpretation under the governing law listed in the Governing Law section of the Agreement.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF VIRGINIA’S SPECIFIC DISCLOSURE ADDENDUM

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement and the Franchisee has commenced doing business pursuant to the Franchise Agreement.

Additional Disclosure. The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

STATE OF WASHINGTON'S SPECIFIC DISCLOSURE ADDENDUM

The state of Washington has a statute, RCW 19.100.180 that may supersede the Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

If any of the provisions of this Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investor Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent provisions of the Agreement with regard to any franchise sold in Washington.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of law, the provision of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

The State of Washington's Department of Financial Institutions, Securities Division, requires us to defer payment of the initial franchise fee and other initial payments owed by franchisee to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner: _____

By: _____

Its: _____

STATE OF WISCONSIN'S SPECIFIC DISCLOSURE ADDENDUM
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The Wisconsin Fair Dealership Law applies to most, if not all, agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void. The Wisconsin Fair Dealership Law supersedes any provisions contained in the franchise or license agreement that are inconsistent with that Law.

Executed as of the Agreement Date

Franchisor: Gold Medal Swim School Franchises, LLC

By: Michael Walker, its Member

Franchise Owner:_____

By:_____

Its:_____

ADDITIONAL STATE PROVISIONS

These states have statutes which may supersede the Agreement in your relationship with us, including the areas of termination and renewal of your franchise: Arkansas, California, Connecticut, Delaware, Hawaii, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, South Dakota, Virginia, Washington, Wisconsin.

These states have statutes which limit our ability to restrict your activity after the Agreement has ended: California, Florida, Michigan, Montana, North Dakota, Oklahoma, Washington. Other states have court decisions limiting our ability to restrict your activity after the Agreement has ended.

A provision in the Agreement which terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

The following states have statutes which restrict or prohibit the imposition of liquidated damage provisions: California, Indiana, Minnesota, South Dakota. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law and state and federal court decisions.

If any provision of your Agreement violates any of these provisions, then that specific provision may not apply to franchisees located in that particular state.

For franchises located in any state not specifically mentioned, if any provision of this Agreement violates the provision of any state law, then that specific provision may not apply to franchisees located in that particular state.

EXHIBIT C
FRANCHISE OPERATIONS MANUAL
TABLE OF CONTENTS

GOLD MEDAL SWIM SCHOOL FRANCHISE, LLC
TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL

Gold Medal Swim School Standard Operating Procedures Manual as of July 31st, 2018

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13	Gold Medal Swim School Management Strategy – Building your Team for Success	10
14	Human Resources and Risk Management	10
15	Gold Medal Swim School Instructor Training Manual	1,000
16	Retail Inventory Reference and Ordering Systems	8
	Total number of pages	1,723

EXHIBIT D

FINANCIAL STATEMENTS

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC

**Financial Statements
December 31, 2022, 2021, and 2020
With Independent Auditors' Report**





INDEPENDENT AUDITORS' REPORT

To Michael Walker, Owner
Gold Medal Swim School Franchises, LLC

Opinion

We have audited the accompanying financial statements of Gold Medal Swim School Franchises, LLC (an Arizona limited liability company), which comprise the balance sheets as of December 31, 2022, 2021, and 2020 and the related statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gold Medal Swim School Franchises, LLC as of December 31, 2022, 2021, and 2020 and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gold Medal Swim School Franchises, LLC 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 Gold Medal Swim School Franchises, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Members:

American Institute of Certified Public Accountants • Arizona Society of Certified Public Accountants
17767 North Perimeter Drive, Suite B110 • Scottsdale, AZ 85255 • 480 820 5041 • 480 775 8705 (fax)
www.jdscpagroup.com

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Gold Medal Swim School Franchises, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gold Medal Swim School Franchises, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

JDS Professional Group
Certified Public Accountants, Consultants and Advisors, LLC

June 22, 2023

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC

Balance Sheets

December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 3,008	\$ 4,358	\$ 7,952
Other receivable	-	-	63
Prepaid expenses	<u>707</u>	<u>707</u>	<u>751</u>
TOTAL ASSETS	<u><u>\$ 3,715</u></u>	<u><u>\$ 5,065</u></u>	<u><u>\$ 8,766</u></u>
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)			
Current Liabilities			
Accounts payable	\$ 281	\$ -	\$ 43
Due to affiliated companies	<u>103,532</u>	<u>97,027</u>	<u>93,670</u>
Total Current Liabilities	<u>103,813</u>	<u>97,027</u>	<u>93,713</u>
Member's Equity (Deficit)	<u>(100,098)</u>	<u>(91,962)</u>	<u>(84,947)</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	<u><u>\$ 3,715</u></u>	<u><u>\$ 5,065</u></u>	<u><u>\$ 8,766</u></u>

The accompanying notes are an integral part of the financial statements.

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC
Statements of Operations
For the Years Ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPERATING EXPENSES			
Interest expense	-	2	-
Bank service charge	157	84	73
Accounting	1,462	1,362	1,163
Legal	-	539	5,852
Audit services	2,500	5,010	5,700
Travel	4,017	3,518	-
Total Operating Expenses	<u>8,136</u>	<u>10,515</u>	<u>12,788</u>
NET LOSS	<u>\$ (8,136)</u>	<u>\$ (10,515)</u>	<u>\$ (12,788)</u>

The accompanying notes are an integral part of the financial statements.

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC
 Statements of Changes in Member's Equity (Deficit)
 For the Years Ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
BEGINNING MEMBER'S EQUITY (DEFICIT)	\$ (91,962)	\$ (84,947)	\$ (79,159)
Contributions	-	3,500	7,000
Net Loss	(8,136)	(10,515)	(12,788)
ENDING MEMBER'S EQUITY (DEFICIT)	<u>\$ (100,098)</u>	<u>\$ (91,962)</u>	<u>\$ (84,947)</u>

The accompanying notes are an integral part of the financial statements.

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC
Statements of Cash Flows
For the Years Ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities			
Net Loss	\$ (8,136)	\$ (10,515)	\$ (12,788)
Adjustments to reconcile net income loss to net cash provided by operating activities:			
Changes in operating assets and liabilities:			
Accounts receivable	-	63	(63)
Prepaid expenses	-	44	(751)
Accounts payable	281	(43)	(58)
Accrued liabilities	-	-	(5,737)
Due to affiliated companies	6,505	3,357	19,626
Net Cash Provided by (Used in) Operating Activities	<u>(1,350)</u>	<u>(7,094)</u>	<u>229</u>
Cash Flows from Financing Activities			
Member contribution	<u>-</u>	<u>3,500</u>	<u>7,000</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>3,500</u>	<u>7,000</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,350)	(3,594)	7,229
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,358</u>	<u>7,952</u>	<u>723</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,008</u>	<u>\$ 4,358</u>	<u>\$ 7,952</u>

The accompanying notes are an integral part of the financial statements.

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC
Notes to Financial Statements
December 31, 2022, 2021 and 2020

Note 1 – Description of the Business

Gold Medal Swim School Franchises, LLC (the “Company”) was formed on May 1, 2018 to sell franchises to qualified individuals who wish to operate a swim school modeled after the Gold Medal Swim School, Inc.’s concept, within a specified territory. The Company anticipates selling franchises throughout the United States with its first sale to take place in 2023.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

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

Cash and Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits, and other highly liquid investments with original maturities of three months or less. The Company does not have any cash equivalents.

Subsequent Events

Management has evaluated subsequent events through the report date that is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Note 3 – Income Taxes

The Company is a single member limited liability company and has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owner on the respective income tax returns. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has not taken other tax positions which must be considered for disclosure.

The Company is subject to U.S. federal and state tax audits by taxing authorities for years ending December 31, 2019 and after. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Company believes no issues would arise.

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC

Notes to Financial Statements
December 31, 2022, 2021 and 2020

NOTE 4 – Concentrations of Risk

Concentration of Business Risks

The Company is in the business of selling franchises to qualified individuals who wish to operate a swim school that is modeled after the Gold Medal Swim School Inc.'s concept. As such, the Company's business risks are directly tied to one industry and to individuals who have met certain defined qualifications and wish to utilize the concept.

The Company's revenue is directly tied to the sale of the aforementioned franchises.

Concentration of Credit Risk

The Company's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2022, 2021, and 2020, the Company's cash demand deposits did not exceed the FDIC's insurance limit.

NOTE 5 – Financial Commitments

The Company did not have any significant financial commitments as of December 31, 2022, 2021, or 2020. The Company will incur financial obligations during 2023 as it pursues its operations.

NOTE 6 – Related Party Transactions

The Company has advances from two affiliated companies by common ownership to fund operations. The balance of these advances was \$103,532, \$97,027, and \$93,670 as of December 31, 2022, 2021, and 2020, respectively.

There is no formal repayment agreement for these advances. The Company intends to repay these advances when the Company sells its first franchise; anticipated to be during 2023.

NOTE 7 – Member's Equity Deficit

The Company began in May 2018 and was expected to begin sales in 2020. As a result of the COVID-19 pandemic, economic activity was suspended. Operations continue to be funded by the sole owner and affiliated companies.

EXHIBIT E

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 20__, by and between Gold Medal Swim School Franchises, LLC, an Arizona limited liability company, (hereinafter referred to as “the Company”) and _____, whose address is _____ (hereinafter referred to as “Prospective Franchisee”) and each owner of Prospective Franchisee and his or her spouse (individually, an “Owner,” and collectively, the “Owners”) (collectively, Franchisor, Franchisee, and Owners are referred to hereinafter as the “Parties”).

WITNESSETH THAT:

WHEREAS, Prospective Franchisee desires to obtain certain confidential and proprietary information from the Company for the sole purpose of inspecting and analyzing said information in an effort to determine whether to purchase a franchise from the Company; and

WHEREAS, the Company is willing to provide such information to Prospective Franchisee for the limited purpose and under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1. **DEFINITION.** “Confidential Information” is used herein to mean all information, documentation and devices disclosed to or made available to Prospective Franchisee by the Company, whether orally or in writing, as well as any information, documentation or devices heretofore or hereafter produced by Prospective Franchisee in response to or in reliance on said information, documentation and devices made available by the Company.

2. **TERM.** The parties hereto agree that the restrictions and obligations of Paragraph 4 of this Agreement shall be deemed to have been in effect from the commencement on the _____ day of _____, 20__, of the ongoing negotiations between Prospective Franchisee and the Company and continue in perpetuity until disclosed by the Company.

3. **TRADE SECRET ACKNOWLEDGEMENT.** Prospective Franchisee acknowledges and agrees the Confidential Information is a valuable trade secret of the Company and that any disclosure or unauthorized use thereof will cause irreparable harm and loss to the Company.

4. **TREATMENT OF CONFIDENTIAL INFORMATION.** In consideration of the disclosure to Prospective Franchisee of Confidential Information, Prospective Franchisee agrees to treat Confidential Information in confidence and to undertake the following additional obligations with respect thereto:

(a) To use Confidential Information for the sole purpose of inspecting and analyzing the information in an effort to determine whether to purchase a franchise from the Company and solely in their operation of the Company Franchise;

(b) Not to disclose Confidential Information to any third party;

(c) To limit dissemination of Confidential Information to only those of Prospective Franchisee’s officers, directors and employees who have a need to know to perform the limited tasks set forth in Item 4 (a) above; and who have agreed to the terms and obligations of this Agreement by affixing their signatures hereto;

(d) Not to copy Confidential Information or any portions thereof; and

(e) To return Confidential Information and all documents, notes or physical evidence thereof, to the Company upon a determination that Prospective Franchisee no longer has a need therefor, or a request therefor, from the Company, whichever occurs first.

5. **SURVIVAL OF OBLIGATIONS.** The restrictions and obligations of this Agreement shall survive any expiration, termination or cancellation of this Agreement and shall continue to bind Prospective Franchisee, their heirs, successors and assigns in perpetuity.

6. **NEGATION OF LICENSES.** Except as expressly set forth herein, no rights to licenses, expressed or implied, are hereby granted to Prospective Franchisee as a result of or related to this Agreement.

7. **APPLICABLE LAW.** This Agreement shall be construed and enforced in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

FRANCHISOR:

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC

By: Michael Walker, its Member

FRANCHISE OWNER:

By:_____

Its:_____

[Remainder of Page Left Intentionally Blank – Signature of Owners Follows]

OWNERS OF PROSPECTIVE FRANCHISEE:

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	_____ %
_____	Owner's Title/Position with Franchisee:	
Printed/Typed Name of Owner	_____	
_____	_____	
Signature of Owner's Spouse	_____	
_____	Date: _____, 20	
Printed/Typed Name of Spouse		

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	_____ %
_____	Owner's Title/Position with Franchisee:	
Printed/Typed Name of Owner	_____	
_____	_____	
Signature of Owner's Spouse	_____	
_____	Date: _____, 20	
Printed/Typed Name of Spouse		

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	_____ %
_____	Owner's Title/Position with Franchisee:	
Printed/Typed Name of Owner	_____	
_____	_____	
Signature of Owner's Spouse	_____	
_____	Date: _____, 20	
Printed/Typed Name of Spouse		

[Remainder of Page Left Intentionally Blank – Signature of Owners Continues]

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse	Date: _____	, 20

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse	Date: _____	, 20

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse	Date: _____	, 20

EXHIBIT F

OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement, dated as of this _____ day of _____, 20____ (the "Agreement"), by and between Gold Medal Swim School Franchises, LLC, an Arizona limited liability company ("we" or "us") and _____ ("the Franchisee"), each of the undersigned owners of the Franchisee and their respective spouses ("you," for purposes of this Guaranty only), hereby personally and unconditionally agree to perform and keep during the terms of the Agreement, each and every covenant, obligation, payment, agreement, and undertaking on the part of the Franchisee contained and set forth in the Agreement (the "Guaranty"). Each of you agree that all provisions of the Agreement relating to the obligations of the Franchisee, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the Agreement, shall be binding on you.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against the Franchisee or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchisee which you may have arising out of your guaranty of the Franchisee's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if the Franchisee fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against the Franchisee or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to the Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchisee has any obligations under the Agreement.

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

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Guaranty to be duly executed.

OWNERS OF FRANCHISEE:

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner		
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner		
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner		
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

[Remainder of Page Left Intentionally Blank – Signature of Owners Continues]

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse		Date: _____, 20__

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse		Date: _____, 20__

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse		Date: _____, 20__

[Remainder of Page Left Intentionally Blank – Acknowledgement of Notary Follows]

NOTARY PUBLIC

STATE OF _____)
) ss.
COUNTY OF _____)

I, _____, do hereby certify that the foregoing Owner's Guaranty and Assumption of Obligations was acknowledged before me this _____ day of _____, _____, by the following person(s):

who is (are) personally known to me or who has (have) produced identification demonstrating his/her identity.

Signature of Person Taking Acknowledgement

SEAL

My Commission Expires: _____

EXHIBIT G

LIST OF GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC FRANCHISE OWNERS

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC Unit Franchises (as of December 31, 2022):

None

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC Area Representation Franchises (as of December 31, 2022):

None

EXHIBIT H

GENERAL RELEASE AGREEMENT

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (“Release”) is made and entered into this _____ day of _____, 20____, by and between Gold Medal Swim School Franchises, LLC, an Arizona limited liability company (“Franchisor”), and _____, a _____ corporation/limited liability company/partnership (circle one) (“Franchisee”), and each owner of Franchisee and his or her spouse (individually, an “Owner,” and collectively, the “Owners”) (collectively, Franchisor, Franchisee, and Owners are referred to hereinafter as the “Parties”).

WITNESSETH

WHEREAS, the Parties previously entered into that certain Franchise Agreement dated _____, 20____ (the “Agreement”), granting Franchisee the right to operate a Franchise of Franchisor (“Franchise”) for a specific Term (as defined in the Agreement); and

WHEREAS, Franchisee desires to renew the Agreement for an additional Term (as defined in the Agreement); and

WHEREAS, the Agreement requires Franchisee and each of its Owners and their respective spouses to execute, in favor of Franchisor and its officers, directors, agents, and employees, and Franchisor’s affiliates and their officers, directors, agents, and employees, as a condition to renew the Agreement, a general release from liability of all claims that Franchisee, its Owners, and their respective spouses may have against Franchisor, its affiliates, and their respective owners, officers, directors, employees, and agents; and

WHEREAS, the Parties desire to enter into this Release to comply with the requirements of the Agreement and preserve Franchisee’s eligibility to renew the Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

1. Recitals. The foregoing Recitals are incorporated into and made part of this Release.
2. Release. Franchisee, each Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the “Releasing Entities”), hereby fully release Franchisor and its present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, and Franchisor’s affiliates and their respective present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the “Released Entities”) from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Release is executed. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Miscellaneous.

A. This Release contains the entire agreement and representations between the Parties hereto with respect to the subject matter hereof. This Release supersedes and cancels any prior understanding or agreement between the parties hereto whether written or oral, express or implied. No modifications or amendments to this Release shall be effective unless in writing, signed by all Parties.

B. In the event any provision hereof, or any portion of any provision hereof shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect the remaining portion of any provision, or of any other provision hereof, and each provision of this Release shall be deemed severable from all other provisions hereof.

C. This Release shall be governed by the laws of the State of Arizona. Any litigation or court action arising under or related to this Release shall be filed in state or federal court in Maricopa County, State of Arizona.

D. In the event a court action is brought to enforce or interpret this Release, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.

E. This Release is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.

F. This Release may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of the day and year first above written.

FRANCHISOR:

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC

By: Michael Walker, its Member

FRANCHISEE:

By: _____

Its: _____

OWNERS OF FRANCHISEE:

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse	Date: _____	, 20

[Remainder of Page Left Intentionally Blank – Signature of Owners Continues]

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

[Remainder of Page Left Intentionally Blank – Signature of Owners Continues]

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse		Date: _____, 20

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse		Date: _____, 20

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse		Date: _____, 20

EXHIBIT I

TRANSFER AGREEMENT

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC

TRANSFER AGREEMENT
(For Location Franchises)

THIS TRANSFER AGREEMENT (the “Agreement”) is made and entered into this _____ day of _____, 20____, by and between Gold Medal Swim School Franchises, LLC, an Arizona limited liability company (“Franchisor”), and _____, a _____ corporation/limited liability company/partnership (circle one) (“Franchisee”), and each undersigned owner of Franchisee and his or her spouse (individually, an “Owner,” and collectively, the “Owners”), and _____, a _____ corporation/limited liability company/partnership (circle one) (“Assignee”) (collectively, Franchisor, Franchisee, Owners, and Assignee are referred to hereinafter as the “Parties”).

WITNESSETH:

WHEREAS, Franchisor and Franchisee previously entered into that certain Franchise Agreement dated _____, 20____ (the “FA”), granting to Franchisee that certain Gold Medal franchise (“Franchise”) located at _____

_____ (the “Franchise”);

WHEREAS, the FA provides as follows with respect to the Transfer (as defined below) of the FA, the Franchise, or any interest therein:

- a. Section 14.4 of the FA states that any Transfer (as defined below) of the Franchisee’s interest in the FA or of Franchisee’s rights or privileges under the FA must be approved by Franchisor in writing before such Transfer may be made or become effective;
- b. Section 14.5 of the FA sets forth certain terms and conditions that must be complied with, or that Franchisor may require be complied with, before any Transfer may be made or become effective; and

WHEREAS, Franchisee and/or each undersigned Owner wish(es) to Transfer (as set forth in Section 14 of the FA) to Assignee the following interest (the “Transferred Interest”): _____

_____;

WHEREAS, Franchisor is willing to consent to the above Transfer of the Transferred Interest, and the Parties desire that the Transfer be made in accordance with the following terms and conditions;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:

1. Recitals. The above Recitals and sections of the FA referred therein are hereby incorporated into and made part of this Agreement.

2. Consent to Transfer. Franchisor hereby consents to the Transfer of the Transferred Interest as described in the Recitals.

3. Conditions for Approval of Transfer. Franchisee, and/or each undersigned Owner and his or her spouse, and Assignee each hereby represent and warrant that the conditions for approval of Transfer as set forth in Section 14.5 of the FA, to the extent such conditions are not specifically addressed or resolved under this Agreement, have been fully and completely satisfied as provided in such Section 14.5 and to Franchisor's satisfaction.

4. Release. Franchisee and/or each undersigned Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "Releasing Entities"), hereby fully release Franchisor and its present or former affiliated entities, and their respective officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through it (the "Released Entities") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Agreement is executed.

5. Non-Competition; Non-Solicitation; Confidentiality.

A. Definitions. Wherever used in this Section 5, the term "Franchisor" shall refer to Franchisor and any affiliate, subsidiary, or any successor or assign of Franchisor. Wherever used in this Section, the phrase "directly or indirectly" includes, but is not limited to, acting, either personally or as principal, owner, shareholder, employee, independent contractor, agent, manager, partner, joint venturer, consultant, or in any other capacity or by means of any corporate or other device, or acting through the spouse, children, parents, brothers, sisters, or any other relatives, friends, trustees, agents, or associates of any of the undersigned parties. Wherever used in this Section, the term "employees" shall refer to employees of Franchisor; any affiliate, subsidiary, or any successor or assign of Franchisor; and any franchisee of Franchisor existing as of the date of this Agreement and, to the extent allowable by law, any other person that has been an employee (as defined above) in the twelve (12) months preceding the date of this Agreement. Whenever used in this Section, the term "Confidential Information" shall be defined as provided in Section 9.1 of the FA, which provisions are hereby incorporated by reference.

B. Consideration. The undersigned Parties acknowledge that consideration for this Agreement has been provided and is adequate. The consideration includes, but is not limited to, the granting of the Franchise to Franchisee and/or each undersigned Owner, and Franchisor's consent to the Transfer of the Transferred Interest as provided in this Agreement.

C. Need for this Agreement. The undersigned Parties recognize that in the highly competitive business in which Franchisor and its affiliates and franchisees are engaged, preservation of Confidential Information is crucial and personal contact is important in securing new franchisees and employees, and retaining the goodwill of present franchisees, employees, customers, and suppliers. Personal contact is a valuable asset and is an integral part of protecting the business of Franchisor.

Franchisee and/or each undersigned Owner recognize that it has had substantial contact with Franchisor's employees, customers, and suppliers and Confidential Information. For that reason, Franchisee and/or each undersigned Owner may be in a position to take for his or her benefit the Confidential Information and goodwill Franchisor has with its employees and Confidential Information now or in the future. If Franchisee and/or each undersigned Owner, after the Transfer of the Transferred Interest as provided in this Agreement, takes advantage of such Confidential Information or goodwill for Franchisee's and/or each undersigned Owner's own benefit, then the competitive advantage that Franchisor has created through its efforts and investment will be irreparably harmed.

D. Non-Competition with Franchisor. Franchisee and/or each undersigned Owner of Franchisee agrees that for twelve (12) months following the date of this Agreement, neither Franchisee, nor any Owner, nor any member of Franchisee's or an Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located or operating: (a) within five (5) miles of the Franchise's current location(s); or (b) within five (5) miles of any Gold Medal franchise in operation or development on the date of this Agreement. The term "Competitive Business" means any business which derives more than Ten Thousand and No/100 Dollars (\$10,000.00) of revenue per year from the sale of products and services similar to those offered by Gold Medal franchises, or any business which grants franchises or licenses to others to operate such a business, other than a Gold Medal franchise operated under a franchise agreement with us.

E. Non-Solicitation of Franchisor's Employees. Franchisee and/or each undersigned Owner agrees that for twenty-four (24) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any employees of Franchisor, the Franchise, or any Gold Medal franchise to accept employment with any person, firm, or business that competes with any business of Franchisor, the Franchise, or any Gold Medal franchise; or (b) induce, request, or advise any employee of Franchisor, the Franchise, or any Gold Medal franchise to terminate such employee's relationship with Franchisor, the Franchise, or any Gold Medal franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the employees of Franchisor, the Franchise, or any Gold Medal franchise, except as required by law.

F. Non-Solicitation of Franchisor's Customers. Franchisee and/or each undersigned Owner agrees that for twenty-four (24) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any customers of Franchisor, the Franchise, or any Gold Medal franchise to become customers of any person, firm, or business that competes with any business of Franchisor, the Franchise, or any Gold Medal franchise; or (b) induce, request or advise any customer of Franchisor, the Franchise, or any Gold Medal franchise to terminate or decrease such customer's relationship with Franchisor, the Franchise, or any Gold Medal franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the customers of Franchisor, the Franchise, or any Gold Medal franchise, except as required by law.

G. Confidential Information. Franchisee and/or each undersigned Owner agrees at all times following the date of this Agreement, to hold the Confidential Information in the strictest confidence and not to use such Confidential Information for Franchisee's and/or each undersigned Owner's personal benefit, or the benefit of any other person or entity other than Franchisor, or disclose it directly or indirectly to any person or entity without Franchisor's express authorization or written consent. Franchisee and each undersigned Owner fully understand the need to protect the Confidential Information and all other confidential materials and agree to use all reasonable care to prevent unauthorized persons from obtaining access to Confidential Information at any time.

6. Subordination. Franchisee and/or each undersigned Owner and Assignee each agrees that all of Assignee's obligations to make any installment payments to or for the benefit of Franchisee and/or an undersigned Owner in connection with the Transfer of the Transferred Interest as provided under this Agreement shall be subordinate to Assignee's obligations under the FA or any New FA (as defined below) to pay to us or our affiliates any fees and payments provided for therein.

7. New FA. Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall sign at Franchisor's request the form of Franchisee Agreement currently used by Franchisor in selling and offering franchises like the Franchise (the "New FA").

8. Guaranty of Obligations. In consideration of, and as an inducement to, the execution of this Agreement by Franchisor, each undersigned Owner, and his or her respective spouse, hereby personally and unconditionally (a) guarantees to Franchisor and its successors and assigns that the Owner will punctually pay and perform each and every undertaking, agreement and covenant of Assignee set forth in the FA or any New FA; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the FA or any New FA, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes. Each undersigned Owner waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Section 8; (2) any right the Owner may have to require that an action be brought against Franchisor or any other person as a condition of the Owner's liability; (3) all right to payment or reimbursement from, or subrogation against, Franchisor which Owner may have arising out of this guaranty of Assignee; and (4) any and all other notices and legal or equitable defenses to which Owner may be entitled in its capacity as guarantor. Each undersigned Owner consents and agrees that (1) its direct and immediate liability under this Section shall be joint and several; (2) it will make any payment or render any performance required under the FA or any New FA on demand if Assignee fails or refuses to do so when required; (3) its liability will not be contingent or conditioned on our pursuit of any remedies against Assignee or any other person; (4) its liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Assignee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) the guaranty under this Section will continue and be irrevocable during the term of the FA or any New FA and afterward for so long as Assignee has any obligations under the FA or any New FA. If Franchisor is required to enforce the guaranty provided for under this Section in a judicial or arbitration proceeding, and prevail in such proceeding, then each undersigned Owner agrees that Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by any undersigned Owner to comply with the guaranty provisions of this Section, then the Owner shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

9. Breach. The Parties hereby agree that each of the matters stated herein are important, material, and confidential, and substantially affect the effective and successful conduct of the business of Franchisor and its reputation, and goodwill. Any breach of the terms of this Agreement is a material breach of this Agreement, which will result in substantial and irreparable injury to Franchisor, for which the breaching Party may be preliminarily and permanently enjoined and for which the breaching Party shall also pay to Franchisor all damages (including, but not limited to, compensatory, incidental, consequential and lost profits damages) which arise from the breach, together with interest, costs and Franchisor's reasonable attorneys' fees (through final unappealable judgment) to enforce this Agreement. This Agreement does not limit any other remedies available at law or in equity available to Franchisor.

10. No Waiver. Franchisor may waive a provision of this Agreement only in writing executed by an authorized representative. No Party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a Party of a breach by another Party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching Party.

11. Assignment. This Agreement is fully transferable by Franchisor. Franchisee and/or each undersigned Owner and Assignee shall not assign, convey, sell, delegate, otherwise transfer this Agreement or any right or duty hereunder without obtaining Franchisor's prior written consent.

12. Binding Agreement. This Agreement shall be binding upon the Parties' heirs and legal representatives. This Agreement shall be enforceable by the successors and assigns of Franchisor, any person or entity which purchases substantially all of the assets of Franchisor, and any subsidiary, affiliate or operation division of Franchisor.

13. Tolling. To ensure that Franchisor will receive the full benefit of this Agreement, the provisions of this Agreement will not run, for purposes of the prohibitions on any competition and solicitation, statute of limitations, or for laches, at any time that a party to this Agreement is actually acting in any way in contravention to this Agreement.

14. Headings. The paragraph headings of this Agreement are not a substantive part of this Agreement and shall not limit or restrict this Agreement in any way.

15. Choice of Law and Venue. This Agreement shall be construed in accordance with and governed for all purposes by the laws of Arizona. If any action or proceeding shall be instituted by any Party, or any representative thereof, all Parties and their representatives hereby consent and will submit to the jurisdiction of, and agree that venue is proper in Maricopa County, State of Arizona.

16. Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The intention of the Parties is that Franchisor shall be given the broadest protection allowed by law with respect to this Agreement.

17. Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon any Party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement is the entire Agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement.

18. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

19. Opportunity to Seek Independent Advice. The undersigned Parties recognize that this Agreement is an important document that affects their legal rights. For this reason, the Parties may wish to seek independent legal advice before accepting the terms stated herein.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Agreement as of the day and year first above written.

FRANCHISOR:

GOLD MEDAL SWIM SCHOOL FRANCHISES, LLC

By: Michael Walker, its Member

FRANCHISEE:

By: _____

Its: _____

ASSIGNEE:

By: _____

Its: _____

[Remainder of Page Left Intentionally Blank – Signature of Owners Follows]

OWNERS OF FRANCHISEE:

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

[Remainder of Page Left Intentionally Blank – Signature of Owners Continues]

_____	Owner's Residential Address:	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address:	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address:	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

OWNERS OF ASSIGNEE:

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

_____	Owner's Residential Address: _____	Owner's % Ownership of Franchisee:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20

[Remainder of Page Left Intentionally Blank – Signature of Owners Continues]

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse	Date: _____	, 20

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse	Date: _____	, 20

	Owner's Residential Address:	Owner's % Ownership of Franchisee:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse	Date: _____	, 20

EXHIBIT J

FORM OF UCC-1 FINANCING STATEMENT

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only <u>one</u> debtor name (1a or 1b) – do not abbreviate or combine names													
1a. ORGANIZATION'S NAME													
OR		1b. INDIVIDUAL'S LAST NAME				FIRST NAME		MIDDLE NAME		SUFFIX			
1c. MAILING ADDRESS						TOWN		STATE		POSTAL CODE		COUNTRY	
1d. TAX ID #: SSN OR EIN		ADD'L INFO RE ORGANIZATION DEBTOR		1e. TYPE OF ORGANIZATION		1f. JURISDICTION OF ORGANIZATION			1g. ORGANIZATIONAL ID #, if any ☐ NONE				
2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only <u>one</u> debtor name (2a or 2b) – do not abbreviate or combine names													
2a. ORGANIZATION'S NAME													
OR		2b. INDIVIDUAL'S LAST NAME				FIRST NAME		MIDDLE NAME		SUFFIX			
2c. MAILING ADDRESS						TOWN		STATE		POSTAL CODE		COUNTRY	
2d. TAX ID #: SSN OR EIN		ADD'L INFO RE ORGANIZATION DEBTOR		2e. TYPE OF ORGANIZATION		2f. JURISDICTION OF ORGANIZATION			2g. ORGANIZATIONAL ID #, if any ☐ NONE				
3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only <u>one</u> secured party name (3a or 3b)													
3a. ORGANIZATION'S NAME													
OR		3b. INDIVIDUAL'S LAST NAME				FIRST NAME		MIDDLE NAME		SUFFIX			
3c. MAILING ADDRESS						TOWN		STATE		POSTAL CODE		COUNTRY	
4. This FINANCING STATEMENT covers the following collateral:													

All of Debtor's inventory, equipment, furnishings, fixtures, and supplies now owned or after-acquired; all of Debtor's accounts now existing or subsequently arising, together with all interest of Debtor, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; all of Debtor's contract rights, now existing or subsequently arising; and all of Debtor's general intangibles, now owned or existing, or after-acquired or subsequently arising.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING			
6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]		7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2 [ADDITIONAL FEE] [optional]	
8. OPTIONAL FILER REFERENCE DATA			

Instructions for National UCC Financing Statement (Form UCC1)

Please type or laser-print this form. Be sure it is completely legible. Read all Instructions, especially Instruction 1; correct Debtor name is crucial. Follow Instructions completely.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. Filing office cannot give legal advice.

Do not insert anything in the open space in the upper portion of this form; it is reserved for filing office use.

When properly completed, send Filing Office Copy, with required fee, to filing office. If you want an acknowledgment, complete item B and, if filing in a filing office that returns an acknowledgment copy furnished by filer, you may also send Acknowledgment Copy; otherwise detach. If you want to make a search request, complete item 7 (after reading instruction 7 below) and send Search Report Copy, otherwise detach. Always detach Debtor and Secured Party Copies.

If you need to use attachments, use 8-1/2 X 11 inch sheets and put at the top of each sheet the name of the first Debtor, formatted exactly as it appears in item 1 of this form; you are encouraged to use Addendum (Form UCC1Ad).

A. To assist filing offices that might wish to communicate with filer, filer may provide information in item A. This item is optional.

B. Complete item B if you want an acknowledgment sent to you. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form a carbon or other copy of this form for use as an acknowledgment copy.

1. **Debtor name:** Enter only one Debtor name in item 1, an organization's name (1a) or an individual's name (1b). Enter Debtor's exact full legal name. Don't abbreviate.

1a. **Organization Debtor.** "Organization" means an entity having a legal identity separate from its owner. A partnership is an organization; a sole proprietorship is not an organization, even if it does business under a trade name. If Debtor is a partnership, enter exact full legal name of partnership; you need not enter names of partners as additional Debtors. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed charter documents to determine Debtor's correct name, organization type, and jurisdiction of organization.

1b. **Individual Debtor.** "Individual" means a natural person and a sole proprietorship, whether or not operating under a trade name. Don't use prefixes (Mr., Mrs., Ms.). Use suffix box only for titles of lineage (Jr., Sr., III) and not for other suffixes or titles (e.g., M.D.). Use married woman's personal name (Mary Smith, not Mrs. John Smith). Enter individual Debtor's family name (surname) in Last Name box, first given name in First Name box, and all additional given names in Middle Name box.

For both organization and individual Debtors: Don't use Debtor's trade name, DBA, AKA, FKA, Division name, etc. in place of or combined with Debtor's legal name; you may add such other names as additional Debtors if you wish (but this is neither required nor recommended).

1c. An address is always required for the Debtor named in 1a or 1b.

1d. Debtor's taxpayer identification number (tax ID #) – social security number or employer identification number – may be required in some states.

1e,f,g. "Additional information re organization Debtor" is always required. Type of organization and jurisdiction of organization as well as Debtor's exact legal name can be determined from Debtor's current filed charter document. Organizational ID #, if any, is assigned by the agency where the charter document was filed; this is different from taxpayer ID #; this should be entered preceded by the 2-character U.S. Postal identification of state of organization if one of the United States (e.g., CA12345, for a California corporation whose organizational ID # is 12345); if agency does not assign organizational ED #, check box in item 1g indicating "none."

Note: If Debtor is a trust or a trustee acting with respect to property held in trust, enter Debtor's name in item 1 and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a decedent's estate, enter name of deceased individual in item 1b and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a transmitting utility or this Financing Statement is filed in connection with a Manufactured-Home Transaction or a Public-Finance Transaction as defined in applicable Commercial Code, attach Addendum (Form UCC1Ad) and check appropriate box in item 18.

2. If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. To include further additional Debtors, or one or more additional Secured Parties, attach either Addendum (Form UCC1Ad) or other additional page(s), using correct name format. Follow Instruction 1 for determining and formatting additional names.

3. Enter information for Secured Party or Total Assignee, determined and formatted per Instruction 1. If there is more than one Secured Party, see Instruction 2. If there has been a total assignment of the Secured Party's interest prior to filing this form, you may either (1) enter Assignor S/P's name and address in item 3 and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Total Assignee's name and address in item 3 and, if you wish, also attaching Addendum (Form UCC1Ad) giving Assignor S/Ps name and address in item 12.

4. Use item 4 to indicate the collateral covered by this Financing Statement. If space in item 4 is insufficient, put the entire collateral description or continuation of the collateral description on either Addendum (Form UCC1Ad) or other attached additional page(s).

5. If filer desires (at filer's option) to use titles of lessee and lessor, or consignee and consignor, or seller and buyer (in the case of accounts or chattel paper), or bailee and bailor instead of Debtor and Secured Party, check the appropriate box in item 5. If this is an agricultural lien (as defined in applicable Commercial Code) filing or is otherwise not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 5, complete items 1-7 as applicable and attach any other items required under other law.

6. If this Financing Statement is filed as a fixture filing or if the collateral consists of timber to be cut or as-extracted collateral, complete items 1-5, check the box in item 6, and complete the required information (items 13, 14 and/or 15 on Addendum (Form UCC1Ad)).

7. This item is optional. Check appropriate box in item 7 to request Search Report(s) on all or some of the Debtors named in this Financing Statement. The Report will list all Financing Statements on file against the designated Debtor on the date of the Report, including this Financing Statement. There is an additional fee for each Report. If you have checked a box in item 7, file Search Report Copy together with Filing Officer Copy (and Acknowledgment Copy). Note: Not all states do searches and not all states will honor a search request made via this form; some states require a separate request form.

8. This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information (e.g., Secured Party's loan number, law firm file number, Debtor's name or other identification, state in which form is being filed, etc.) that filer may find useful.

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

OR	9a. ORGANIZATION'S NAME		
	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) – do not abbreviate or combine names

OR	11a. ORGANIZATIONS' NAME				
	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
11c. MAILING ADDRESS		TOWN	STATE	POSTAL CODE	COUNTRY
11d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION		11g. ORGANIZATIONAL ID #, if any ☐ NONE

12. ☐ ADDITIONAL SECURED PARTY'S or ☐ ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

OR	12a. ORGANIZATION'S NAME				
	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
12c. MAILING ADDRESS		TOWN	STATE	POSTAL CODE	COUNTRY

13. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☐ fixture filing.

14. Description of real estate:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Additional collateral description:

17. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

18. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY

☐ Filed in connection with a Manufactured-Home Transaction – effective 30 years

☐ Filed in connection with a Public-Finance Transaction – effective 30 years

6. REQUIRED SIGNATURE(S)

FILING OFFICE COPY – NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad) (REV. 07/29/98)

Instructions for National UCC Financing Statement Addendum (Form UCC1Ad)

9. Insert name of first Debtor shown on Financing Statement to which this Addendum is related, exactly as shown in item 1 of Financing Statement.
10. Miscellaneous: Under certain circumstances, additional information not provided on Financing Statement may be required. Also, some states have non-uniform requirements. Use this space to provide such additional information or to comply with such requirements; otherwise, leave blank.
11. If this Addendum adds an additional Debtor, complete item 11 in accordance with Instruction 1 on Financing Statement. To add more than one additional Debtor, either use an additional Addendum form for each additional Debtor or replicate for each additional Debtor the formatting of Financing Statement item 1 on an 8-1/2 X 11 inch sheet (showing at the top of the sheet the name of the first Debtor shown on the Financing Statement), and in either case give complete information for each additional Debtor in accordance with Instruction 1 on Financing Statement. All additional Debtor information, especially the name, must be presented in proper format exactly identical to the format of item 1 of Financing Statement.
12. If this Addendum adds an additional Secured Party, complete item 12 in accordance with Instruction 3 on Financing Statement. In the case of a total assignment of the Secured Party's interest before the filing of this Financing Statement, if filer has given the name and address of the Total Assignee in item 3 of the Financing Statement, filer may give the Assignor S/P's name and address in item 12.
- 13-15. If collateral is timber to be cut or as-extracted collateral, or if this Financing Statement is filed as a fixture filing, check appropriate box in item 13; provide description of real estate in item 14; and, if Debtor is not a record owner of the described real estate, also provide, in item 15, the name and address of a record owner. Also provide collateral description in item 4 of Financing Statement. Also check box 6 on Financing Statement. Description of real estate must be sufficient under the applicable law of the jurisdiction where the real estate is located.
16. Use this space to provide continued description of collateral, if you cannot complete description in item 4 of Financing Statement.
17. If Debtor is a trust or a trustee acting with respect to property held in trust or is a decedent's estate, check the appropriate box.
18. If Debtor is a transmitting utility or if the Financing Statement relates to a Manufactured-Home Transaction or a Public-Finance Transaction as defined in the applicable Commercial Code, check the appropriate box.

EXHIBIT K

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	N/A
Hawaii	N/A
Illinois	N/A
Indiana	N/A
Maryland	N/A
Michigan	June 2, 2020, renewed in 2021, non-renewal 2022
Minnesota	November 30, 2020, non-renewal
New York	N/A
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Virginia	N/A
Washington	N/A
Wisconsin	N/A

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

RECEIPTS

RECEIPT

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 Gold Medal Swim School Franchises, LLC offers you a franchise, it must provide this Disclosure Document to you fourteen (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 franchisesale, or sooner if required by applicable law.

If Gold Medal Swim School Franchises, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

Date of Issuance: June 22, 2023

See Exhibit A for our registered agents authorized to receive service of process.

<u>FRANCHISE SELLER 1</u> Name: Gold Medal Swim School Franchises, LLC – Michael Walker, its Member Address: 6909 W. Ray Rd. #27 Chandler, AZ 85226 Phone: 480-287-4000	<u>FRANCHISE SELLER 2</u> Name: _____ Address: _____ _____ Phone: _____
<u>FRANCHISE SELLER 3</u> Name: _____ Address: _____ _____ Phone: _____	<u>FRANCHISE SELLER 4</u> Name: _____ Address: _____ _____ Phone: _____

I have received a Franchise Disclosure Document dated June 22, 2023. This Disclosure Document included the following Exhibits:

- A. State Administrators/Agents for Service of Process
- B. Franchise Agreement including state-specific addenda
- C. Operations Manual– Table of Contents
- D. Financial Statements
- E. Confidentiality/Nondisclosure Agreement
- F. Guaranty and Assumption of Obligations
- G. List of Franchise Owners
- H. General Release Agreement
- I. Transfer Agreement
- J. Form UCC-1 Financing Statements
- K. State Effective Dates
- L. Receipts

Signature of Potential Franchise Owner

Date

Print Name of Potential Franchise Owner

RECEIPT

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- H. General Release Agreement
- I. Transfer Agreement
- J. Form UCC-1 Financing Statement
- K. Receipts

Signature of Potential Franchise Owner

Date

Print Name of Potential Franchise Owner