FRANCHISE DISCLOSURE DOCUMENT

I4K FRANCHISING, LLC
A Texas Limited Liability Company
5465 Legacy Drive, Ste. 650
Plano, TX 75024
franchise@images4kids.com
www.i4kfranchise.com
www.images4kids.com
(833) 504-5437

The franchised business is a mobile photography business that caters specifically to daycares, preschools, private schools, and other venues under the name "IMAGES 4 KIDS."

The total investment necessary to begin operation of an IMAGES 4 KIDS business ranges from $45,860 to $58,040. This includes $36,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michael Price, 5465 Legacy Drive, Ste. 650, Plano, TX 75024 (833) 504-5437.

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

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

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

Issuance Date: April 19, 2023

FRANCHISE DISCLOSURE DOCUMENT
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<u>Exhibits</u>

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, the terms "we," "us" and "our" refer to I4K Franchising, LLC, the franchisor. The terms "you" and "your" refer to the person who signs a franchise agreement with us. If you are a corporation or other business entity, the term "you" does not include the business entity's principals unless otherwise stated.

The term "Owners" refers to anyone with a beneficial ownership in the franchisee, including general and limited partners of a partnership, shareholders of a corporation, and members of a limited liability company. As described in Item 15, the franchisee's "Owners" must sign a personal guaranty and agree to be personally bound to the franchise agreement.

The Franchisor and its Parents, Predecessors and Affiliates

Images 4 Kids Franchising Corporation, a Texas Corporation was originally formed in July 2003 and sold franchises similar to the type that you will operate from its inception in July 2003 through February 2005. On February 24, 2005, the corporate name was changed to I4K Franchising Corporation, a Texas corporation. In December 2011, we converted the entity to a Texas limited liability company according to a Plan of Conversion approved on December 15, 2011, and changed our name to I4K Franchising, LLC. We do business only under our corporate name and under the trade name IMAGES 4 KIDS. We maintain our principal business address at 5465 Legacy Drive, Ste. 650, Plano, TX 75024. Our agents for service of process are identified in Exhibit C to this disclosure document. We have had no other predecessors during the 10-year period immediately before the close of our last fiscal year. We have no parent company.

We have been offering franchises of the type described in this disclosure document since our inception in April 2005. We have never operated a business of the type described in this disclosure document, but our managers, Salena Hubble and Tracy Jones, have each operated an IMAGES 4 KIDS franchise since 2005.

We have never offered franchises in any other line of business and we currently do not engage in any other business activities.

The Franchised Business

We franchise the operation of a home-based mobile photography studio providing "school picture day" photography services for daycares, preschools, private schools, and other venues ("Child Portrait Services"), using our proprietary business format and operating "System" and "Marks" defined below. We call this our "Franchised Business." Primarily, you will be photographing children up to five years in age.

Customers will purchase portraits, packages of portraits, digital image downloads, and related photographic products via our ecommerce system. Purchase transactions will be processed through a credit card processing gateway and all funds from sales (less standard credit card processing fees) will be automatically deposited into your business bank account. Print orders will be automatically uploaded to our approved lab for printing and fulfillment. You will pay the lab directly for printing and shipping costs.

Our System includes our standards and procedures for creating studio quality portraits of children using photographic scenes (including backgrounds and props); professional studio lighting; and selecting, editing, and uploading photos to our online proofing and ecommerce system. Our System also includes our operations and customer service standards and procedures, advertising marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate, all of which we may change, improve, and further develop (collectively, the "Standards").

Our Marks include our principal mark "IMAGES 4 KIDS" and other service marks, proprietary trademarks, our trade dress, and other indica of origin that we designate to identify businesses operating according to the System ("Marks").

If we award you a franchise, you will sign a franchise agreement (see Exhibit E). We anticipate that you will operate the Franchised Business from a home-based office. If you choose to operate the Franchised Business from a commercial office or studio location, the location must adhere to the standards we set forth in our Manual and we must approve the location.

You will operate the Franchised Business according to our franchise agreement and our Standards. We will communicate our Standards to you in writing via our confidential operations manual and other manuals and written directives (collectively, our "Manual").

Market and Competition

The market you serve consists primarily of pre-kindergarten daycares, preschools, Montessori schools, private schools, church schools and other licensed child care facilities catering to children 0 to 5 years in age. Based on our experience, you can expect to two prime seasons in each calendar year: the Spring season (Mid-February, March, April and May) and the Fall season (Mid-August, September, October, and November). You will be competing with other photography companies that may be offering similar services to our primary market. Competitors may include national and regional chains, as well as local photography studios, and other professional photographers.

Industry-Specific Laws and Regulations

To our knowledge there are no laws or regulations specific to the operation of an IMAGES 4 KIDS franchise, however you must comply with all local, state and federal laws that apply to businesses generally. We do not assume any responsibility for advising you on these regulatory matters. Some cities or other local government agencies impose local business licensing requirements. You should investigate all state and local laws that may apply to you. You should consult with your attorney about laws and regulations that may affect your Franchised Business.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer: Salena Hubble

Salena Hubble has served as our manager and Chief Executive Officer since November 2018. Ms. Hubble has owned and operated her own IMAGES 4 KIDS franchise in the Dallas, Texas area since March 2004.

Chief Operating Officer: Tracy Jones

Tracy Jones has served as our manager and Chief Operating Officer since November 2020. Ms. Jones has owned and operated her own Images 4 Kids franchise in the St. Louis, Missouri area since October 2004.

Chief Financial Officer: William "Bill" Hubble

Bill Hubble has been our Chief Financial Officer since November 2018. Mr. Hubble has also served as President of Sequoia Private Wealth Management in Plano, Texas since January 2015.

Chief Technology Officer: Mark Jones

Mark Jones has been our Chief Technology Officer since November 2020. Mr. Jones has also served as Technical Architect at Edward Jones in St. Louis, Missouri since October 1995.

Director of Franchise Development: Michael Price

Michael Price has served as our Director of Franchising since February 2021. Mr. Price has also served as an Independent Franchise Sales and Development Consultant since January 1988.

ITEM 3

LITIGATION

No litigation information 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

Initial Franchise/Territory Fee

You will pay us an initial franchise fee of $36,000 when you sign the franchise agreement.

We currently offer a 10% discount off of the standard initial franchise fee to the following franchisees. If you qualify for one of these incentives, you will pay an initial franchise fee of $32,400. Only one discount may be applied.

- Franchises that will be 51% owned, controlled, operated, and managed by an eligible United States military veteran. An eligible veteran is a veteran who has received an honorable discharge. You must provide us with the documentation we require prior to signing your franchise agreement.
- Qualified franchisees who are converting a substantially similar business to an IMAGES 4 KIDS franchise.
- Current franchisees who purchase an additional franchise Territory(ies)

Additional Territory(ies) will only be granted to single franchisees if we determine, in our sole judgement, that the franchisee can properly market to and service any additional Territory(ies) to be acquired.

For market areas that contain fewer than 120 potential accounts and/or 30,000 children ages 0 to 5 years old, we may discount the initial franchise fee accordingly.

The initial franchise fee is nonrefundable and due upon signing the franchise agreement.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee (per Territory)[1]	Monthly payment: $0 – months 1-6 $264 – months 7-12 $396 – months 13-18 $528 – months 19+	Monthly	This is a flat fee is paid monthly. We may increase or decrease this fee no more than once per year based upon an increase or decrease in the Consumer Price Index (“CPI”) maintained by the U.S. Department of Labor, not to exceed 10%.

Type of Fee	Amount	Due Date	Remarks
Marketing Fee (required first two years)	$120 per month plus $1.20 per month for each account over 100 accounts	Monthly	Required only during the first two years of the franchise term and optional beginning your third year. Marketing generally includes direct mailings every two months, monthly automated emails, QR tracking, and Google remarking, subject to change.
Additional Initial Training Fees (Optional) [2]	$500 for each additional person attending initial training	10 business days prior to training date	Payable only for the third and each additional person who attends our Initial Training Program. See Note 2.
On-Site Initial Picture Day Assistance (Optional) [3]	Currently, $350 per day, plus travel and lodging expenses	Upon demand	On-Site Initial Picture Day Assistance is subject to a 3-day minimum requirement, which includes 1 day for travel. See Note 3.
Annual Conference Fee	An amount we specify, currently $0	Before conference	We have the right to require you to attend a conference of franchisees. We reserve the right to charge a fee for the conference.
Remedial Training	Our then current rate	Before training	We can require you to attend a Remedial Training if you deviate from our Standards and fail to cure the deviations within 30 days after receiving notice.
Transfer Fee	$5,000	Before transfer	Payable only if you request to transfer the franchise agreement or an interest in you (if you are a business entity).
Renewal Fee	$5,000	Upon Renewal	
Nonsufficient Funds Fee	$75 plus reimbursement of nonsufficient funds charges	Upon demand	Payable only if you have insufficient funds in your bank account for us to process an electronic funds transfer.
Interest/Late Fee	18% per year or the maximum lawful rate, whichever is less	As invoiced	Payable only if you fail to make a payment to us on or before the due date.

Type of Fee	Amount	Due Date	Remarks
Technology Fee	$180 per month, which we may increase or decrease based on the actual costs in providing technology services, not to exceed a 10% increase per year	Monthly beginning the effective date of your Franchise Agreement.	Payable to us for technologies that we provide to you, which currently include MS Teams, Office 365, OneDrive, your business telephone number, designated pages on IMAGES 4 KIDS website, IMAGES 4 KIDS email address, and CRM (Customer Relationship Management) system. If you are granted a second or additional Territory, you will not pay an additional Technology Fee
Administrative Fee[5]	$100 per instance	As invoiced	You must pay an administrative fee if we must service your customers. See Note 5.
Buy Out Fee	$5,000	Prior to termination	Payable only if you request to terminate the franchise agreement prior to the end of the term. You can terminate the franchise agreement for any reason by providing us advance written notice of your intention, signing a mutual termination agreement in a form we prescribe (including a general release), and paying us a $5,000 Buy Out fee to cover our legal and transition costs.
Backend Workflow Management/E-Commerce System	An amount we specify, currently $0, but not to exceed 6% of Gross Sales[6]	Monthly	Payable only if we develop and implement our own Backend Workflow Management/E-Commerce System.
Indemnification	Amount of loss suffered	Upon demand	Payable only if we incur a loss related to your operation of the Franchised Business.
Attorneys' Fees and Costs	Actual fees incurred	Payable as incurred	Payable only if we incur costs in enforcing the franchise agreement.
Reimbursement of Insurance Premiums	Cost of premium(s), plus an administrative equal to 10% of the premium(s)	Upon demand	Payable only if you fail to obtain or maintain insurance as required and we elect to procure insurance on your behalf.

Notes:

All fees are uniformly imposed, payable to us and collected by us, and are nonrefundable, unless otherwise stated.

Note 1. Our franchise agreement requires you to pay to us a continuing royalty fee payable monthly on the date we designate, beginning the 7th month after attending training. You are prohibited from offsetting or deducting this required royalty payment in any form or fashion. Payment of royalties shall be handled electronically by such methods as we may direct. Royalty Fees are subject to increase (or decrease) as much as 10% annually, based on the CPI (Consumer Price Index). At your request and upon our approval, we may grant you a second protected territory. Royalties for your second territory (if granted), will be calculated at our standard royalty fee at the time you purchase the additional Territory and will be paid in addition to your royalty fees for your first Territory. See Items 5 and 12 for more information. If you are purchasing an existing franchise location, you will pay the royalty fee based on the date the franchised business opened under its initial franchise agreement.

Note 2. See Item 11 for more information about our initial training program. We will admit two individuals to our initial five-day training, currently held in Plano, Texas, without charge. For each additional person you wish to attend training, you must pay us $500, which includes all training and materials. You are responsible for all costs incurred in connection with travel, meals, lodging and other related travel expenses during training.

Note 3. Assistance and on-going consultation by telephone is available at no charge through the term of your franchise agreement. Upon your request and our approval, we may provide on-site visits for marketing assistance purposes, and you must pay us $350 per day plus all related travel and lodging expenses. Optionally and only upon your request and our approval of your request, we will send a company representative to your location to assist you with your first picture day shoot and you must pay us $350 per day plus all related travel and lodging expenses. We will invoice you for these fees. Payment is due on demand and may be required in advance of services being performed.

Note 4. In order to continually offer new photographic backgrounds and scenes to your clients, you must purchase at least four new photographic scenes per year, beginning the second year of the franchise term. Complete photographic scenes will typically range in price from $300 to $500 (and may not exceed a total of $2,000 per calendar year for four scenes, which cap may increase up to 10% per calendar year). More elaborate optional scenes may also be available and will be priced accordingly.

Note 5. In addition to any other monies due, we may charge you a $100 administrative fee if we must service your customers because you are not responding to them in a timely manner.

Note 6. Gross Sales means the total amount of payments that you received during the applicable period for the retail sale of photographs, photograph packages, and all additional and related products sold through or by your IMAGES 4 KIDS Franchised Business.

ITEM 7

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

New Business

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee[1]	$36,000	Lump sum	Upon signing of franchise agreement	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Photography Equipment[2]	$3,500 - $5,500	Lump sum	As incurred	Approved vendor(s)
Backgrounds, Props & Settings[3]	$1,800 - $3,000	Lump Sum	Due with placement of order (allow 6-8 weeks for shipment)	Approved vendor(s)
Training-related expenses[4]	$500 - $1,500	Lump sum	As incurred	Airline, hotel, restaurants
Computer Hardware and Software[5]	$0 - $2,500	Lump sum	As incurred	Us or approved vendor
Office Furniture & Equipment, and Office Supplies[6]	$200 - $600	Lump sum	As incurred	Vendor(s) of choice
Vehicle (3 months)[7]	$0 - $1,500	As incurred	As invoiced	Vendor of choice
Marketing[8]	$360 - $540	As incurred	As incurred	Us
Insurance[9]	$200 - $700	As required by provider	As invoiced	Insurance company or broker
Legal & Accounting Fees[10]	$300 - $1,200	As incurred	As incurred	Attorney, CPA or other professional service provider
Additional Funds (3 months)[11]	$3,000 - $5,000	As incurred	As incurred	Us, employees, landlord, third party suppliers, attorneys, accountants, business advisors, and insurance companies
TOTAL	$45,860 - $58,040			

Notes:

Note 1. The initial franchise fee is uniform for all franchisees and is considered fully earned and nonrefundable upon execution of franchise agreement and payment. See Item 5 for more information about our fees and available discounts.

Note 2. You may purchase your camera(s) and related supplies either from us or from vendors that we approve (a vendor contact list is provided in the Operations Manual). You must acquire your camera(s) prior to attending training. If you are converting a substantially similar business to an IMAGES 4 KIDS Franchised Business, your costs may be lower if you already have the required equipment.

Note 3. You will initially purchase a total of 6 starter photographic scenes ranging in cost from $300 to $500 per scene.

Note 4. See Item 11 for more information about our initial training program. You will be responsible for paying for your own transportation to and from the initial training as well as lodging (for at least four nights) and personal expenses you incur while at training. This amount will vary, depending on your personal expenses, the distance you must travel, and the number of individuals attending training.

Note 5. See Item 11 for more information about our computer requirements.

Note 6. You may need office furniture such as desks, chairs, filing cabinets, and basic office supplies to adequately furnish your home office. If you are converting a substantially similar business to an IMAGES 4 KIDS Franchised Business your costs may be lower if you already have the necessary office furniture.

Note 7. You will need a vehicle, such as a small to mid-sized SUV, suitable for transporting your mobile studio, camera equipment, supplies, and 1 or 2 assistants to your scheduled shoots. If you have an existing vehicle that would be suitable, no further vehicle expenditures would be necessary. If you elect to purchase a new vehicle specific for this purpose, your initial investment may be significantly higher.

Note 8. The figures in the chart reflect the initial amount you must pay us for marketing and promotional materials for your business in the first three months of operation. The minimum marketing fee is $120 per month plus $1.20 per month for each additional account over 100 accounts. An account refers to each daycare, preschool, private school, Montessori school, or other potential customer within your Territory. See Item 11 for more information about our advertising program. The lower figure represents the minimum Marketing Fee and the higher figure represents a franchisee with 150 accounts.

Note 9. See Item 8 for more information about our minimum insurance requirements.

Note 10. The figures in the chart reflect the estimated cost of forming a corporation or limited liability company to operate your franchise. It does not include other professional costs that you may incur, such as legal fees for franchise document review or, if the franchise will be operated by a partnership or legal entity, legal fees for preparing a shareholders' or buy/sell agreements between the owners.

Note 11. The figures in the chart reflect the estimated start-up, working capital required for an initial three-month period. Your actual working capital needs will depend on the time of the year you purchase your franchise and your actual business expenses. This item reflects miscellaneous expenses, but does not include any personal expenses, any draw or salary for you. This item also does not include financing interest or debt service obligations that you may incur. Because the Franchised Business is seasonal, you may need additional funds for longer than a three-month period, depending on when you begin operating the Franchised Business.

These figures assume you will operate the Franchised Business from a home-based office. If you choose to operate the Franchised Business from a commercial office or studio location, you may incur additional cost, such as security deposits, rent, utilities, and leasehold improvements.

These figures are estimates and we cannot guarantee that you will not have additional expenses starting and operating your business. We have relied on our own experience in the business to compile these estimates. Your actual costs will depend on factors like your management skills, experience, and business acumen. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

All amounts are non-refundable unless otherwise noted.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You will purchase from us or our designated or approved vendors all processed portraits, photograph packages, gift products, digital image downloads, and all additional and related items that your customers order. Customer orders will be processed through a merchant account that we will help you set up in your name and will be deposited directly into your bank account. Printed images, image packages, and related products for all orders will be processed and fulfilled through our designated or approved lab partner or partners who will bill you directly at our pre-negotiated discounted rates. We currently do not receive any rebate or kickback on your print orders.

You also will purchase from us or from designated suppliers, all backgrounds, props and settings used in connection with operating the Franchised Business as they are updated each year. You also will purchase from us or from designated suppliers a subscription to a monthly marketing package, which may include direct mailing, email marketing, QR tracking, call tracking, Google remarking, or other marketing methods we determine. Currently, we are the only approved supplier for this monthly marketing package. If desired, you may also purchase from us your initial equipment package, which includes your camera(s), light systems, and related accessories and supplies. If you do not purchase your initial equipment package from us, you must purchase the equipment from an approved supplier.

To the extent that the Franchised Business has employees, we can require you to engage a third-party payroll service (which we may designate) to provide payroll services.

You must establish a credit card merchant account with a payment processing supplier approved by us. Credit card transaction fees are typically 2.5% to 3% and up to $0.70 per transaction. In addition, you must purchase your technology package from us for a monthly fee of $180 per month, as further detailed in Item 6 and Item 11.

We may periodically establish designated or approved suppliers for online e-commerce platforms, other equipment, supplies and services used in connection with the Franchised Business. We may require you to purchase from our approved and desiganted suppliers or distributors all products and services necessary to construct and operate the Franchised Business, including: (1) furniture, equipment, signs, (2) photograph packages, gift products, printing, (3) uniforms, shirts, and all merchandise and items intended for sale (whether or not bearing our Marks), (4) advertising, point-of-purchase materials, and other printed promotional materials, (5) stationary, business cards, contracts, forms, (7) packaging and supplies, and (8) insurance.

To the extent that we have identified approved or designated suppliers for any item, you may purchase the item only from the approved or designated supplier(s). If you wish to purchase, lease or use items for which we have established approved or designated suppliers from a different supplier, you must first ask us to approve the supplier and the purchase. We are not required to consider or grant any request for approval. If we choose to evaluate a supplier at your request, we will provide you our criteria for supplier approval. In evaluating your request for approval, we may require an opportunity to inspect the proposed supplier's facilities and/or to obtain samples of the supplier's products or access to the proposed provider's services for evaluation. We anticipate that we will be able to notify you of our approval or disapproval within 30 days from the date we receive all required information or complete any necessary inspections. We may, at our option, periodically re-inspect a supplier's facilities, products or services, and may revoke our approval at any time, in our sole discretion.

You may purchase items for which we have not established approved or designated suppliers from any source so long as they meet our Standards (which may include brand requirements). We will communicate our Standards to you in writing. We developed our Standards based on our principal's and affiliates' experience in operating a similar business.

You must provide us with access to your vendor accounts, which we may independently access from a remote location.

Except for these items, neither we nor our affiliates are approved suppliers or are the only suppliers for any products or services. None of our officers owns an interest in any of our approved suppliers. Occasionally, our officers may own non-material interests in publicly-held companies that may be supplier to our franchise system.

Insurance

You must maintain insurance with the minimum limits that we specify. Our current minimum insurance requirements include the following coverages: (1) comprehensive general liability insurance, (2) worker's compensation, and (3) various special liability coverages listed below:

Type of Insurance	Description
Comprehensive General Liability (including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage)	$1,000,000 combined single limit
Worker's Compensation	As set forth in the Manual
Various Special Liability Coverages	As set forth in the Manual

All insurance policies, except for workers' compensation or its equivalent, must name as additional named insureds us and our affiliates and each company's respective directors, officers, shareholders, members, partners, employees, representatives, independent contractors and agents, and must expressly provide that their interests will not be affected by your breach of any policy provisions. All insurance policies required under the franchise agreement must contain a waiver of subrogation rights against us and our affiliates and each company's respective directors, officers, shareholders, members, partners, employees, representatives, independent contractors and agents, and must expressly provide that the carrier will give us at least 30 days prior written notice of a material alteration or cancellation of the policy or policies.

Description of Purchasing Cooperatives; Purchasing Arrangements

There are currently no purchasing or distribution cooperatives in existence with respect to the franchise system. We provide no material benefit to you based on use of designated or approved vendors, however, we may negotiate with approved suppliers to obtain volume discounts.

During our fiscal year that ended December 31, 2022, we derived $66,113 from franchisee purchases which accounted for approximately 14.79% of our total revenues of $446,838. We reserve the right to become our own approved or designated supplier for printing and product fulfillment, advertising and promotional materials, logo merchandise, apparel and other items using our marks. We may derive a reasonable profit from the sale of these items.

We have entered into an agreement with GotPhoto in which we will receive a percentage of franchisee sales if franchisee sales reach a threshold amount. We have also entered into an agreement with Elients in which we will receive a percentage of sales made through their website.

Revenue Derived from Franchisee Purchases and Leases

We will derive revenue from franchisee purchases and leases to the extent the franchisees purchase products or services from us or our affiliates.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your required purchases or leases will account for 30% to 50% of your total purchases and leases in connection with establishing the Franchised Business, and approximately 10% to 20% of your purchases and leases in connection with operating the Franchised Business on an ongoing basis.

Except as set forth in this Item 8, there are no other requirements for you to purchase or lease in accordance with specifications or from approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 7.2	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 4.1 and 6.1	Items 5 and 7
c.	Site development and other pre-opening requirements	Sections 7.2 and 8.2.2	Item 7
d.	Initial and ongoing training	Sections 6.1,6.2, 6.3, 6.4 and 6.7	Items 6 and 11
e.	Opening	Section 7.2	Item 11
f.	Fees	Article 4 and Sections 5.3, 6.1, 6.7, 7.8, 8.2, 12.2.5, and 14.6	Items 5 and 6
g.	Compliance with standards and policies/operating manual	Section 7	Items 8, 11 and 16
h.	Trademarks and proprietary information	Articles 9 and 10	Items 13 and 14
i.	Restrictions on products/services offered	Article 7	Items 8 and 16
j.	Warranty and customer service requirements	Sections 4.9 and 7.5	Item 6
k.	Territorial development and sales quotas	Not applicable	Item 12
l.	Ongoing product/service purchases	Sections 5.3, 5.4, 7.6, 7.7, 7.8, 7.9, and 7.10	Items 6 and 8
m.	Maintenance, appearance and remodeling requirements	Article 6 and Section 9.5 and 9.6	Item 11
n.	Insurance	Section 12.2	Items 7 and 8
o.	Advertising	Article 8	Items 6 and 11
p.	Indemnification	Section 12.3	Item 17
q.	Owner's participation/management/staffing	Sections 7.2 and 7.3	Items 11 and 15
r.	Records and reports	Article 11	Item 8
s.	Inspections and audits	Section 7.5, 11.4, and 11.6	Items 11 and 17
t.	Transfer	Article 13	Items 6 and 17
u.	Renewal	Section 3.2	Item 17

Obligation		Section in Franchise Agreement	Disclosure Document Item
v.	Post-termination obligations	Article 15 and Sections 9.7 and 10.1.3	Item 17
w	Non-competition covenants	Section 16.1	Items 15 and 17
x.	Dispute resolution	Article 19	Item 17
y.	Guaranty	Section 18.2	Item 15

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, we are not required to provide you with any assistance.

Before you begin your Franchised Business, we or our designee will provide the following assistance to you:

1. Within 90 days of signing your franchise agreement, we will provide training for up to two individuals. (Franchise Agreement – Section 6.1).
2. Prior to opening, we will ship to you the photographic equipment and initial photographic scenes (including backgrounds, props and accessories) you have selected and purchased from us. You must pay us the full purchase price for your photographic equipment and background/prop package when you place your order, and it typically takes four to six weeks for you to receive all of the items in the package from the time you place your order. (Franchise Agreement – Section 4.1).
3. We will provide you with electronic access to the Manual and other applicable manuals and materials at your initial training. (Franchise Agreement – Section 6.2).

During the operation of the Franchised Business, we will:

4. Provide to you by electronic access, additions and supplements to the Manual as they become available and disclose to you information concerning developments related to the System, as we deem appropriate (Franchise Agreement – Section 6.2).
5. Maintain a support line to provide on-going consultation and assistance during regular business hours (Franchise Agreement – Section 6.3).
6. At your invitation and in consideration of the On-site Assistance Fee described in Item 6, provide marketing, advisory, analytical, consulting, photographic, and bookkeeping assistance at your location at mutually agreed upon days and times, which shall be for a period of no less than two days at the location, and one day for travel (Franchise Agreement – Section 6.4.).
7. Develop new photographic sets, products, services and methods and provide you with information about developments (Franchise Agreement – Section 6.5).
8. Provide you with marketing and promotional material and sample images to the extent they are developed (Franchise Agreement – Section 6.5).
9. Provide access to an e-commerce system for your franchise (Franchise Agreement – Section 6.6.).

10. Provide targeted marketing services during the first two years after signing your franchise agreement. You must pay us a marketing service fee as described in the franchise agreement and Item 6, 7 and 11 (Franchise Agreement – Section 8.2).

Operations Manual

The table of contents of the Manual is as follows:

Training

You or your Operating Principal (if you are a business entity) and your designated manager (if a manager will be responsible for the day-to-day operation of the business) must attend our initial training program. Our initial training program is held on an as needed basis at our offices in Plano, Texas or another place that we designate. Our initial training program is conducted under the supervision of our principals, Salena Hubble and Tracy Jones, who have owned and operated their own IMAGES 4 KIDS franchises since 2004.

Our initial training program covers the following subjects:

TRAINING PROGRAM

Subject[1]	Classroom Training Hours	On-the-Job Training Hours	Location
Meet and Greet	1.5 hours		Plano, TX
Introduction	1.5 hours		Plano, TX
Market and Competition; Products; Enlargements; Proofs; Company Philosophy; Customer Service; Employees	2.5 hours		Plano, TX
Marketing	4 hours		Plano, TX
Marketing in field	3 hours		Plano, TX
Camera Operations	1 hour		Plano, TX
Loading the Vehicle: Working with Children & Difficult Children; Picture Day Preview; Setting up Your Garage; Prop Maintenance	2 hours		Plano, TX
Picture Day Flow; Baby Poser; Lighting and White Balance Overview; Group Photos; Group Photo Lighting; Picture Composition	2 hours		Plano, TX
Picture Composition; Siblings and Families; Group Rotations	4 hours		Plano, TX
Picture Composition; Siblings and Families; Group Rotations; Practice Photography with Children	4 hours		Plano, TX
Toolset Overview; Email Setup	2 hours		Plano, TX
What To Do When You Get Home (Office Work)	1 hour		Plano, TX
Business Management Reports and Accounting Tools	1 hour		Plano, TX
Lab Procedures; I4K Workflow	4 hours		Plano, TX
Total	33.5 hours		

Notes:

Note 1. The instructional materials will consist of the Operations Manual.

There is no charge for two people to attend the same initial training program session. If more than two individuals attend the initial training program, the fee will be $500 per additional attendee.

You are responsible for all other training-related expenses that you and your employees incur during training including travel to and from the training site, lodging, meals, salary, and other personal expenses. There are no additional training requirements.

Upon your request and our approval, we will send a representative to provide on-site training assistance. You must pay us our per diem fee for this additional assistance, as well as our related travel, lodging, and dining costs. On-site training assistance is subject to a 3-day minimum, which includes one day for travel.

We may elect to organize an annual conference, which we may require you to attend. We reserve the right to charge a reasonable fee for the annual conference, which is currently $0.

If you deviate from our Standards and you fail to correct the deviations after 30 days' notice, we may require you to attend remedial training. We have the right to a charge a fee for the training and you must pay all attendance related travel, lodging, and dining costs for your Operating Principal and any other employees or Principals we require to attend.

Advertising

Our advertising program currently consists of providing our franchisees sample direct mail pieces and print advertisements. These currently are prepared in-house by our employees along with third party vendors. You may use your own advertising materials if we expressly approve in writing the content, design, and proposed media prior to first publication or use. Any advertising material that you prepare must be submitted to us and we will evaluate them within 14 days. If we do not approve the materials within this 14-day period, our silence will be considered disapproval. We reserve the right to disapprove any materials that we previously approved.

You must purchase marketing services from us during the first two years of your Franchised Business. You must pay us a marketing service fee of $120 per month, plus $1.20 per month for each account over 100. Accounts include daycares, preschools, private Montessori schools, and other potential customers located within your Territory. Prior to opening your Franchised Business, you must assist us with acquiring email addresses for potential accounts located in your Territory. We may conduct targeted marketing campaigns in a manner and frequency we determine, which may include direct mailings, email marketing, call tracking, QR tracking, and Google remarking. We will maintain control over all promotional and marketing materials distributed through this service.

We do not have an advertising council composed of franchisees that advises us on advertising policies. You are not obligated to participate in a local or regional advertising cooperative. We do not have an advertising fund and you are not obligated to participate in an advertising fund.

Computer Requirements

You must acquire and use all computer systems that we prescribe for use by our franchisees, and may not use any computer system or components or software applications that do not conform to the Standards or that we have not approved in writing. Requirements may include, among other things, hook up to remote servers, off-site electronic repositories, back-up systems and Internet connections. (See Item 7 for information about the cost of the computer.) We may require you to update or upgrade computer hardware components and/or software applications as we deem necessary, but not more than three times per calendar year. You must enter into all software license agreements and software maintenance agreements in the form and manner we prescribe. We may require you to purchase some or all of your required software from us and charge you a Technology Fee of $180 per month, which we may increase or decrease based on our actual costs incurred in providing technology services, not to exceed an increase of 10% per year, as detailed in Item 6, and, for any software not provided by us, pay all fees charged by third party software and software service providers. At our request, you must sign or consent to a "terms of use" agreement with respect to all software applications that we designate.

You must use one of our approved web-based systems, which enables customers to view proofs and order portraits online, and enables you to manage your customers' orders, change or update your personal information, pricing information and product offerings, to book events and picture days, and to view sales reports, buy rates and billing. We will always have administrative access and ultimate control of all ecommerce, back-end workflow, related lab accounts, and vendor accounts utilizing the Images 4 Kids name and trademark.

You must also acquire and use an accounting program such a QuickBooks. You must maintain an Internet connection. You may use any Internet service provider. The cost to purchase computer hardware and software that complies with our minimum requirements is approximately $1,200.

Minimum computer specifications must be capable of running the software that we require and that operates on a Microsoft Windows 10 or higher operating system or any current Apple operating system. You may also use Apple products. The computer must have at Wi-Fi connectivity permitting you to access the Internet to upload photos to our site for processing proof sets and orders and to transmit and receive e-mail and other transmissions. You must also purchase an external hard drive, or other back up device or system that we approve, to back up your photos and other files related to the Franchised Business. The specifications of the hard drive and the details of the process of backing up your files are described in the Manual. You will also need to purchase a laser color printer for printing QR cards and other custom picture day promotional items.

We have the right to independently access from a remote location, at any time, with no contractual limitations, all information input to, and compiled by, your backend/Workflow/E-commerce system including information concerning photo jobs, customers, statistics, production, and reporting.

Site Selection and Opening Requirements

You are not required to lease commercial office space, however if you chose to, it must be located withing your Territory. The area in which you will open your Franchised Business will be mutually agreed on before you sign the franchise agreement. (See Item 12). You must begin business within 90 days after signing of the franchise agreement. If you fail to begin operating the Franchised Business within 90 days after signing the franchise agreement, we may terminate the franchise agreement. The typical length, of time between the signing of a franchise agreement and the opening of the franchised business is 60 to 90 days.

Factors which may affect the length of time between signing of the franchise agreement and opening for business include the time necessary to obtain any financing you need; to obtain necessary equipment and photographic sets; to obtain required licenses, permits, and governmental agency approvals, if required; to locate a commercial office which we will accept and to complete construction, remodeling, alteration, and improvement of the Franchised Location, if you chose to operate at a commercial office; to complete our initial training; and to complete the hiring and training of necessary personnel.

ITEM 12

TERRITORY

You will receive an exclusive territory. You will provide photography services within a defined area that will be identified on the Summary Pages of the franchise agreement ("Territory"). The Territory will be mutually agreed on before you sign the franchise agreement. The Territory will typically contain a minimum of 120 potential accounts (daycares, preschools, private schools, etc.), and/or 30,000 children ages 0 to 5 years old at the time you sign the franchise agreement, and will be defined by a map, zip codes, or counties. At your request, we may permit you to add a second Territory so long as (i) the second territory is contiguous to your original territory (or nearby), (ii) is not part of another franchisee's territory, (iii) in our judgment, your expansion will not adversely affect another franchisee's business, and (iv) you pay the Additional Territory Fee described in Item 5.

For market areas that contain fewer than 120 potential accounts and/or 30,000 children ages 0 to 5 years old, we may discount the initial franchise fee accordingly. Regardless of territory composition, other fees shall remain standard.

The franchise grants you the right to provide IMAGES 4 KIDS Child Portrait and Picture Day Services in the Territory for the term of the franchise agreement and any renewals. During the term, we will neither provide nor grant others the right to provide IMAGES 4 KIDS Child Portrait and Picture Day Services in the Territory, under the Marks or any other proprietary marks. We will not solicit, or grant others the right to solicit, this type of business in your Territory.

You may operate your Franchised Business from a home or commercial location, which we must approve, within your Territory. You may provide services only in the Territory. If you provide services in another franchisee's Territory, you must have the franchisee's approval and 60% of the revenues received from these services must be remitted to the franchisee in whose territory the services were provided. You may not advertise or solicit business (including posting, distributing and displaying flyers or written advertisements, installing advertising signs or billboards, directed Internet advertising, and in-person or directed telephone solicitations) within another franchisee's territory. However, you may advertise in local or regional publications with a circulation base that extends outside of your Territory so long as you offer each franchisee with a Territory included in the circulation base the opportunity to participate in the advertise on a pro rata basis.

Except for the right to expand your Territory as described above, you do not have any options, rights of first refusal or similar rights to acquire additional franchises in your Territory or in contiguous territories. Neither we nor our affiliates may establish other franchises or company-owned outlets or other channels of distribution creating or selling similar products or services under a different trademark within your Territory. We reserve to ourselves all rights outside the Territory including the right to provide, and to grant others the right to provide, any type of photography services outside the Territory (whether or not relating to a customer for whom you have previously provided Services**.**

Continuation of the your territorial rights, and possibly the franchise, depends on paying your monthly royalty payments. Failure to pay your monthly royalty payment is a material breach of the franchise agreement. If you fail to pay your royalty payment within three days of the due date, we reserve the right eliminate your territorial protection, or terminate the franchise agreement.

If you choose to operate the Franchised Business from a commercial office space, you may relocate the Franchised Business only with our prior written consent. We will consent to relocation if the new location meets our then-current standards and criteria and you are not in default of the franchise agreement.

ITEM 13

TRADEMARKS

We own and have registered the following mark(s) on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration Number	Date of Registration	International Class
IMAGES 4 KIDS (Standard Character Mark)	4904700	February 23, 2016	041

All required affidavits and renewals have been filed. There is no currently effective determination of the U.S Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceeding or any pending material litigation involving the Marks. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our rules when using the Marks. You may not use any Mark as part of your corporate name. You may not register any Mark as part of any Internet domain name or URL and may neither display nor use any Mark in connection with, or associate the System with (through a link or otherwise) any web site advertising, address or listing on any portion of the Internet without our prior written consent. You may not use any Mark in connection with the advertisement, promotion, sale or distribution of any products or services, except for those that we authorize. All stationery, letterhead, invoices, business cards and other forms used in connection with the Franchised Business also must reflect your corporate or other legal name and that you operate the Franchised Business as “an authorized franchisee” of our system (or other designation that we prescribe).

You may not permit, and must promptly report to us, any challenge to your use of a Mark, any apparently unauthorized use of a Mark, or the use of a trade name, trademark, service mark or symbol that might be construed as an infringement of our Marks or as unfair competition or passing-off at common law. You must actively cooperate with us in the investigation of infringement claims and in discovery and trial proceedings related to infringement actions. We reserve the right to make the final determination of infringement or other unlawful use, to conduct all legal proceedings related to the Marks, and to compromise or settle all infringement claims. We may require, if a condition of settlement, that you use a different or modified version of a Mark to identify the Franchised Business in your market area. We are not required to defend or indemnify you against third party infringement claims based on your use of the Marks.

You must promptly notify us of any apparent infringement of, or challenge to, your use of the Marks. We are not required to take affirmative action when notified of a claim, or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks, or if the proceeding is resolved unfavorably to you, but will take whatever action we determine to be appropriate under the circumstances. We have the right to control all administrative proceedings or litigation involving the Marks. If we undertake the defense or prosecution of any litigation pertaining to the Marks, you must sign all documents and otherwise cooperate with us in the litigation. We may require, if a condition of settlement, that you use a different or modified version of a Mark to identify the Franchised Business in your market area. We are not required to defend or indemnify you against third party infringement claims based on your use of the Marks.

We have the right to add, eliminate, or modify any of the Marks in our sole discretion. You must promptly take all action necessary to adopt all new and modified Marks and to discontinue using eliminated Marks.

<u>ITEM 14</u>

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise, but we claim copyright protection in many elements of the System including the design elements of our Marks, the content of our Manual, our photographic sets, and our advertising and marketing materials (our “Copyrighted Works”).

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We have no obligation to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our Copyrighted Works on the Internet without our written permission. This includes display of the Copyrighted Works on commercial websites, gaming websites, and social networking websites.

We also consider certain information confidential, including our trade secrets, our Standards, all information contained in the Manuals, personal information concerning the individuals photographed by our franchisees, and other information that we designate as confidential (collectively, "Confidential Information"). You must maintain the confidentiality of all Confidential Information and cause each employee with access to Confidential Information to sign a confidentiality and noncompete agreement in the form that we prescribe attached as Attachment C to the franchise agreement.

You must promptly notify us of any apparent infringement of, or challenge to, your use of the Copyrighted Works. We are not required to take affirmative action when notified of a claim, or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Copyrighted Works or Confidential Information, or if the proceeding is resolved unfavorably to you, but will take whatever action we determine to be appropriate under the circumstances. We have the right to control all administrative proceedings or litigation involving the Copyrighted Works and Confidential Information. If we undertake the defense or prosecution of any litigation pertaining to the Copyrighted Works or Confidential Information, you must sign all documents and otherwise cooperate with us in the litigation.

You may not contest our exclusive ownership of the copyright, trade secrets, processes, methods, procedures, formulae, techniques, and other proprietary information to which we claim exclusive rights.

If you or your employees or owners develop any new concept, process, or improvement in the operation or promotion of your Franchised Business, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If the franchisee is operated as a sole proprietorship, the Franchised Business must be supervised at all times by the franchisee. If the franchisee is a corporation or other business entity, the Franchised Business must be supervised at all times by a person with a controlling ownership interest in the franchisee ("Operating Principal"). The Operating Principal must attend and successfully complete the initial training program. You may also designate a manager who must be approved by us to supervise the day-to-day operations of the Franchised Business. If you designate a manager, the manager must also attend and successfully complete the initial training program.

If the franchisee is a corporation or other business entity, then each Owner of the business entity must personally sign the Guaranty attached as Attachment B to the franchise agreement. Any other personnel who will have access to our training and/or the contents of our Manuals must sign confidentiality and noncompete agreements substantially in the form attached to the franchise agreement as Attachment D.

The term "Owner" means each individual or entity holding a direct or indirect beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, and all general and limited partners of a limited partnership, and the grantor and the trustee of a trust.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all services and products that we prescribe and may offer and sell only those services and products that we authorize. We can add, modify, and discontinue authorized services and products at any time. You must begin offering additional or modified services, and products (which may include, among other things, offering new photographic scenes, backdrops or props) within 90 days of the date we notify you of the addition, modification, or discontinuance. There is no limitation on our right to change the services or products designated or approved for sale by the Franchised Business, however, (i) no change will affect your fundamental right to provide Child Portrait Services under the franchise agreement, and (ii) after purchase of your initial background and photographic sets, we cannot require you to purchase more than four photographic scenes, backdrops, or props in a year.

You may provide services only in the Territory (regardless of your client's office or billing address). If you provide services in another franchisee's territory, you must have the franchisee's approval and 60% revenues received from these services must be remitted to the franchisee in whose territory the services were provided.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 3.1	Ten years.
b.	Renewal or extension of the term	Section 3.2	One additional five-year term per renewal.
c.	Requirements for franchisee to renew or extend	Section 3.2	You must provide us with no more than 180 days' and no less than 90 days' notice of our intent to renew, sign our then-current form of franchise agreement (which may be materially different than your franchise agreement), be current in all payments and all operational requirements, including scene purchasing requirements, sign a general release, update your equipment and marketing, provide us with a copy of your current lease (if you operate from a commercial office), and pay the Renewal Fee.
d.	Termination by franchisee	Section 14.11	You can terminate the franchise agreement for any or no reason with payment of Buyout Fee and 90 days' prior written notice. Franchisee may terminate the franchise agreement on any grounds available by law.
e.	Termination by franchisor without cause	None	We can only terminate the Franchise Agreement for cause.
f.	Termination by franchisor with cause	Sections 14.1, 14.2, 14.3, 14.4, 14.5, 14.6, 14.7, 14.8, and 14.9	We can terminate if you materially default under your franchise agreement.

Provision		Section in Franchise Agreement	Summary
g.	"Cause" defined – curable defaults	Section 14.3 Sections 14.4, 14.6, and 14.7 Section 14.5 Section 14.8	You have three days to cure: failure to pay amounts due to us; failure to provide all designated products and services; providing unauthorized products or services; purchasing products, services, or items from an unauthorized supplier. You have 10 days to cure: noncompliance with insurance requirements, noncompliance with standards, provision of Services outside of your Territory, advertising Services outside of your Territory without our prior written approval, and failure to attend remedial training or to cure your deviations from our Standards within 10 days after attending remedial training. You must cure any non-compliance with laws within the cure period provided by the applicable governing body or within 10 days of notice if no cure period is provided. You have 30 days to cure any other default under the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	Sections 14.1 and 14.2	The franchise agreement will terminate automatically upon the occurrence of certain bankruptcy and insolvency-related events. We can terminate the franchise agreement without an opportunity to cure if: you make a material misrepresentation in the franchise application, you fail to open the Franchised Business on time, you or an Owner violates non-competition, confidentiality, or intellectual property provisions, you or an Owner attempts to make a transfer in violation of the franchise agreement, a receiver is appointed to you or an Owner or if a judgment is filed in the amount of $5,000 against you or an Owner, continued operation of the Franchised Business would be a threat to public or a Subjects health or safety, you or a Principal commits certain crimes, or you receive multiple default notices within a specified period.

	Provision	Section in Franchise Agreement	Summary
i.	Franchisee's obligations on termination/nonrenewal	Sections 9.7, 10.1.3, 10.3 and Article 15	Obligations include complete de-identification, payment of amounts due and liquidated damages calculated through the end of the franchise term, transfer of contracts for Services in the Territory, and transfer of any telephone numbers and accounts related to the Franchised Business.
j.	Assignment of contract by franchisor	Section 13.7	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	Section 13, Attachment A	Includes transfer of contract or assets or ownership change.
l.	Franchisor approval of transfer by franchisee	Sections 13.2 and 13.3	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Sections 13.2 and 13.3	You must be in compliance with the franchise agreement, return our Manuals and Confidential Information, pay the Transfer fee, sign a general release, and agree to provide consulting services to new franchisee including, at a minimum, attending new franchisee's first five on-site picture day photo shoots. The new franchisee must: qualify, complete training, and sign our then-current form of franchise agreement. Each new Principal must sign a Guaranty.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 13.4	We can match any offer for your business.
o.	Franchisor's option to purchase franchisee's business	Section 15.3	We may, but are not required to, purchase your inventory and equipment at fair market value or the depreciated book value, whichever is less, if franchise is terminated for any reason.
p.	Death or disability of franchisee	Section 13.5	Franchise must be assigned by estate to approved buyer in six months.
q.	Non-competition covenants during the term of the franchise	Section 16.1	No involvement in photography services without our express approval and no involvement in any competing business anywhere in U.S.
r.	Non-competition covenants after the franchise is terminated or expires	Section 16.1	No competing business for two years within your former Territory or the territory of another IMAGES 4 KIDS franchisee

Provision		Section in Franchise Agreement	Summary
s.	Modification of the agreement	Sections 18.3 and 18.4	No modifications, except in writing, but operating manual subject to change.
t.	Integration/merger clause	Sections 18.3 and 18.4	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 19.2	Claims, controversies, or disputes from or relating to the franchise agreement must be arbitrated, except for actions seeking injunctive relief, actions we bring which are related to or based on our Marks or Confidential Information, and actions based on your failure to make payments to us.
v.	Choice of forum	Section 19.2	Arbitration at the AAA offices located in the city where our principal business office is located at the time arbitration occurs. Venue for any other proceeding is the courts in the county in which we maintain our principal business office (subject to applicable state law) or in the county in which the Franchised Business is located.
w.	Choice of law	Section 19.1	Texas law applies (subject to applicable state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote the 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 businesses. 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 IMAGES 4 KIDS business, however, we may provide you with the actual records of that business. 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 Salena Hubble, 5465 Legacy

Drive, Ste. 650, Plano, TX 75024, (972) 745-7200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

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
Franchised	2020	14	11	-3
	2021	11	18	+7
	2022	18	28	+10
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	14	11	-3
	2021	11	18	+7
	2022	18	28	+10

Table No. 2

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2020 to 2022**

State	Year	Number of Transfers
Totals	2020	0
	2021	0
	2022	0

Table No. 3

**STATUS OF FRANCHISED 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
California	2020	3	0	0	1	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1

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
Colorado	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Connecticut	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	2	0	0	1	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	2	0	0	0	0	4
Maryland	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Michigan	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2[1]
	2022	2	1	0	0	0	0	3
Montana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Oklahoma	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Texas	2020	4	0	0	2	0	0	2
	2021	2	2	0	0	0	0	4
	2022	4	6	1	0	0	0	9
Virginia	2020	1	0	0	0	0	0	1

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
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	15	0	0	4	0	0	11
	2021	11	7	0	0	0	0	18
	2022	18	12	1	0	0	1	28

Note 1. In 2004, Tracy Jones opened and began operating an IMAGES 4 KIDS Franchised Business in the St. Louis, Missouri area. In November 2020, Ms. Jones acquired an ownership in I4K Franchising, LLC. Ms. Jones has continued to own and operate her IMAGES 4 KIDS Franchised Business as a franchised-outlet.

Note 2. In 2004, Salena Hubble opened and began operating an IMAGES 4 KIDS Franchised Business in the Dallas, Texas area. In November 2018, Ms. Hubble acquired ownership of I4K Franchising, LLC. Ms. Hubble has continued to own and operate her IMAGES 4 KIDS Franchised Business as a franchised-outlet.

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 Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5

PROJECTED OPENINGS AS OF AS OF DECEMBER 31, 2022

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlet in the next Fiscal Year	Projected New Company-owned Outlet in the next Fiscal Year
California	1	1	0
TOTAL	1	1	0

Attached to this disclosure document as Exhibit A is a list of our current franchisees. See Exhibit A for the names, home addresses and telephone numbers of franchisees who have left the system, had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed confidentiality clauses with any current or former franchisee.

We are not aware of any trademark-specific franchisee organization associated with the franchise system being offered.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit D are our audited balance sheets as of December 31, 2022, 2021, and 2020 and the related statements of operations, statements of changes in shareholder's equity and statements of cash flows for the years then ended. Our fiscal year ends on December 31.

ITEM 22

CONTRACTS

A copy of the Franchise Agreement is attached as Exhibit E along with the following attachments to the Franchise Agreement:

Attachment A – Glossary of Additional Terms
Attachment B – Personal Guaranty and Undertaking
Attachment C – Confidentiality and Non-competition Covenant
Attachment D – Credit Card Authorization Form
Attachment E – Franchisee Compliance Questionnaire
Attachment F – Entity Information

A copy of our General Release (Assignment) is attached as Exhibit F.

ITEM 23

RECEIPTS

Attached to this Franchise Disclosure Document as Exhibit G are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt.

STATE APPENDIX TO THE FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

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

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at **www.dfpi.ca.gov**.

Item 3 is supplemented by the following:

Neither we, nor any person or franchise broker disclosed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 17 is supplemented by the following:

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

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

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

The Franchise Agreement requires application of the law of Texas. This provision may not be enforceable under California law.

The Franchise Agreement and Development Agreement contain a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

No statement, questionnaire, or acknowledgement 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 with the franchise.

The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in section 16.1 of the Franchise Agreement that is disclosed in Item 17, row q.

The Department has determined that the franchisor has not demonstrated it is adequately capitalized and/or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a requirement for the franchisor to maintain a surety bond in the amount of $300,000 with SureTec Insurance Company, telephone number (512) 732-0099, during the registration period. The surety bond is available for you to recover your damages in the event the franchisor does not fulfill its obligations to you to open your franchised business. We will provide you with a copy of the surety bond upon request.

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.

FOR THE COMMONWEALTH OF VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the disclosure document is supplemented by the following:

> "Under 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 ground for default or termination stated in the Franchise 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."

2. No statement, questionnaire, or acknowledgement 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 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.

EXHIBIT A

TO I4K FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

LIST OF FRANCHISEES
AS OF DECEMBER 31, 2022

Franchisee	Address	Telephone	No. of Territories
California			
Ilene Ho	671 Partridge Drive Brea, CA 92823	(714) 528-2756	2
Chris Rubino	22888 E. Belleview PL Aurora, CO 80015	(720) 900-2782	1
Connecticut			
George Belbusti	344 Lincoln Road Orange, CT 06477	(203) 647-0240	2
Florida			
Pamela Gearhart	1393 Alto Vista Dr. Melbourne, Fl 32940	(321) 241-4268	1
Donna Fitzgerald	987 Fern Avenue, #101 Orlando, FL 32814	(407) 287-1440	1
Angelene Brawner	16108 59th Ct East Parrish, FL 34219	(941) 259-6526	1
Rita Liebel	931 Village Blvd, STE 905-463 West Palm Beach, FL 33409	(561) 246-6880	1
Louisiana			
Jaclyn Hall	82 Winnfield Rd Alexandria, LA 71303	(337) 362-1473	1
Kayla Landry	334 Alice Street Ama, LA 70031	(504) 321-0835	1
Maryland			
Bobbie Ann Mount	25110 Seneca View Court	(301) 489-1157	1
Michigan			
Brooke Arington	516 E. Main Street Pickiney, MI	(810) 533-4389	1
Missouri			
Debbie Maine	207 Churchill Downs Ct Fenton, MO 63026	(314) 518-6613	1

Tracy Jones[1]	1008 Gingerwood Circle St. Peters, 63376	(636) 794-6160	1
Angela Smith	4018 SW Granite Lane Lee's Summit, MO 64082	(816) 237-5869	1
Montana			
Trina Bertram	3143 Wheatland Dr. Helena, MT 59602	(406) 282-2606	1
Oklahoma			
Cindy Rolen	9138 E. 77th Street Tulsa, OK 74133	(918) 307-0646	1
Tennessee			
Paul & Jasmine Brooks	123 Brookview Circle Goodlettsville, TX 37072	(615) 314-5908	1
Deborah Ferguson	12329 Yarnell Rd Knoxville, TN 37932	(865) 221-8218	1
Texas			
Annette Pratt	1208 Thornberry Drive McKinney, TX 75071	(972) 542-9444	1
Salena Hubble[2]	335 Gifford Dr Coppell, TX 75019	(972) 745-7200	1
Debra Vaughn	1307 Mills Ct. Allen, TX 75013	(469) 797-5055	1
Lindsay Copeland	11737 Wax Myrtle Trail Fort Worth, TX 76108	(817) 268-3628	1
Leroy Cantu	4505 Westwood Lane Manvel, TX 77578	(281) 519-0853	1
Clair Rizk	2505 Bowman Ave Mansfield, TX 76063	(817) 381 8093	1
Padma Gyan	5230 Heather Meadow Ln Sugarland, TX 77479	(832) 827-3189	1
Trina Fowler	336 Swenson Drive Hutto, TX 78634	(512) 253-2953	1
Rhonda Brown	2443 FM 1488 Rd. 1007 Conroe, TX 77384	(832) 856-4331	1
Virginia			

Colleen Stoaks	13213 Flynn Ct. Bristow, VA 20136	(703) 340-8688	1

Note 1: Tracy Jones opened an IMAGES 4 KIDS Franchised Business in 2004 in the St. Louis, Missouri area and has continued to operate the Franchised Business. In November 2020, Ms. Jones acquired an ownership of I4K Franchising, LLC.

Note 2. Salena Hubble opened an IMAGES 4 KIDS Franchised Business in 2004 in the Dallas, Texas area and has continued to operate the Franchised Business. In November 2018, Ms. Hubble acquired ownership of I4K Franchising, LLC.

LIST OF FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT OUTLET NOT OPENED AS OF DECEMBER 31, 2022

Franchisee	Address	Telephone	No. of Territories
California			
Ashley Campbell	6017 Hillhurst Drive Riverside, CA 92507	951-231-3541	1

LIST OF FRANCHISEES WHO LEFT THE SYSTEM AS OF DECEMBER 31, 2022

The following are the names, addresses and telephone numbers of franchisees who have left the system, had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of December 31, 2022. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchisee	Address	Telephone	No. of Territories
California			
Stefani Schreurs	3023 Leroy Street San Bernardino, CA 92404	(969) 886-8088	1
Texas			
Tyler Baker	Deceased	Deceased	1

EXHIBIT B

TO I4K FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE ADMINISTRATORS

Exhibit B
STATE ADMINISTRATORS

California
Commissioner of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

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

Illinois
Office of Attorney General
500 S. Second Street
Springfield, Illinois 62701
(217) 782-4465

Indiana
Franchise Section
Securities Division
302 W. Washington St., Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

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

Michigan
Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
525 W. Ottawa St.
G. Mennen Williams Bldg., 1st Floor
PO Box 30212
Lansing, Michigan 48909
(517) 335-7622

Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8222

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 14th Floor
Richmond, Virginia 23219
(804) 371-9051

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

Wisconsin
Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-8557

V.1

EXHIBIT C

TO I4K FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

Exhibit C
AGENTS FOR SERVICE OF PROCESS

California
Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013

Texas
Salena F. Hubble
335 Gifford Drive
Coppell, Texas 75019

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 14th Floor
Richmond, Virginia 23219

EXHIBIT D

**TO I4K FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

FINANCIAL STATEMENTS

I4K Franchising, LLC

Financial Statements

As of December 31, 2022 and 2021
and for the years ended December 31, 2022, 2021 and 2020

I4K Franchising, LLC

Financial Statements

As of December 31, 2022 and 2021
and for the years ended December 31, 2022, 2021 and 2020

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Dallas Office
2425 N Central Expy.
Suite 200
Richardson, TX 75080
Phone 972 238 5900
Fax 972 692 5357

www.agllp-cpa.com

Independent Auditor's Report

To the Members
I4K Franchising, LLC
Plano, Texas

Report on the Financial Statements

Opinion
We have audited the financial statements of I4K Franchising, LLC (a Texas limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in members' equity (deficit) and cash flows for the years ended December 31, 2022, 2021 and 2020, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of I4K Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations, changes in member's equity (deficit) and cash flows for the years ended December 31, 2022, 2021 and 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of I4K Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about I4K Franchising, LLC ability to continue as a going concern within one year from the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness I4K Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of, significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about I4K Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

A+G LLP

A&G LLP
Dallas, Texas
April 19, 2023

Balance Sheets

As of December 31,	**2022**	2021
Assets		
Current assets:		
Cash and cash equivalents	**$ 164,615**	$ 87,208
Accounts receivable, net	**10,000**	5,910
Income tax receivable	**3,334**	3,334
Unbilled revenue	**12,250**	24,000
Deferred costs	**14,567**	5,124
Note receivable	**1,649**	1,215
Total current assets	**206,415**	126,791
Deferred costs, net	**121,545**	47,203
Note receivable, net	**2,197**	3,785
Other assets	**225**	441
Total assets	**$ 330,382**	$ 178,220
Liabilities and Members' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	**$ 21,385**	$ 19,993
Deferred revenue	**38,368**	15,911
Current portion of long-term debt	**865**	-
Total current liabilities	**60,618**	35,904
Deferred revenue, net	**287,410**	110,007
Long-term debt, net	**56,935**	57,800
Total liabilities	**404,963**	203,711
Members' deficit	**(74,581)**	(25,491)
Total liabilities and members' deficit	**$ 330,382**	$ 178,220

Statements of Operations

For the years ended December 31,	**2022**	2021	2020
Revenues:			
Franchise fee revenue	**$ 67,240**	$ 25,582	$ -
Royalty revenue	**67,980**	19,450	-
Marketing fee revenue	**30,808**	9,626	-
Production revenue	**-**	40,403	64,065
Prop and equipment revenue	**1,149**	155	2,660
Other revenue	**36,715**	25,690	9,307
Total revenues	**203,892**	120,906	76,032
Cost of revenues:			
Production expense	**772**	27,240	49,204
Prop and equipment expense	**2,288**	155	5,768
Other costs of revenue	**1,199**	-	15,709
Total costs of revenues	**4,259**	27,395	70,681
Gross profit	**199,633**	93,511	5,351
General and administrative expenses:			
Personnel costs	**43,029**	25,240	35,558
Advertising and marketing	**22,847**	11,428	7,166
Professional fees	**90,060**	67,012	1,393
Depreciation	**-**	-	915
Comission expense	**8,825**	698	-
Other general and administrative expenses	**81,006**	33,255	18,998
Total general and administrative expenses	**245,767**	137,633	64,030
Loss from operations	**(46,134)**	(44,122)	(58,679)
Other income (expense):			
Interest income	**1,073**	216	-
Other income	**-**	-	2,000
Gain on extinguishment of debt	**-**	28,772	22,407
Interest expense	**(2,030)**	(1,974)	(1,739)
Total other income (expense)	**(957)**	27,014	22,668
Net loss	**$ (47,091)**	$ (17,108)	$ (36,011)

Statements of Changes in Members' Equity (Deficit)

For the years ended December 31,		**2022**		2021		2020
Balance at beginning of year	**$**	**(25,491)**	$	(8,383)	$	63,628
Net loss		**(47,091)**		(17,108)		(36,011)
Distributions to members		**(1,999)**		-		(36,000)
Balance at December 31,	**$**	**(74,581)**	$	(25,491)	$	(8,383)

Statements of Cash Flows

For the years ended December 31,	**2022**	2021	2020
Operating Activities			
Net loss	**$ (47,091)**	$ (17,108)	$ (36,011)
Adjustments to reconcile net loss to			
net cash provided (used) by operating activities:			
Depreciation	**-**	-	915
Gain on extinguishment of debt	**-**	(28,772)	(22,407)
Changes in operating assets and liabilities:			
Accounts receivable	**(4,090)**	(1,928)	(1,367)
Deferred costs	**(87,110)**	(40,427)	-
Other assets	**216**	(441)	-
Accounts payable and accrued expenses	**4,717**	6,521	(9,052)
Deferred revenue	**212,764**	96,918	-
Net cash provided (used) by operating activities	**79,406**	14,763	(67,922)
Investing Activities			
Net cash provided by investing activities	**-**	-	-
Financing Activities			
Net advances from (to) member	**-**	(11,547)	13,076
Proceeds from long-term debt	**-**	18,000	68,500
Payments on long-term debt	**-**	-	(20,000)
Distributions to members	**(1,999)**	-	(36,000)
Net cash provided (used) by financing activities	**(1,999)**	6,453	25,576
Net increase (decrease) in cash and cash equivalents	**77,407**	21,216	(42,346)
Cash and cash equivalents, beginning	**87,208**	65,992	108,338
Cash and cash equivalents, ending	**$ 164,615**	$ 87,208	$ 65,992

Supplemental Disclosure of Cash Flow Information			
Interest paid	**$ 3,384**	$ 1,974	$ -
Non-cash operating and financing activities in connection with extinguishment of debt			
Extinguishment of accrued interest	**$ -**	$ 72	$ 2,407
Extinguishment of long-term debt	**$ -**	$ 28,700	$ 20,000

NOTES TO FINANCIAL STATEMENTS

1. Organization and Operations

Description of Business
I4K Franchising, LLC (the Company) was originally formed on February 24, 2005 as I4K Franchising Corporation (a Texas Corporation). In December 2011, I4K Franchising Corporation converted to a Texas Limited Liability Company and changed its name to I4K Franchising, LLC. As part of the Company's plan of conversion, all shares of the Company were converted to membership interest in the Limited Liability Company.

The Company was formed to sell franchises which provide photography services at daycares, preschools, private schools, and other venues under the trade name "IMAGES 4 KIDS". The Company also sells products to its Franchisees to support the Franchises' photography services.

The table below reflects the status and changes in franchised outlets for the years ended December 31, 2022, 2021 and 2020.

Franchised Outlets

Year	Start of Year	Opened	Closed or Ceased Operations – Other reasons	End of Year
2020	15	0	4	11
2021	11	7	0	18
2022	18	12	2	28

Going Concern
Management has evaluated our ability to continue as a going concern as of December 31, 2022. Due to the positive cash flows from operations and approximately $164,000 of cash on hand at December 31, 2022, we have concluded that there is not significant doubt about our ability to continue as a going concern.

COVID-19
On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption. The full impact of the pandemic will continue to depend on future developments, including the continued spread and duration of the pandemic, the emergence of future variant strains of COVID-19, the availability and distribution of effective medical treatments or vaccines as well as any related federal, state or local governmental orders or restrictions. Accordingly, the Company cannot reasonably determine the ultimate impact the COVID-19 pandemic will have on its future results of operations due to the continuing uncertainty surrounding the pandemic's magnitude and duration.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies

Basis of Accounting
The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Use of Estimates
The preparation of the financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition, allowance for doubtful accounts, useful lives for depreciation of long-lived assets, and deferred costs. Actual results could differ from those estimates.

Comparative Financial Statements
Certain prior period amounts have been reclassified to conform to current year presentation

Fair Value of Financial Instruments
Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, and accrued expenses. The carrying values of cash and cash equivalents, accounts receivable and accrued expenses are considered to be representative of their respective fair values due to the short-term nature of these instruments. Based on borrowing rates currently available to the Company for loans with similar terms, the carrying value of long-term debt approximates fair value.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data

Non-recurring fair value measurements include the assessment of property and equipment for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

Cash and Cash Equivalents
For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Accounts Receivable
The balance in accounts receivable consists of royalties and other fees due from franchisees, less an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

2. Significant Accounting Policies (continued)

Note Receivable
Note receivable consists of amounts due from new franchisee when a portion of the franchise sale has been financed by the Company, less an allowance for doubtful note for estimated losses resulting from franchise' failure to make note payments in accordance with the terms of their respective loan agreement. Management determines the allowance for doubtful note by identifying troubled accounts and by using historical experience applied to an aging of accounts. Amounts charged to the allowance for doubtful note first are accounted as a reduction in deferred revenue, then any reduction in excess of the related balance in deferred revenue is charged against franchise fee revenue. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful note.

Property and Equipment
Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	Estimated Useful Life
Furniture, fixtures and equipment	7 Years

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Impairment of Long-Lived Assets
The Company assesses potential impairment of its long lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the years ended December 31, 2022 and 2021, no impairment charges were recognized related to long-lived assets

Revenue Recognition
The Company recognizes revenue in accordance with FASB ASC 606-10-25, *Revenue from Contracts with Customers*. In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a monthly basis with flat fee. A franchise agreement establishes a Franchised Center developed in one or multiple defined geographic area and provides for a 10-year initial term with the option to renew for an additional 5-year terms. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration.

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)
If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required. If a contract is terminated prior to its term, it is a breach of contract and a penalty is assessed based on a formula reviewed and approved by management.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as site selections, operational materials and functional training courses, and ongoing services. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities is recognized when (or as) these services are performed, no later than the opening date. Revenue allocated to franchise rights and ongoing services is recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer’s access to the franchise right. Renewal fees are recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees are recognized over the contractual term of the franchise agreement.

Royalties and marketing fee revenue from Franchised Centers are paid monthly with flat fee and are recognized as earned. Royalty and marketing fee revenue are recognized during the respective franchise agreement as earned each period as the underlying franchised business sales occur. Production revenue from franchised centers are terminated, and the franchisees pay their own costs with the vendors.

Advertising Costs
All costs associated with advertising and marketing are expensed in the period incurred.

Leases
The Company accounts for leases under ASC 842. Lease arrangements are determined at the inception of the contract. The Company has elected to apply the short-term lease exception to all leases with a term of one year or less. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Income Taxes
The Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, effective January 1, 2019. Under those provisions, the Company does not pay Federal corporate income taxes on its taxable income. Instead, the stockholder is taxed on the Company’s taxable income. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements
In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” as amended by multiple updates to the standard. This update requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet and requires lessors to classify leases as a sales-type, direct financing or operating lease. The update also expands the required quantitative and qualitative disclosures surrounding leases. In June 2020, the FASB issued ASU No. 2020-05, “Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities.” ASU No. 2020-05 defers the effective date of ASU No. 2016-02 for private companies and private not-for-profit entities for one year. The updated guidance is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Company elected to adopt the provisions of ASU No. 2016-02 at January 1, 2022 and implemented the guidance on its accounting policies. The Company determined that there were no significant impacts to the current year financial statements by the application of the ASU.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”, and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its financial statements.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

4. Revenue Recognition

Disaggregation of Revenue

The following table disaggregates revenue by source for the year ended December 31, 2022:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue	$ -	$ 67,240	$ 67,240
Royalty revenue	-	67,980	67,980
Marketing fee revenue	-	30,808	30,808
Production revenue	-	-	-
Prop and equipment revenue	1,149	-	1,149
Other revenue	36,715	-	36,715
Total revenues	$ 37,864	$ 166,028	$ 203,892

4. Revenue Recognition (continued)

Disaggregation of Revenue (continued)

The following table disaggregates revenue by source for the year ended December 31, 2021:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue	$ -	$ 25,582	$ 25,582
Royalty revenue	-	19,450	19,450
Marketing fee revenue	-	9,626	9,626
Production revenue	40,403	-	40,403
Prop and equipment revenue	155	-	155
Other revenue	25,690	-	25,690
Total revenues	$ 66,248	$ 54,658	$ 120,906

The following table disaggregates revenue by source for the year ended December 31, 2020:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue	$ -	$ -	$ -
Royalty revenue	-	-	-
Marketing fee revenue	-	-	-
Production revenue	64,065	-	64,065
Prop and equipment revenue	2,660	-	2,660
Other revenue	9,307	-	9,307
Total revenues	$ 76,032	$ -	$ 76,032

Contract Assets

Contract assets consist of unbilled revenue. Unbilled revenue consists of initial franchise fees from franchisees for which a billing has not occurred.

Contract Costs

Contract costs consist of broker fees and commissions incurred when the franchise rights are sold to franchisees. The Company classifies the contract costs as deferred costs on the balance sheets. The following table reflects the change in contract costs from December 31, 2020 through December 31, 2022:

	Contract Costs
Balance at December 31, 2020	$ -
Expense recognized during the year	(698)
New deferrals due to commissions incurred	53,025
Balance at December 31, 2021	52,327
Expense recognized during the year	(8,825)
New deferrals due to commissions incurred	92,610
Balance at December 31, 2022	$ 136,112

4. Revenue Recognition (continued)

Contract Costs (continued)

The following table illustrates estimated expenses expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022:

2023	$	14,567
2024		14,567
2025		14,567
2026		14,567
2027		14,567
Thereafter		63,277
Total	$	136,112

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial franchise fees, renewal fees and transfer fees paid by franchisees, which are recognized on a straight-line basis over the term of the franchise agreements. The Company classifies the contract liabilities as deferred revenue in the balance sheets. The following table reflects the change in contract liabilities from December 31, 2020 through December 31, 2022:

	Contract Liabilities	
Balance at December 31, 2020	$	-
Revenue recognized during the year		(25,582)
Additions during period		151,500
Balance at December 31, 2021		125,918
Revenue recognized during the year		(67,240)
Additions during period		267,100
Balance at December 31, 2022	$	325,778

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

2023	$	38,368
2024		34,368
2025		34,368
2026		34,368
2027		34,368
Thereafter		149,938
Total	$	325,778

5. Accounts Receivable

Accounts receivable consisted of the following at December 31:

	2022		2021	
Accounts receivable	**$**	**10,000**	$	5,910
Less: allowance for doubtful accounts		**-**		-
Accounts receivable, net	**$**	**10,000**	$	5,910

For the years ended December 31, 2022, 2021 and 2020, the Company recognized $0 bad debt expense related to accounts receivable.

6. Note Receivable

The Company holds note receivable from a franchisee for the initial purchase of a franchise. This note is payable based on the terms and conditions agreed to at the time of sale. The note was issued in July of 2021 and matures in January of 2025. Principle and interest payments begin in February of 2022 and bear interest at the rate of 10% per annum. The Company recognizes interest income from this note in the period earned.

Note receivable consists of the following at December 31:

	2022	2021
Note receivable	**$ 3,846**	$ 5,000
Less: allowance for doubtful note	**-**	-
Less: current portion of note receivable	**(1,649)**	(1,215)
Notes receivable, net	**$ 2,197**	$ 3,785

For the years ended December 31, 2022, 2021 and 2020, the Company recognized interest income of $1,072, $216, and $0, respectively.

For the years ended December 31, 2022, 2021 and 2020, bad debt expense related to note receivable was $0.

7. Property and Equipment

The principal asset classifications of property and equipment, at cost, are as follows at December 31:

	2022	2021
Furniture, fixtures and equipment	**$ 6,162**	$ 6,162
Less: accumulated depreciation	**(6,162)**	(6,162)
Property and equipment, net	**$ -**	$ -

For the years ended December 31, 2022, 2021 and 2020, depreciation expense was $0, $0, and $915, respectively.

8. Lease

The Company leases its office facilities in Plano, Texas, under a 12-month leasing arrangement. The Company leases a storage unit from a storage facility on a month-to-month bases. For the years ended December 31, 2022, 2021, and 2020, rent expense was $1,849, $2,836, and $0, respectively.

9. Long-Term Debt

For the years ended December 31, 2022 and 2021, the long-term debt consisted of the following:

	2022	2021
Note payable #1	**57,800**	57,800
Less: current portion of long-term debt	**(865)**	-
Long-term debt, net	**$ 56,935**	$ 57,800

9. Long-Term Debt (continued)

Note Payable #1

On May 18, 2020, the Company received a loan of $57,800 from the Small Business Administration (“SBA”), pursuant to the Economic Injury Disaster Loan (the “EIDL”) under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020. Monthly principal and interest payments are deferred for 24 months from the date of the promissory Note. The EIDL Loan is secured by all tangible and intangibles personal property, matures in May 2050 and bears interest at a rate of 3.75% per annum.

Future maturities of long-term obligations for the years following December 31, 2022 are as follows:

Year ending December 31, 2023	$	865
Year ending December 31, 2024		1,271
Year ending December 31, 2025		1,319
Year ending December 31, 2026		1,369
Year ending December 31, 2027		1,422
Thereafter		51,554
Total	$	57,800

10. Related Party Transactions

Transactions with Affiliates

As of December 31, 2022 and 2021, the Company had receivables due from franchise outlets owned by the members of the Company in the amount of $840 and $840, respectively.

For the years ended December 2022, 2021, 2020, the Company recognized royalty revenue of $8,400, $3,500 and $0, respectively, from franchise outlets owned by the members of the Company.

For the years ended December 2022, 2021, 2020, the Company recognized production revenue of $0, $24,542, and $23,416, respectively, from franchise outlets owned by the members of the Company.

11. Income Taxes

The Company is taxed under the provisions of Subchapter S of the Internal Revenue Code, accordingly, no federal income tax provision or liability is reflected in the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction and the state jurisdictions in which it operates. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2019.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company’s financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022 and 2021.

12. Commitments and Contingencies

Litigation

Various legal actions and claims which may arise in the normal course of business may be pending against the Company from time to time. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

13. Subsequent Events

The Company has evaluated subsequent events through April 19, 2023, the date the financial statements were available to be issued.

EXHIBIT E

TO I4K FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT
SUMMARY PAGES

EFFECTIVE DATE:	____
FRANCHISEE:	____
Type of Entity	____
Franchisee's Office Address	____
Franchisee's Home Phone No.	____
Franchisee's Cell Phone No.	____
Franchisee's E-Mail	____
Operating Principal	____
INITIAL TERM:	Ten years
TRAINING DATE:	You are scheduled to complete training on ___________. You must commence operation of your franchise within 90 days after the Effective Date.
INITIAL FRANCHISE FEE:	☐ $36,000 ☐ $32,400 (Qualified Veterans, Conversions, 2nd Franchise)
INITIAL BACKGROUND AND PROPS PACKAGE:	$____
MARKETING FEE:	$120 per month, plus $1.20 per month per each additional account over 100
ROYALTY FEE, FIRST TERRITORY	Months 1-6: $0 Months 7-12: $264 Months 13-18: $396 Months 19+ $528
ROYALTY FEE, SECOND TERRITORY	☐ Not applicable ☐ Months 1-6: $0 Months 7-12: $264 Months 13-18: $396 Months 18+: $528
TRANSFER FEE:	$5,000
RENEWAL FEE:	$5,000
BUY OUT FEE:	$5,000
TECHNOLOGY FEE:	$180 per month
FRANCHISOR ADDRESS FOR NOTICES:	I4K Franchising, LLC 5465 Legacy Drive, Ste. 650, Plano, TX 75024

______________________ ______________________
Franchisor Initials Franchisee Initials

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ARTICLE **PAGE**

FRANCHISE AGREEMENT

This Franchise Agreement ("**Agreement**") is made and entered into on the Effective Date by and between I4K FRANCHISING, LLC ("**we**" or "**us**"), a Texas limited liability company, and the franchisee identified in the Summary Pages as "**you**."

BACKGROUND

A. We have developed and own a proprietary system (the "**System**") for conducting and promoting a business that provides "school picture day" photography services for children primarily five years of age and under at daycare centers, preschools, private schools and other venues ("**Child Portrait Services**").

B. The distinguishing characteristics of the System include, without limitation, use of the Marks, Copyrighted Works and Confidential Information (defined elsewhere in this Agreement), standards and procedures for interacting with children, selecting and using photographic scenes (including backgrounds and props), enabling parents to order portraits using an online ordering system, procedures and vendor relationships to produce studio quality child portraits; sales and marketing procedures and materials; operational procedures and training materials; and our standards, specifications, policies and procedures, as modified from time to time (collectively, the "**Standards**").

C. Child Portrait Services are identified by the marks IMAGES 4 KIDS and such other service marks, trademark, slogans and other indicia of origin that we prescribe to identify services provided under the System (the "**Marks**").

D. We grant qualified candidates the right to provide certain photography services using the System and Marks;

E. You have applied for the right to provide Services using the System and Marks pursuant to the terms and conditions of this Agreement, and we have approved your application based on all of the information and representations contained in the application.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

In this Agreement, capitalized terms, unless otherwise defined in the body of this Agreement, will have the meanings set forth in the Glossary of Additional Terms attached as Attachment A.

2. GRANT OF RIGHTS

2.1. Grant. Subject to the terms, conditions and limitations of this Agreement, we grant to you, and you accept, the license and obligation to provide Child Portrait Services using the System and Marks under the terms and conditions of this Agreement (the "**Franchised Business**").

2.2. Services. During the term of this Agreement, you have the right to provide, subject to the limitations set forth in Sections 2.3, below, Child Portrait Services.

2.3. Territory.

2.3.1 You have the right to provide Child Portrait Services at daycare centers, preschools, public and private schools and other similar child care facilities located within the Territory in accordance with our Standards.

2.3.2 You may not advertise, promote, solicit business or provide any Child Portrait Services outside the Territory; provided that you may, with our prior written consent, advertise the Franchised Business in local or regional publications with a circulation base that extends outside the Territory provided that (i) the circulation base includes all or part of the Territory, and (ii) before placing the advertisement, you have offered to each franchisee with a territory included in the circulation base (in whole or in part) the opportunity to participate in the advertising on a pro rata basis. For the purposes of this provision, "advertise," "promote," and "solicit business" includes, but is not limited to, ***(a)*** direct mailings, ***(b)*** posting, distributing, or displaying flyers, brochures, or similar written advertisements, ***(c)*** installation of advertising signage or billboards, ***(d)*** directed Internet advertising, and ***(e)*** in-person solicitation and directed telephone communication.

2.3.3 During the term of this Agreement and any renewals hereof, we will neither provide nor grant others the right to provide any of the Child Portrait Services in the Territory, under the Marks or any other proprietary marks or to sell any products bearing the marks through any channels of distribution including, without limitation, via mail order, catalogs or the Internet.

2.3.4 We reserve to ourselves all rights not expressly granted in Section 2.3.3, above, including, without limitation, the following rights:

(a) The right to provide, and to grant others the right to provide, any type of photography services outside the Territory (whether or not relating to a customer for whom you have previously provided Services); and

(b) The right to provide, and to grant others the right to provide, any photography-related services except for the Child Portrait Services outside the Territory.

2.4. If you fail to pay us the Royalty Fees as provided in Section 4.2., we may, at our election, eliminate the territorial protection provided in Section 2.3.3, or terminate this Agreement as provided in Section 14.3.

3. TERM AND RENEWAL

3.1. Term. The franchise will continue for an initial term of ten years from the Effective Date, subject to earlier termination in accordance with Sections 14 and 15.

3.2. Renewal. You may renew the franchise granted by this Agreement for an additional five-year term, if, at the end of the term, each of the following conditions has been satisfied: ***(a)*** you have notified us of your intention to renew not earlier than 180 days nor later than 90 days before the current term's scheduled expiration date; ***(b)*** you execute our then-current Franchise Agreement for a 5-year term, the terms of which may be materially different than the terms of this Agreement; ***(c)*** you are in full compliance with all of your obligations under this Agreement, including minimum scene purchasing requirements described in Section 7.8 and all monetary obligations owed to us, our Affiliates and third party suppliers, and you agree to update backgrounds, settings, props, cameras, lights, and other equipment and otherwise update marketing materials, business cards, signage and equipment to conform to our then-current Standards and image requirements; ***(d)*** you and each Principal signs a general and full release in favor of us and our Affiliates and each company's respective officers, directors, members, shareholders, agents and employees of claims arising out of or relating to this Agreement and the offer and sale of the IMAGES 4 KIDS franchise; provided, however, that the release will not be inconsistent with any applicable state franchise law; ***(e)*** if you are operating the Franchised Business from a commercial office space, you have provided us with a copy of your lease; and ***(f)*** you pay us the Renewal Fee in the amount specified in the Summary pages.

3.3 Holdover. If this Agreement expires and you continue to operate the IMAGES 4 KIDS Franchised Business after expiration, we may, at our option, declare you to be holding over. In such event, the terms of this Agreement will govern the parties' relationship, provided that: ***(a)*** either party may terminate the relationship at any time during the holdover period, for any reason or no reason, by delivering to the other party written notice of termination; and ***(b)*** the Royalty Fees due and payable during such holdover period shall be 150% of the Royalty Fees due and payable under this Agreement.

4. FEES

4.1. Initial Franchise Fee. Upon execution of this Agreement, you shall pay us the Initial Franchise Fee in the amount stated in the Summary Page, which is deemed fully earned and nonrefundable upon payment. Before you begin operations and after we receive your timely order, we, or a designee, will ship to you your initial package of photographic scenes (including backgrounds, props and accessories). You must pay us the full purchase price for the Initial Background and Prop Package indicated on the Summary Pages when the order is placed.

4.2. Royalty Fees. During the Term of this Agreement, you shall pay to Franchisor a nonrefundable and continuing monthly Royalty Fee in the amount specified in the Summary Pages for the right to use the System and the Marks. We may increase or decrease the Royalty Fees up to 10% once per year based on the Consumer Price Index (CPI) maintained by the U.S. Department of Labor, or a comparative index we may select if the CPI is no longer published. If you are granted a second or additional Territory, the Royalty Fee for your second and each additional Territory specified in the Summary Pages is in addition to the Royalty Fee for your first Territory. If you are purchasing an existing franchise location, you shall pay to Franchisor the Royalty Fee based on the date the Franchised Business first opened under its initial franchise agreement.

4.3 Technology Fee. The parties acknowledge and agree that the technological environment is rapidly changing and that it is difficult to anticipate the cost of developing, acquiring, implementing, and licensing Internet and communications technologies that may benefit the franchisees of the System, therefore, we may increase or decrease the Technology fee based on our actual increase or decreases in costs of technology services provided, provided, the Technology fee shall not to exceed more than 10% once per year. Accordingly, in addition to the Royalty Fee, you shall pay us a Technology Fee in the amount specified in the Summary Pages. You agree to pay the Technology Fee according to the terms we prescribe.

4.4 Payment Terms and Procedures. All payments required by this Agreement shall be paid within the time we specify ("**Due Date**"). If the Due Date is not a Business Day, then payment shall be due on the next Business Day. On each Due Date, we may transfer from your commercial bank operating account ("**Account**") the fees due and owing.

4.5 Electronic Funds Transfer; Nonsufficient Funds Charge. At our option, we may collect any fees or amounts payable under this Agreement by electronic funds transfer via Automated Clearing House ("ACH"). At our request, you must complete the ACH form we provide and sign all documents that we may reasonably request to implement such an account and electronic payment system. You are responsible for any fees charged by your bank in connection with such payment system. At our option, ACH transactions will be used for the collection of any amounts due pursuant to this Franchise Agreement, including, but not limited to, monthly Royalty Fees, Technology Fees, Marketing Fees and other one-off purchases, such as marketing materials. We may, in our discretion, provide notification via email with an attached invoice five (5) days prior to executing any ACH draft. If any electronic payment transaction fails due to there being insufficient funds in your bank account, then, in addition to other amounts owed under this Agreement, you must pay us an NSF fee of $75 and reimburse us for any bank charges that we incurred as a result of the failed payment transaction.

4.6. No Set-Off Rights. You may not set off, deduct or otherwise withhold any fees or other amounts due under this Agreement on grounds that we have failed to perform our obligations under this Agreement or for any other reason. Withholding royalties or any other amounts payable under this Agreement is a material breach of this Agreement.

4.7. Interest. Any amount not paid when due will accrue interest at the rate of 18% per year or the highest lawful interest rate permitted by the applicable jurisdiction, whichever is less.

4.8 Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. We may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. Our acceptance of such partial payment will not be considered a waiver of any of our right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. We may apply your payments to any indebtedness, in our sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.9. Administrative Fee; Customer Service. If a customer complains to us about your service and we determine it necessary to respond to the complaint, we have the right to assess an administrative fee of $100, which is due upon demand.

4.10 Other Payments. In addition to all other payments provided in this Agreement, you shall pay us or our Affiliates promptly when due: ***(a)*** all amounts advanced by us or which we have paid, or for which we have become obligated to pay on your behalf for any reason whatsoever; and ***(b)*** all amounts due to us or our Affiliates or third-party vendors.

5. PORTRAIT PURCHASING; BACK END WORKFLOW/MANAGEMENT SYSTEM; INVOICES AND PAYMENT

5.1. E-Commerce System. You must use our designated e-commerce system for the sale of all Child Portrait Services, including portraits, packages of portraits, digital image downloads, and related photographic products. You must use our designated or approved lab for printing and order fulfillment. You are responsible for all costs and payments for printing, shipping, and credit card processing fees.

5.2. Pricing. Although we may periodically make pricing recommendations, you may establish your own retail prices for the goods and services that you provide to your customers.

5.3. Backend/Workflow Management System. We will make available to you, and you will use in the operation of the Franchised Business and in accordance with the Standards, our approved Backend/Workflow Management/E-commerce System. If we develop or administer the Backend/Workflow Management/E-commerce System, we reserve the right to charge a service fee for the Backend/Workflow Management/E-Commerce System. If we establish a service fee, you must pay us the amount we specify, not to exceed 6% of your Gross Sales, in the manner we specify. We will use good faith efforts to ensure that the Backend/Workflow Management System is operational and available via the Internet 24 hours per day, seven days per week. Neither we nor our affiliates or service providers, however, shall be liable for any loss or liability resulting, directly or indirectly, from delays or interruptions in service due to electronic or mechanical equipment failures, telephone or cable interconnect problems, defects, weather, strikes, walkouts, fire, acts of God, riots, armed conflicts, acts of war or other like causes. In the event of any interruption to the Backend/Workflow Management System due to any other cause, you acknowledge and agree that our liability and our affiliates' and service providers' liability is limited to your actual damages and that neither we nor our affiliates or service providers shall be liable for consequential, punitive or exemplary damages on account of such interruption. Neither we nor our Affiliates or service providers shall have any responsibility to provide you access to the Backend/Workflow Management System during any interruption of the Backend/Workflow Management System regardless of the cause.

5.4. Merchant Accounts. You shall establish one or more merchant accounts with an authorized merchant account provider in accordance with the Standards set forth in the Manual which will enable you to process customer credit card payments. You are responsible for payment of all merchant account fees and related expenses. We are not required to pay any merchant account fees or other expenses on your behalf. If we elect to make such payments, however, you must reimburse us the amount of the expense promptly upon demand for payment. All processed credit card payments will be deposited directly into your bank account.

5.5. Order Fulfillment. Customer orders shall be processed, fulfilled and delivered according to the Standards set forth in the Manual. Claims of product shortages or defects shall be handled according to the Standards set forth in the Manual.

6. TRAINING AND ASSISTANCE

6.1. Initial Training. We will provide, and you (if you are an individual) or your Operating Principal (if you are a Business Entity) must attend and satisfactorily complete, our Initial Training Program. If you designate a Manager, your Manager must also attend and satisfactorily complete, our Initial Training Program. The Initial Training Program will be held in Plano, Texas or such other place as we designate. There is no tuition or other charge for two persons to attend this program so long as they attend the same training session. We may impose tuition, not to exceed $500 per person, for each additional person who attends training. You are responsible for all training-related expenses including expenses of travel to and from the training site and lodging expenses. At your request, we may permit your personnel to attend future Initial Training Programs, subject to space availability. We may charge tuition, not to exceed $500 per person, for such attendance. You shall purchase all equipment we require, including, but not limited to, your camera, from us or our approved or designated supplier prior to attending the Initial Training.

6.2. Manuals. We will communicate to you our Standards via the Manual or otherwise in writing. You will have online access to your copy of our Manual when you arrive at the Initial Training Program. We will provide additions, updates, and supplements to the Manual as they become available, and will disclose to you information concerning System developments as we deem appropriate, in our sole discretion.

6.3. Support Line. We will, at our own expense, maintain a toll-free support line to provide ongoing consultation and assistance during regular business as we deem appropriate. **The parties agree that we will not be liable to you for any interruption of service.**

6.4. Ongoing Assistance. At your request and subject to the availability of its personnel, we will provide such on-site marketing, advisory, analytical, consulting, photographic and booking assistance ("On-site Assistance") as we deem appropriate. On-site Assistance will be provided at mutually-agreed on times and dates with reasonable advanced scheduling. You are responsible for travel (airfare at coach rates for U.S. domestic flights and business class rates for all other flights), lodging expenses, and our then-current per diem fee for each of our representatives who provide On-Site Assistance, subject to a three-day minimum, which includes one travel day. Payment is due on demand, and may be required in advance of services being performed.

6.5. Photographic Sets and Marketing. Subject to Section 7.8 of this Agreement, during the Term, we, or a designee, will develop and make available to you, new backgrounds, props, settings, products, services and methods and provide you with information about developments. We, or a designee, also will make available to you, marketing and promotional material and sample images to the extent that they are developed.

6.6. E-Commerce. During the Term, we will develop and host and/or provide access to workflow and e-commerce systems through one or more approved service providers for the Franchised Business. The e-commerce system shall include workflow, secure access for uploading proof sets, online viewing, online sales, fulfillment automation, and sales management system. For any such system we develop and host, we retain ownership and copyrights for this system. You understand and agree we will always have administrative access and ultimate control of all ecommerce, back-end workflow, and related lab accounts, and any vendor accounts utilizing the Images 4 Kids name and trademark. You shall ensure that we have access to such accounts and such systems in the form and manner that we may request, which may include providing us account usernames and passwords and/or permission to access via an audit-based secure remote access system.

6.7. Annual Conference. We may, at our option, host an annual conference for the benefit of franchise owners, at a location of our choice, to discuss sales and marketing techniques, introduce new backgrounds, props, and settings, and address other issues important to the further development and enhancement of the franchise system. If we elect to host an annual conference, we may require you, your Operating Principal, Manager, or other individuals we designate, to attend. We currently do not not charge a conference or attendence fee, but we reserve the right to do so in the future. You are responsible for all your releated conference-related expenses including travel, lodging and dining expenses.

7. OPERATIONAL STANDARDS

7.1. General Operating Requirements. You must begin operating the Franchised Business no later than 90 days following the Effective Date and shall continuously operate the Franchised Business and use best efforts to increase your customer base and increase Child Portrait Services throughout the full term of this Agreement. You shall use best efforts to promote the Services in the Territory. You shall comply strictly with all federal, state and local laws and government regulations that apply to the Franchised Business.

7.2 Beginning Operations.

7.2.1. You shall operate the Franchised Business from an office that we approve (your "**Office**"). You may operate the Franchised Business from your home. Any Office must comply with Franchisor's specifications. If you operate the Franchised Business from a commerical office, you shall provide us with a copy of your lease, any amendments, and any subsequent leases, renewal agreements, or amendments, within 10 days of its execution. Upon Franchisor's approval of your Office, the Summary Pages shall be amended to reflect your Office address. All contracts, business cards and other stationery shall reflect your Office address. You may relocate your Office with Franchisor's prior written consent, which will not unreasonably be withheld. Franchisor will consent to the relocation if the new location meets Franchisor's then current standards and criteria, and you are not in default of the Franchise Agreement or any other agreement with us.

7.2.2. You shall begin operating the Franchised Business no later than 90 days after the Effective Date. Before the beginning to operate the Franchised Business: ***(a)*** you or your Operating Prinicpal and Manager (if applicable) shall have completed our initial training requirements; ***(b)*** you shall have acquired all computer hardware and electronic devices we require, and have acquired the necessary licenses to use all software applications; ***(c)*** you shall have delivered to us a certificate of insurance reflecting all required coverages, and you shall cause all such insurance to be in full force and effect; ***(d)*** you shall have acquired all equipment and Initial Background and Props Package we require and in accordance with our specifications; ***(e)*** you shall be in full compliance with the terms of this Agreement; and ***(f)*** we have consented, in writing, to your commencing operations.

7.3. Operating Principal. Your Operating Principal, who shall have at least 10% Ownership Interest in you if you are a Business Entity, shall personally supervise the day-to-day operation of the Franchised Business. Upon commencement of the second full Prime Season, you Operating Principal shall use full time and best efforts in operating the Franchised Business; provided, however, that nothing in this Agreement precludes you from employing or engaging third parties to provide photography services. You may designate a Manager, subject to our approval, to supervise the day-to-day operation of the Franchised Business.

7.4. Standards. You shall comply strictly with the Standards including, without limitation, our standards for customer service, quality of service, and procedures and techniques relating to provision of the Services. These Standards may include, without limitation, procedures and techniques for proper Subject positioning, prop positioning, camera positioning, lighting and photograph cropping.

7.5. Inspection. You shall permit our representatives, upon reasonable notice, to inspect and observe your provision of the Services. You agree to cooperate fully with us or our designee in connection with any inspection, observation, and interviews. If any deficiencies are noted during the course of an inspection, you shall immediately correct the deficiencies and ensure that all of your employees and representatives are instructed in the proper provision of the Services.

7.6. Sourcing Requirements. To the extent that we have established designated or approved suppliers for equipment, photographic scenes, backgrounds, props, service items, presentation portfolios, marketing brochures, materials, and other items that bear the Marks, or any other items or services, such items or services shall be purchased only from such supplier(s). You acknowledge and agree that from time to time, we and/or our affiliates may derive revenue from the sale of ancillary items or services to its franchisees or from third parties on account of the sale of ancillary items or services to its franchisees. You acknowledge and agree that we will be entitled to retain, and shall not be required to remit to you any portion of, such revenue; provided, however, such revenue shall not exceed twenty percent (20%) of the purchase price. If you wish to purchase products and equipment for which we have approved or designated suppliers from a different supplier, you must first request our approval. We will respond to your request within a reasonable time, normally 30 days. We are under no obligation to grant or consider any request for supplier approval.

7.7. Purchases When No Suppliers Are Approved or Designated. You may purchase items for which we have not established approved or designated suppliers from any source so long as they meet the Standards (which may include brand requirements). We will communicate the Standards to you in writing. In addition, to the extent that the Franchised Business has employees, we have the right to require you to engage a third-party payroll service that we designate or approve to provide payroll services. You shall provide us with unrestricted access to your vendor and supplier accounts (which may include providing us all of your user IDs and passwords, if necessary). We may independently access from a remote location, at any time, all information input to, compiled by, and available in your vendor and supplier accounts.

7.8. Purchase Requirements for Photographic Scenes. Beginning in the second anniversary year of this Agreement, and during each anniversary year thereafter through the end of the franchise term, you must purchase a minimum of four new photographic scenes per year. In our discretion, we will make available a fact sheet for each new scene which includes links to our approved or designated vendors for each item included in the scene. Prices are set by the approved or designated vendor(s) and are always subject to change as they deem necessary.

7.9. Software and Information Technology Systems. You shall acquire and use all computer systems, software and components that we require which may include, without limitation, using specific software programs, connecting to remote servers and implementing a back-up system. At our request, you shall participate in any intranet or extranet system that we develop for use by the Franchised Business. You acknowledge that you may incur additional expenses in connection with such new products or services in which their participation is required.

7.10 Authorized Products and Services. You shall offer and sell all products and services we require, and shall offer and sell only the products and services that we have approved for sale in connection with the Franchised Business.

8. ADVERTISING AND PROMOTIONS

8.1. General Requirements. All advertising and promotion in any manner or medium must be conducted in a dignified manner and must conform to the Standards. You may use only such advertising and promotional materials as we approve in writing from time to time. We will make available to you for purchase, at our published prices, an ongoing supply of advertising and promotional materials, subject to availability. You may use your own sales, promotional and advertising materials only if we have approved both the materials and proposed media before first publication or use. To request approval, you must provide to us samples of all proposed sales, promotional and advertising materials proposed for use (including, without limitation, direct mail solicitations and media advertisements). We will notify you of our approval of the proposed materials within 14 days of receiving them. Our silence will be deemed a disapproval. You may not use any sales, promotional or advertising materials that we have not approved in writing. Once approved, you may use the materials only in connection with the media for which they were approved. We may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

8.2. Monthly Marketing Service.

8.2.1 From the period beginning on the Effective Date and ending on the second anniversary of the Effective Date, you shall purchase from us, or a supplier we designate, a marketing subscription for the purpose of conducting targeted marketing to Potential Accounts in your Territory ("Marketing Service"). You shall pay us a fee equal to $120.00 per month, plus $1.20 per month for each Potential Account over 100. "Potential Account" means all daycare, preschools, private schools, Montessori schools, or other potential customers of the Franchised Business, located in your Territory that we designate. We will conduct targeted marketing to the Potential Accounts in a frequency and manner we determine.

8.2.2 Prior to opening your Franchised Business, you shall assist us and reasonably cooperate with us in acquiring email addresses for Potential Accounts.

8.2.3 The parties acknowledge that we own all rights, and retain all copyrights, in all design and content developed for the purposes of administering the Marketing Service, and that we will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional material developed for the Marketing Service, and the allocation of payments to production, placement, and other costs. We will own all copyright in any works created and/or used for the Marketing Service.

8.3. Website and Internet Advertising. At our option, we may establish and maintain an Internet web site to provide information about the IMAGES 4 KIDS System and its franchisees. We will have sole discretion and control over the content and design of the web site. We have no obligation to continue the web site indefinitely, and may discontinue it at any time.

8.3.1. The website may include a series of interior pages that identify participating franchisees by name, address, telephone number and e-mail address. If we include information about the Franchised Business, the information will be included in those pages.

8.3.2. If you fail to pay when due any fees or other amounts payable to us under this Agreement, we may remove from the web site information about the Franchised Business until such time as you pay your outstanding obligation in full.

8.3.3. You will have no right, license or authority to use any of the Marks on or in connection with the Internet.

8.3.4. During the term, we may, at our option, provide you with a designated web page(s), email address, cloud storage, and/or telephone number to use in connection with the Franchised Business. We will own such designated web pages, email addresses, cloud storage accounts, and telephone numbers for the Franchised Business. **The parties agree that we shall not be liable to you for any interruption of service.**

8.4. Franchisor Advertising. Except as provided in Section 8.2, we may, but are not obligated to, advertise and market IMAGES 4 KIDS franchise. If we advertise or market the franchise, the parties acknowledge that we will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed, and the allocations of production, placements, and other costs. We will own all copyright in any works. You acknowledge and agree that we are not obligated to place advertising in your trading area, or to ensure that the Franchised Business benefits directly or *pro rata* from any such advertising or marketing. Franchisor has no fiduciary duty to you or to any Principal or to any other Person with respect to advertising or marketing.

9. INTELLECTUAL PROPERTY; SYSTEM MODIFICATIONS AND IMPROVEMENTS

9.1. Acknowledgements. You expressly acknowledge that we or our Affiliate owns all right, title, and interest in and to the Marks and the goodwill associated with the Marks, and to the Copyrighted Works, and that you have no ownership interest in the Marks or the Copyrighted Works. You further acknowledge and agree that any and all goodwill associated with the Franchised Business and identified by the Marks is our property and shall inure directly and exclusively to our benefit and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks. You understand and agree that any use of the Marks other than as expressly authorized by this Agreement, without our prior written consent, may constitute an infringement of our rights herein and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement.

9.2 Use of the Marks and Copyrighted Works.

9.2.1. You shall use only the Marks we designate, shall use them only in the manner that we authorize and permit, and shall use them with the symbols "®", "™", or "SM", as appropriate. You shall use the Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner we prescribe. You may not contest ownership or validity of the Marks or any registration thereof, or engage in any conduct that adversely affects the ownership or registration of the Marks, or our right to use or to sublicense the use of the Marks. You shall execute all documents that we request in order to protect the Marks or to maintain their validity and enforceability.

9.2.2. You shall not use the words IMAGES 4 KIDS or any abbreviation, acronym or variation of those words as part of your name or as part of the name of any Business Entity in which you own or hold an interest. Without our prior written consent, you may not register the Marks as part of any Internet domain name or URL, and may not register the Marks or any part or derivative of the Marks as part of any user name on any gaming website or social networking website (such as FACEBOOK, INSTAGRAM, LINKEDIN, or TWITTER), whether or not such social media platform is used for commercial gain, or as part of any unauthorized email address. You also may not display nor use any of the Marks or other Intellectual Property in connection with, or associate the System with (through a link or otherwise) any website advertising, address, or listing on the World Wide Web or any other portion of the Internet without our prior written consent. You acknowledge that, as between you and us, we own all rights in and to the URLs and domain names "images4kids.com" and "images4kids.biz", and any other URLs containing the Marks or a derivative of the Marks. You further agree not to register or use any URL or domain name that contains the words "Images," "4" or "Kids."

9.2.3. You shall not copy, distribute or otherwise disseminate any of the Copyrighted Works in violation of the restrictions and limitations imposed by this Agreement.

9.2.4. You shall not use any of the Marks in connection with the offer or provision of any products or services except Child Portrait Services and any other products or services that we may expressly authorize in writing. You shall use the Marks only in strict accordance with the terms and conditions of this Agreement and in accordance with the Standards.

9.3. Notice. You shall not use any of the Marks or the Copyrighted Works in connection with the advertisement, promotion, sale or distribution of any products or services except as we expressly authorize in writing. To the extent that any stationery, invoices, business cards, contracts, or other forms reflects the mark IMAGES 4 KIDS such form must conspicuously reflect your business name followed by the words "an authorized franchisee" or such other designation as we prescribe, to notify the public that you are providing services as an independent contractor and that you are not acting in the capacity of our agent or employee.

9.4. Infringement. You shall promptly notify us of any apparent infringement of, or challenge to, your use of any of the Marks or other Intellectual Property. We or our Affiliate will take such action as we or our Affiliate deems appropriate, in our sole discretion. If we or our Affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Marks or Intellectual Property, you shall sign all documents and perform such acts and things as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution.

9.5. Changes to the Marks. We may designate new, modified or replacement Marks for your use, and require you to use them in addition to or instead of any of the previously designated Marks (which may include, without limitation, requiring you and/or other System franchisees to provide different types of photography services under different trade names). You shall pay your own expenses associated with implementing required changes.

9.6. Modifications to the System. We reserve the right to modify, periodically, in our sole discretion, any aspect of the System including, without limitation, the Standards and the Marks.

9.7. Discontinuance of Use. Upon the expiration or termination of the franchise, you shall immediately discontinue all further uses of the Marks and Copyrighted Works and shall take appropriate action to cancel any advertising relating to your use of the Marks or the Copyrighted Works, including yellow pages and online directory listings. You acknowledge and agree that failure or refusal to comply fully with these requirements will constitute willful trademark and copyright infringement.

9.8. Assignment of Intellectual Property.

9.8.1 If you or any Principal develops any new concept, product, sales technique or improvement in the operation or promotion of the Franchised Business (including any computer software enhancements), you shall promptly notify and provide to us all necessary related information. You and each Principal hereby assign to us all rights in and to the concept, product, sales technique or improvement, and acknowledge that we may use or disclose such information to other System franchisees as we determine to be appropriate, without providing you compensation.

9.8.2. You and each Principal hereby assign to us all tangible media of expression derived from any of the Copyrighted Works, and agree to execute such further assignments as we may request. You and each Principal shall take all actions and sign all documents necessary to give effect to the purpose and intent of this Section 9.8. You and each Principal irrevocably appoint us as true and lawful attorney-in-fact for you and each Principal, and authorizes us to take such actions and to execute, acknowledge and deliver all such documents as may from time to time be necessary to convey to us all rights granted herein.

9.8.3. If you develop or suggest an innovation or improvement that we decide to incorporate into the System, either temporarily or permanently, the innovation or improvement will become our exclusive property without compensation. You hereby assign your rights in each such innovation or improvement to us and agrees to execute and deliver all such additional instruments and documents as we may request to evidence the assignment and our ownership of the innovation or improvement.

10. CONFIDENTIAL INFORMATION

10.1. Confidential Information

10.1.1. You acknowledge that the Confidential Information belongs exclusively to us and is our sole and exclusive property. You further acknowledge that the unauthorized disclosure or use of any Confidential Information may adversely affect our business and competitive position and that of System franchisees. Accordingly, you agree to perform and abide by the following provisions and restrictions, each of which shall survive the expiration or termination of this Agreement and shall be perpetually binding upon you.

10.1.2. You and each Principal shall hold the Confidential Information in strict confidence and shall not disclose any Confidential Information to any Person other than your employees to whom such disclosure is necessary in relation to their job duties, and shall instruct and routinely remind your employees that the Confidential Information is confidential and may not be disclosed or appropriated.

10.1.3. Neither you nor any Principal shall use any Confidential Information in connection with the offer or provision of any products or services except Child Portrait Services in accordance with the terms and conditions of this Agreement, and shall promptly discontinue use of the Confidential Information upon the expiration or termination of this Agreement.

10.1.4. You and each Principal shall refrain from copying or permitting any Person to copy or reproduce any part of the Manual or any other printed, graphic or audio/visual item that we identify as containing Confidential Information or otherwise permit their use or inspection by any Person other than you and your employees to whom such disclosure is necessary in relation to their job duties, and our authorized representatives.

10.2. Manuals. You acknowledge and agree that the version of the Manual on file in our offices constitutes the standard, official version for purposes of resolving any question or dispute concerning the Manual's contents.

10.3. Location of Confidential Information. You shall keep the Manual and any other printed, graphic or audio/visual item that we identify as containing Confidential Information at the business address reflected on the Summary Pages at all times and shall promptly return them to us upon the expiration or termination of the Franchised Business.

11. BOOKS, RECORDS AND REPORTS

11.1. Formation and Governing Documents. If you are a Business Entity, your organizational documents shall impose transfer restrictions that give effect to Section 13, and each certificate representing an ownership interest in the franchisee entity shall contain or have conspicuously noted upon its face a statement in a form satisfactory to us to the effect that any assignment or transfer of the certificate is subject to all restrictions this Agreement imposes on transfers and assignments. If you are a Business Entity, you shall maintain a current list of all Principals. You shall comply with Article 13 prior to any change in ownership interest and shall execute addenda to Attachment F of this Franchise Agreement as changes occur in order to ensure the information contained in Attachment F is true, accurate, and complete at all times.

11.2. Reporting Requirements. You shall furnish to us, using forms and procedures that we establish from time to time, information concerning the Franchised Business as we may reasonably require. Such requirements may include, without limitation, reporting and entry of sale information into a web-based system that we provide and submission of such Subject and Photo Location information as we may reasonably request to assure compliance with the Standards.

11.3 Quarterly Revenue Reports. Upon our request, you shall, submit to us a revenue report detailing all revenues generated by the Franchised Business. Revenue reports must be submitted to us no later than 30 days after the end of each calendar quarter for which a report has been requested.

11.4. Audit. We and our representatives shall have the right at all reasonable times to review, audit, examine and copy your books and records and you shall cooperate with such review.

11.5. Submission of Financial Statements. Upon our request, you shall, at your expense, submit to us, within 90 days after the end of each fiscal year, a complete annual financial statement (including year-end balance sheet, income and expense statement and statement of cash flows). Such financial statements shall be prepared by an independent certified public accountant in accordance with generally accepted accounting principles.

11.6 Independent Access. You shall provide us with unrestricted access, including usernames and passwords, with no contractual limitations, to all information input to, and compiled by, your E-commerce system(s) including information concerning photo jobs, customers, statistics, production, and reporting.

12. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

12.1. Independent Contractor. This Agreement is not intended to create, and shall not be interpreted or construed as creating, a partnership, joint venture, agency, employment, personal services, fiduciary or other "special" relationship between you and us, and no representation to the contrary shall be binding upon us.

12.2. Insurance Obligations.

12.2.1. You shall procure and maintain throughout the Term, and at your expense, an insurance policy or policies, of the types and in the amounts that we require, protecting you and us and our Affiliates and each company's respective successors and assigns and each such entity's respective officers, directors, shareholders, members, partners, agents, representatives, independent contractors and employees, against any demand or claim with respect to personal injury, death or property damage, products liability or any other loss, liability or expense whatsoever arising or occurring in connection with the Franchised Business. Our minimum insurance requirements (which may be modified at any time, in our sole discretion) shall be set forth in the Manual, as amended from time to time. Such policy or policies must be written by a responsible carrier or carriers reasonably acceptable to us (*e.g.,* having been assigned an "A" rating or its equivalent by a recognized insurance rating service) that is duly licensed by the appropriate governmental authorities and must include, at a minimum, all insurance coverage required by the jurisdiction in which you operate the Franchised Business and such additional coverages and higher policy limits as we may reasonably specify from time to time. You shall deliver to us evidence of required insurance by the Effective Date and, thereafter, upon our request or at such time(s) specified in the Manuals. We may change or modify our requirements as we deem appropriate, in our sole discretion.

12.2.2. Your obligation to obtain and maintain insurance is not limited by reason of any insurance that we may maintain. Your provision of insurance will not relieve you of any liability incurred under the indemnity provisions of this Agreement.

12.2.3. All insurance policies required under this Agreement, with the exception of workers' compensation or its equivalent, must name as additional named insureds us and our Affiliates and each company's respective directors, officers, shareholders, members, partners, employees, representatives, independent contractors and agents, and must expressly provide that their interests will not be affected by any breach by your or any Principal of any policy provisions. All insurance policies required under this Agreement must contain a waiver of subrogation rights in favor of us and our Affiliates and each company's respective directors, officers, shareholders, members, partners, employees, representatives, independent contractors and agents, and must expressly provide that the carrier will give at least 30 days prior written notice of a material alteration or cancellation of the policy or policies.

12.2.4. All liability and property damage policies must provide that we and our directors, officers, shareholders, members, partners, employees, representatives, independent contractors and agents, although named as additional insureds, nevertheless are entitled to recover under such policies on any loss that we incur by reason of your negligence or the negligence of your servants, agents or employees.

12.2.5. If you fail to maintain the required insurance coverage, we have the right, but are not obligated, to procure and maintain such coverage on your behalf and will be entitled to reimbursement for all out-of-pocket costs we incur in procuring and maintaining such coverage and to collect an administrative fee equal to 10% of the annual insurance premium.

12.3 Indemnification

12.3.1. You and each Principal, jointly and severally, shall indemnify, hold harmless and timely defend us and our respective officers, directors, members, shareholders, employees, agents, successors and assigns (collectively, "Indemnified Parties") from and against any and all claims, demands, legal proceedings, administrative inquiries, investigations and proceedings, damages, losses, judgments, settlements, fines, penalties, remedial actions, costs and expenses (including attorneys' fees) asserted against, incurred or sustained by any Indemnified Party, whether or not separately insured, that arise out of or are attributable to your operation or promotion of the Franchised Business.

12.3.2. We may elect (but under no circumstance will be obligated) to undertake or assume the defense of any such claim, demand, inquiry, investigation or proceeding (an "Indemnified Matter"), and to conduct and supervise all settlement negotiations related to any Indemnified Matter. We will pay the legal fees and other expenses it incurs in connection with the investigation, defense and settlement of any Indemnified Matter it undertakes to defend or assumes. If a proposed settlement of any Indemnified Matter will result in an admission of liability or financial contribution by you, we will not settle the Indemnified Matter without your participation and concurrence. Otherwise, our election to undertake or assume the defense or settlement of an Indemnified Matter will in no way or circumstance extinguish or diminish your obligation to indemnify and hold the Indemnified Parties harmless.

13. TRANSFERS

13.1. Transfers Void. Any transfer lacking our prior written consent or that otherwise violates the restrictions in this Section 13 will be ineffective against us and will constitute a default under Section 14.2. No involuntary transfer or partitioning of an equity interest in a Business Entity franchisee or this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, will be effective against us.

13.2. Transfers. You acknowledge that the integrity of the franchise system depends on the business qualifications, financial capabilities, and integrity of our franchisees. You further acknowledge that our lack of opportunity to evaluate and approve each potential franchisee's qualifications and the terms of each proposed transfer could cause irreparable damage to us and to the franchise system. Consequently, you agree not to effect any Transfer without our prior written consent. Our consent to a voluntary Transfer of your interest in this Agreement will not be unreasonably withheld, subject to our right of first refusal and provided that the following conditions are met: ***(a)*** at the time of Transfer, you are in full compliance with your obligations under this Agreement, including payment of all monetary obligations due us and minimum scene-purchasing requirements imposed under Section 7.8.; ***(b)*** you return to us the Manual, all Copyrighted Works, and all other materials and documentation containing Trade Secrets or Confidential Information; ***(c)*** the transferee meets our standards for qualifying as a franchisee; ***(d)*** the transferee executes our then-current form of Franchise Agreement (the term of which will equal the unexpired term of this Agreement) and other collateral agreements we may then require; ***(e)*** each of the transferee's Principals executes a Guaranty; ***(f)*** the transferee satisfactorily completes our Initial Training Program; ***(g)*** we receive payment of the Transfer Fee shown in the Summary Pages from either the transferor or the transferee; ***(h)*** you agree in writing to attend, assist, and consult with transferee on its first five on-site picture day photo shoots; and ***(i)*** you sign a general and full release in favor of us and our Affiliates and each company's respective officers, directors, members, shareholders, agents and employees, from any and all claims arising out of or related to this Agreement and the offer and sale of the franchise; provided that such release shall not be inconsistent with any state franchising law.

13.3. Transfer Among Owners. If you are a Business Entity, we will consent to a Transfer of Ownership Interests among your original stockholders, partners or members, and waive payment of the Transfer Fee upon its receipt of such documentation and information concerning the Transfer and the resulting ownership of your equity, as we may reasonably request. The required documentation will include, without limitation, a Guaranty signed by each holder of an equity interest in the Business Entity franchisee who has not previously signed a Guaranty. If we agree to release any retiring stockholder, partner, or beneficial owner from further liability under a Guaranty, the retiring stockholder, partner, or beneficial owner must also give us an unconditional, general release of any claims the stockholder, partner, or beneficial owner may have against us.

13.4. Right of First Refusal. If you receive a bona fide offer to purchase all or substantially all of the assets of the Franchised Business in connection with either a transfer of this Agreement or the buyer's acquisition of a franchise for an IMAGES 4 KIDS Franchised Business, or if any Principal receives a bona fide offer to purchase his or her equity interests in your Business Entity, and you or such Principal wishes to accept such offer, you or the Principal (as applicable) must deliver to us written notification of the offer and, except as otherwise provided herein, we will have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. If we elect to purchase the seller's interest, closing on such purchase must occur by the later of: ***(a)*** the closing date specified in the third-party offer; or ***(b)*** within 60 days from the date of notice to the seller of our election to purchase. Our failure to exercise the option described in this Section shall not constitute a waiver of any of the transfer conditions set forth in this Section 13.

13.5. Transfer Upon Death or Incapacity. If your Principal dies or becomes incapacitated, we will consent to the appointment of a new Principal and to the transfer of the previous Principal's interest in this Agreement or Ownership Interest in the franchisee (as applicable) to his or her spouse, heirs or relatives, whether such transfer is made by will or by operation of law, if, in our sole discretion and judgment, the replacement Principal meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the Franchised Business herein; has at least the same managerial and financial criteria required by new franchisees and has sufficient equity capital to operate the Franchised Business. If we do not approve the transfer, then within six months following the Principal's death, incapacitation, or disability, the deceased Principal's interest must be transferred to a third party whom we have approved. Such transfer shall be subject to the same conditions as any voluntary life time transfer.

13.6. Non-Waiver of Claims. Our consent to a transfer shall not constitute a waiver of any claims we may have against the transferring party, and it will not be deemed a waiver of our right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which we and the transferee are parties, by the transferee.

13.7. Transfer by Franchisor. We may freely transfer or assign this Agreement, and any addendum to this Agreement, and all or any part of our rights or obligations in this Agreement to any Person, including a Person who operates one or more businesses providing photography services or other services that are similar to or competitive with the Franchised Business. We also may sell to any Person our assets, our securities, our rights in the Marks, the Copyrighted Works, or the Confidential Information; may offer our securities privately or publicly; may merge, spin-off, acquire other companies or be acquired by another company; may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands, or damages against us arising from or related to the transfer.

Upon any such transfer, the transferee shall be solely responsible for all obligations and duties arising subsequent to such transfer, such transfer will constitute a novation, and we will have no further obligation to you.

14. DEFAULT; TERMINATION AND OTHER REMEDIES

14.1. Automatic Termination. This Agreement shall terminate automatically if you or any Person who signed a Guaranty becomes insolvent, admits in writing the inability to pay your monetary obligations or the guarantor as they mature, is adjudicated a bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the United States Bankruptcy Code or a petition for bankruptcy is filed against you, makes an assignment for the benefit of creditors, or takes any other action pursuant to any federal or state insolvency statute.

14.2. Termination Without Notice and Without Opportunity to Cure. We may terminate this Agreement, without providing you an opportunity to cure, if you commit any of the following defaults: ***(a)*** you have made a material misrepresentation in your franchise application or supporting documentation; ***(b)*** you fail to begin operating the Franchised Business within 90 days after the Effective Date; ***(c)*** you or any Person who signed a Guaranty breaches the non-competition covenants in Section 16.1.; ***(d)*** you or any Person who signed a Guaranty breaches the covenants concerning Confidential Information in Section 10; ***(e)*** you or any Person who signed a Guaranty breaches the covenants concerning the Marks and Copyrights in Section 9; ***(f)*** you or any Person who signed a Guaranty either (i) fails to observe or comply with the requirements of Section 13 in connection with any Transfer, or (ii) makes a material representation in any Transfer request or document in support of a Transfer request, or (iii) makes a Transfer or assignment in violation of Section 13; ***(g)*** you or any Principal is convicted of, or pleads *nolo contendere* to, any felony, crime involving moral turpitude, or other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks (or the goodwill associated with the Marks), or the franchise system; ***(h)*** we deliver to you three or more notices of default in any 18-month period, regardless of whether the deficiencies described in the notices are related types of default and whether they ultimately are cured; ***(i)*** if a receiver or trustee is appointed for all or a substantial part of your assets, or a judgment for an amount in excess of $5,000 is entered against you that remains unsatisfied within 30 days after entry of judgment; or ***(j)*** you operate the Franchised Business in a manner that we believe, in our reasonable judgment, is likely to threaten public health or safety, including the health or safety of any Subject. In lieu of terminating this Agreement for this reason, we may, in our sole discretion, suspend your right to operate the Franchised Business or to perform certain functions during any period of perceived threat.

14.3. Termination with Notice and 3-Day Cure Period. We may terminate this Agreement if you commit any of the following defaults and fail to cure the default within three days after delivery of written notice of default: ***(a)*** you fail to make any payment required by this Agreement; ***(b)*** you fail to provide all products and services that we have designated for the Franchised Business; ***(c)*** you provide products or services that we have not authorized in connection with the Franchised Business; or ***(d)*** you purchase any product, services, or items from an unauthorized supplier.

14.4. Termination with Notice and 10-Day Cure Period. We may terminate this Agreement if you commit any of the following defaults and fail to cure the default, within 10 days after delivery of written notice of default: ***(a)*** you fail to maintain insurance, or ***(b)*** you fail to provide us evidence of such insurance, as required under this Agreement.

14.5. Termination Based on Failure to Comply with Law. We may terminate this Agreement if you receive notice from any governmental or quasi-governmental agency that you have failed to comply with any law or regulation applicable to the Franchised Business, and you fail to correct such deficiency within the cure period provided by the notice or, if no cure period is provided, within ten business days from the date of the notice.

14.6. Remedial Training. If you fail to comply with our Standards as described in Section 7.4., we may, at our election, deliver to you written notice of the default, which shall contain a detailed description of your deviation from the Standards. If, in our sole judgment, you fail to cure the default within 30 days after delivery of such notice, we may require you to attend remedial training, at your expense and at a time that we schedule, at our headquarters or other place that we designate. If you fail to successfully complete remedial training, or if you fail to cure the default within 10 days after attending such remedial training, we may terminate this Agreement.

14.7. Termination Based on Solicitation or Providing Services Outside of Territory. We may terminate this Agreement if you advertise, promote, solicit business, or provide any Services within another franchisee's territory in breach of Section 2.3 and fail to cure such breach within ten days after delivery of notice of default. For breach of the restriction to advertise, promote, or solicit business within another franchisee's territory, you must cure the default by ceasing all such activities and retracting or removing (or having retracted or removed), if at all possible, any printed or posted materials. For such breach, you must cure the default by remitting all revenues from Services provided within another franchisee's territory to us within ten days' notice of such breach, which we will then send to the franchisee in whose territory you provided Services.

14.8. Termination with Notice and 30-Day Cure Period. We may terminate this Agreement if you fail to comply with any other provision in this Agreement and fail to cure the default within 30 days after delivery of written notice of default.

14.9 Termination Related to Death or Permanent Incapacity. We have the right to terminate this Agreement if an approved Transfer as required by Section 13.5 is not effected within the designated time frame following a death or permanent incapacity of you or a Principal.

14.10. Additional Remedies. In addition to, or in lieu of, termination as a result of your failure to pay amounts due to us or designated suppliers under this Agreement, we reserve the right to temporarily: ***(a)*** stop designated supplier services to you; ***(b)*** block access to the Backend/Workflow Management System; ***(c)*** take any actions necessary to send orders entered into the Backend/Workflow Management System for processing; and/or ***(d)*** temporarily redirect payments from your customers to our account (for which you hereby appoint us as your designated agent for customer collection and/or payment purposes), for any failure to pay designated suppliers or any amounts due to us under this Agreement.

14.11. Termination by Franchisee. You have the right to terminate this Agreement, for any reason or for no reason, which right may be exercised by: ***(a)*** delivering to us 90-day advance written notice of termination, ***(b)*** signing a mutual termination agreement in a form that we prescribe, ***(c)*** you and each Principal signing a general release of any claims you or any Principal may have against us or our Affiliates, and ***(d)*** paying us the Buy Out Fee in the amount specified in the Summary Page.

15. POST TERMINATION OBLIGATIONS; OTHER REMEDIES

15.1. Post-Termination Obligations. Upon termination or expiration of this Agreement, you will have no further rights to operate the Franchised Business or to use the Marks, the Copyrighted Works, the Confidential Information, or any other element of the System. You shall immediately: ***(a)*** discontinue operating the Franchised Business; ***(b)*** discontinue use of the Marks, the Copyrighted Works, and the Confidential Information; ***(c)*** return to us the entire Manual and any other printed, graphic, or audio/visual item that we identify as containing Confidential Information; ***(d)*** return to us or destroy all items bearing the Marks or Copyrighted Works; ***(e)*** cancel any fictitious or assumed name containing any of the Marks and provide to us evidence of such cancellation; ***(f)*** at our request, assign and transfer to us all telephone numbers, email addresses, URLs, ecommerce accounts, vendor accounts, domain names, and social media accounts used in connection with the Franchised Business; ***(g)*** at our request, provide us all customer information and assign and transfer to us all contracts contemplating the provision of photography services; ***(h)*** remit to us all revenues received as a result of having provided Services outside of the

Territory, if applicable, ***(i)*** pay to us, approved and designated suppliers and your other trade creditors all sums due and owing, including liquidated damages; and ***(j)*** remit all passwords and administrative privileges necessary to access all social media accounts and subscriptions relating to the Franchised Business.

15.2 Franchisor's Right to Enforce Compliance. If you fail to comply with the requirements of Section 15.1., above, within seven days after termination or expiration of this Agreement, we may, at your expense, effect your compliance. You hereby appoint us and our representatives as your agent and attorney-in-fact to effect compliance with the requirements of Section 15.1., and we will have no liability to you, for trespass or any other tort, on account of or arising from any action we authorize or take to effect your compliance. In addition, we will be entitled to injunctive or similar relief, without bond, against you and any other Person who has signed a Guaranty to enforce compliance with these requirements.

15.3. Franchisor's Option to Purchase Assets. Upon termination or expiration of this Agreement, we will have the right (but not the obligation) to purchase from you any or all of the assets used in connection with operating the Franchised Business, including backgrounds, props and settings and other items bearing the Marks, for depreciated book value or fair market value, whichever is less. To exercise this option, we will deliver to you written notice of our election to purchase the items, along with an inventory of the items to be purchased, within 30 days after termination or expiration of this Agreement. Upon receipt of such notice, you shall return all such items, at your expense, and payment shall be delivered within 10 days of receipt of the items. If we elect to exercise any option to purchase as herein provided, we shall have the right to set off all amounts due from you under this Agreement.

15.4. Liquidated Damages. If you prematurely cease operations under this Agreement without having fully and strictly complied with the terms of the buy-out option described in Section 14.11., above, or if we terminate this Agreement on account of your material breach, then you shall pay us liquidated damages in an amount equal to the Royalty Fees for each month remaining through the balance of the current Term, discounted to present value. This amount is intended to compensate us for our lost profits, and is not intended as a penalty. The parties acknowledge and agree that this calculation represents a reasonable estimation of the damages we will sustain as a result of such breach and premature termination of this Agreement.

15.5. Additional Remedies. In addition to the preceding rights and remedies, we may recover damages from you and any other Person required to sign a Guaranty for the unauthorized use of any Mark, and/or Confidential Information or the unauthorized use, copying or distribution of any item of Copyrighted Works.

16. SPECIAL REPRESENTATIONS, WARRANTIES, COVENANTS AND WAIVER OF CONSUMER RIGHTS

16.1. Non-Competition. In consideration of our disclosing to you the Confidential Information and licensing to you the right to use the Marks in operating the Franchised Business, you covenant and agree that:

16.1.1. During the franchise Term, neither you nor any Principal shall own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business anywhere in the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar Marks.

16.1.2. For a two-year period beginning upon termination, expiration (without renewal) or Transfer of this Agreement, neither you nor any Principal shall own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with any Competitive Business within the Territory (or former Territory, as applicable), or in the territory of any other franchisee or licensee of ours that is operating under the IMAGES 4 KIDS brand. For purposes of this Agreement, the two-year period shall be tolled during any period of noncompliance.

16.2. Covenants Reasonable. The parties acknowledge and agree that the covenants contained in Section 16.1 are reasonable limitations as to time, geographic area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of us and its franchisees. The parties agree that the covenants in Section 16.1 will be construed as independent of any other covenant or provision of this Agreement. If all or a portion of any covenant in Section 16.1 is held unreasonable or unenforceable by a court of agency having valid jurisdiction in an unappealed final decision to which we are a party, you and each Principal who has signed the Guaranty will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of Section 16.1.

16.3. Additional Provisions. We have the unilateral right, in our sole discretion, to reduce the scope of any covenant set forth in Section 16.1, above, or any portion thereof, which reduction will become effective immediately upon delivery of notice to you; and you and each Principal who has signed the Guaranty must comply with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 16.2, above. We may enforce the covenant contained in Section 16.1 notwithstanding any claim that you or any Principal may have or allege to have against us.

16.4. Breach of Covenants Causes Irreparable Injury. You and each Principal acknowledge that a violation of any of the terms of Section 16.1. would result in irreparable harm to us and to System franchisees for which no adequate remedy at law may be available, and you and each Principal accordingly consent to the issuance of an injunction prohibiting any conduct by you or any Principal in violation of the terms of Section 16.1. without the necessity of showing actual or threatened harm, likelihood of success on the merits of the claim and without being required to furnish a bond or other security.

16.5. Blocked Persons. You represent and warrant to us that neither you, nor any equity owner or Principal of a Business Entity franchisee, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts available at www.treas.gov/offices/enforcement/ofac/). Further, you represent and warrant that neither you nor any Principal has violated and agrees not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text available at http://www.epic.org/privacy/terrorism/ hr3162.html), U.S. Executive Order 13244 (text available at http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html), or any similar law. The foregoing constitutes continuing representations and warranties, and you shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

17. NOTICES

17.1. All notices or demands required or permitted under this Agreement shall be in writing and shall be delivered either by certified or registered mail, first class postage prepaid, by commercial courier, by facsimile, or email provided a copy is mailed within 24 hours after the transmission (if to Franchisor, at franchise@images4kids.com and if to Franchisee to the email address identified on the Summary Page). Notices delivered by mail or courier shall be addressed to the intended recipient at the address for notices shown in the Summary Page, except that either party may at any time change its address for notices by giving the other party at least 10 days' prior notice in accordance with this Section 17. Notices delivered by mail will be deemed delivered three business days after deposit with the United States Postal Service, first class postage prepaid, certified or registered mail, return receipt requested, addressed; notices delivered by courier will be deemed delivered on the delivery date shown in the courier's records; and notices delivered by facsimile will be deemed delivered at the time the recipient's fax machine acknowledges receipt. Any notice delivered by email shall require a receipt thereof as may be requested by the recipient, and the effective date of such notice shall be the date of receipt, provided such receipt has been confirmed by the recipient.

18. CONSTRUCTION

18.1. Severability. The provisions of this Agreement are severable, and if any provision is held illegal, invalid or unenforceable, the holding shall not affect the legality, validity or enforceability of any other provision. Any illegal, invalid or unenforceable provision shall be reformed to the minimum extent necessary to render it legal, valid and enforceable and, as so reformed, shall continue in full force and effect.

18.2. Persons Bound. This Agreement shall be binding upon and inure to each of the parties and to their respective successors, assigns, executors, heirs and personal representatives. Each of your Principals shall sign a Guaranty substantially in the form of Attachment B to this Agreement. Each key employee including anyone trained to do photography shall sign a Confidentiality and Non-compete Agreement substantially in the form of Attachment C to this Agreement. Failure or refusal to comply with this Section 18.2 shall constitute a breach of this Agreement. You and each Principal shall be jointly and severally liable for each person's obligations hereunder and under the Personal Guaranty and Undertaking.

18.3. Entire Agreement. This Agreement, its Attachments, and any other agreements executed by the parties concurrently with the parties' execution of this Agreement represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that we made in the Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

18.4. No waiver. Except as provided herein, this Agreement may not be amended, modified or rescinded, or any performance requirement waived, except by a written document signed by both parties. The parties expressly agree that this Agreement may not be amended or modified, or any performance standard changed, by course of dealing or inference from a party's conduct. This provision does not apply to changes in the Manual, which we may modify unilaterally. You acknowledge that you have had the opportunity to be represented by an attorney in connection with the preparation and execution of this Agreement, and to review and understand the terms hereof and to consider the advisability of entering into this Agreement. This Agreement shall be construed according to its plain meaning and neither for nor against either party hereof regardless of which party's counsel drafted the provision.

18.5 Business Judgement. The parties acknowledge that various provisions of this Agreement specify certain matters are within our discretion or judgment, or otherwise are to be determined unilaterally by us. If the exercise of our discretion or judgment as to any such matter is subsequently challenged, the parties expressly direct the trier of fact that our reliance on a business reason in the exercise of our discretion or judgment is to be viewed as a reasonable and proper exercise of such discretion or judgment, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

18.6 Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

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

18.8 Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

18.9 Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

19. GOVERNING LAW; DISPUTE RESOLUTION

19.1. Choice of Law. This Agreement and the parties' relationship shall for all purposes be governed by and interpreted and enforced in accordance with the internal laws of the state of Texas, except that its choice of law and conflict of law rules shall not apply.

19.2. Arbitration.

19.2.1. Except as otherwise provided in this Section 19, any dispute relating to the making, interpretation or enforcement of this Agreement shall be submitted to binding arbitration, as follows: ***(a)*** either party may make a demand for arbitration; ***(b)*** arbitration proceedings shall be conducted in the county in which we maintain our principal place of business before a single arbitrator, using the facilities and commercial arbitration rules of the American Arbitration Association or any successor organization or, if the American Arbitration Association does not exist at the time of the dispute, another professional dispute-resolution organization that we select and that is reasonably acceptable to you (the "Arbitration Organization"); ***(c)*** the Arbitration Organization's expedited arbitration procedure shall apply to the arbitration proceedings. To the greatest extent permitted by law, the parties waive the application of all rules of discovery and evidence the Arbitration Organization's expedited procedure does not expressly make applicable; ***(d)*** the parties shall jointly select an arbitrator from the panel of arbitrators maintained by the Arbitration Organization. The arbitrator must be either a retired judge or an attorney who has no prior social, business, or professional relationship with either party, who has experience in franchise disputes, and who agrees to follow and apply the express provisions of this Agreement in determining his or her award. If the parties are unable to agree on an arbitrator within 30 days after the arbitration demand is filed, the Arbitration Organization will select an arbitrator who possesses the indicated qualifications; ***(e)*** the arbitrator's award shall be final and binding on all parties, and neither party shall have any right to contest or appeal the arbitrator's award except on the grounds expressly provided by the United States Arbitration Act (the "Arbitration Act"). The party who demands arbitration shall pay the arbitration filing fee, but the parties will otherwise separately bear their own costs and expenses (including legal fees) of participating in the arbitration process. Responsibility for the arbitrator's fees and expenses shall be determined as part of the arbitrator's award; and ***(f)*** the procedures contemplated by and the enforceability of this Section 19.2. shall be governed by the Arbitration Act and shall be interpreted and enforced in accordance with United States federal judicial interpretations of the Arbitration Act.

19.2.2. Any dispute concerning the enforceability or scope of this arbitration provision must be resolved pursuant to the Arbitration Act, and the parties agree that the Arbitration Act preempts any state law restrictions (including the site of the arbitration) on the enforcement of this arbitration provision.

19.2.3. If you institute any claim subject to this arbitration proceeding in any court, and we succeed in a motion to compel arbitration of the claim, you must reimburse us our reasonable attorneys' fees and costs in defending the action and in its motion to compel arbitration.

19.2.4. Notwithstanding the foregoing provisions of this Section 19.2, nothing in this Agreement shall prohibit us from seeking or obtaining injunctive relief from any court of competent jurisdiction to prevent any unauthorized Transfer, to protect our Intellectual Property, or to restrain violation of any confidentiality provisions or covenants restraining in-term or post term competition.

19.2.5. Notwithstanding the foregoing provisions of this Section 19.2, the parties mutually agree that we are not obligated to arbitrate any claim arising from your failure to pay when due any monetary obligation to us, unless you assert a counter-claim based on our alleged breach of a material obligation under this Agreement, in which case our suit will be stayed and the entire matter will be referred to arbitration. The parties agree that any action to collect any sums that you owe to us may be instituted and maintained in: ***(a)*** the federal court serving the district, or any state court seated in the county, in which we maintain our principal place of business at the time litigation is instituted, or ***(b)*** any federal court serving the district, or any state court seated in the county, in which the Franchised Business operates or operated, in whole or in part. The parties further agree to submit to the jurisdiction and venue of any such federal or state district court and that service of process by certified mail, return receipt requested, shall be sufficient to confer *in personam* jurisdiction over them in connection with any collection litigation.

19.3. Non-exclusivity of Remedy. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.4. WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY THE OTHER PARTY, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

19.5. Waiver of Punitive Damages. Each party hereby waives, to the fullest extent permitted by law, any right to an award of punitive or exemplary damages in any action involving the other party. The parties agree that, in the event of a dispute between them, each party shall be limited to the recovery of actual compensatory damages.

19.6. Contractual Limitations Period. No legal action or proceeding may be brought against us or our governing persons, agents, or employees, for any claim or cause of action (whether sounding in contract, tort, or otherwise) unless such action or proceeding is initiated within two years and one day from the date the claim or cause of action arose. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

19.7. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

19.8. Collection Costs and Expenses. You shall pay us on demand any and all costs and expenses incurred by us in enforcing the terms of this Agreement including, without limitation, collecting any monies that you owe to us. These costs and expenses include, without limitation, costs and commissions due a collection agency, reasonable attorneys' fees, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

20. ACKNOWLEDGMENTS

20.1. You acknowledge and agree that this Agreement, together with any duly executed amendment or addendum attached to this Agreement, and the Franchise Disclosure Document contain the entire agreement between the parties with respect to the Franchised Business, and that it supersedes any prior or contemporaneous agreements between the parties, written or oral, with respect to the Franchised Business; provided that nothing in this Agreement is intended to disclaim any representations made in our Franchise Disclosure Document. __________ **[FRANCHISEE'S INITIALS]**

20.2. You confirm and acknowledge that no written or oral agreements, promises, commitments, undertakings or understandings were made to that are not expressly set forth in this Agreement and any duly executed amendment or addendum attached to this Agreement. __________ **[FRANCHISEE'S INITIALS]**

20.3. You confirm and acknowledge that none of our representatives made any oral, written or visual claim, presentation or representation to you that stated or suggested that your Franchised Business might attain any actual, projected or forecasted level of sales, income or profits. __________ **[FRANCHISEE'S INITIALS]**

20.4. You confirm and acknowledge that neither we nor any of our representatives made any representation, warranty, guaranty or promise other than those expressly set forth in this Agreement and in the Franchise Disclosure Document we delivered to induce you to sign this Agreement. You recognize that neither we nor any other party can guarantee your business success or state the exact costs of operating a Franchised Business, and that such success and costs will depend primarily upon your own efforts and business ability. You also recognize that any new business venture is speculative. __________ **[FRANCHISEE'S INITIALS]**

20.5. You acknowledge that this Agreement creates an arm's length commercial relationship that cannot and will not be transformed into a fiduciary or other "special" relationship by course of dealing, by any special indulgences or benefits that we bestow on you, or by inference from a party's conduct. _________ **[FRANCHISEE'S INITIALS]**

20.6 You acknowledge and represents to us that all information contained in your franchise application is true and correct. __________ **[FRANCHISEE'S INITIALS]**

Wherefore, intending to be legally bound, the parties have executed this Agreement, effective as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
I4K FRANCHISING, LLC **a Texas limited liability company**	______________________________ ______________________________
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

ATTACHMENT A

to the I4K Franchising, LLC Franchise Agreement

GLOSSARY OF ADDITIONAL TERMS

"Affiliate" means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control, with such named person.

Agreement means this Franchise Agreement.

"Business Day" means each day other than a Saturday, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

"Backend/Workflow Management System" means the online systems that we have created and own or have provided access to from one or more of our approved third-party service providers and that franchisees use for workflow, e-commerce, marketing, and fulfillment; and their customers to use to view and make purchases online. In addition, the system is used by franchisees to manage their online orders, to make changes or updates to their personal information, pricing, packages, and/or products offered, to book events or picture days, submit photo lab orders and track photo lab expenses and view reports on sales, buy rates and billing.

"Business Entity" means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, general partnership, and trust.

"Competitive Business" means any business that provides photography services for daycares, preschools, private schools, and other early childhood education/care venues, and accounts serviced by IMAGES 4 KIDS, and products offered by IMAGES 4 KIDS, except an IMAGES 4 KIDS business operated pursuant to a then currently effective franchise agreement.

"Confidential Information" means all trade secrets, and other elements of the System; the Standards; all information contained in the Manuals; personal information concerning Subjects; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or which you may be apprised by virtue of their operation under the terms of the Franchise Agreement; and all other information that we designate as "Confidential Information" for purposes of this Agreement.

"Controlling Interest" means: ***(a)*** if you are a corporation or a limited liability company, that the Principals, either individually or cumulatively (i) directly or indirectly own at least 51% of the shares of each class of the developer entity's issued and outstanding capital stock or membership units, as applicable; and (ii) are entitled, under its governing documents and under any agreements among the Principals, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or ***(b)*** if you are a partnership, that the Principals (i) own at least 51% interest in the operating profits and operating losses of the partnership as well as at least 51% ownership interest in the partnership (and at least 51% interest in the shares of each class of capital stock of any corporate general partner); and (ii) are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

"Copyrighted Works" means all tangible media of expression, including, without limitation ***(a)*** the Manuals, ***(b)*** the content and design of all advertising and promotional materials, created by, owned by, or licensed for use by us or our Affiliate in connection with your operation of the Franchised Business, ***(c)*** the design elements of the Marks, ***(d)*** our bulletins, correspondence, and communication with our franchisees, ***(e)*** training, and ***(f)*** the content and design of our website.

"Effective Date" means the date identified on the Summary Pages.

"Gross Sales" means the total amount of payments that you received during the applicable period for the retail sale of photographs, photograph packages, and all additional and related products sold through or by your IMAGES 4 KIDS Franchised Business.

"Guaranty" means the Personal Undertaking and Guaranty attached to this Agreement as Attachment C.

"Initial Franchise Fee" means the amount identified in the Summary Pages.

"Intellectual Property" means all Marks, Confidential Information, Copyrighted Works, and patented designs and processes created by, owned by, or licensed for use by us in connection with your operation of the Franchised Business.

"Manual" includes the Franchisor's Operations Manual and other publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s and other electronic media that Franchisor may from time to time provide or make accessible to you. The Manuals may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3 or other communications concerning the System to reflect changes in the image, specifications and standards relating to the management, operation, and promotion of a Franchised Business.

"Ownership Interest" means any ownership interest of any type, including ***(a)*** in relation to a corporation, the ownership of shares in the corporation; ***(b)*** in relation to a partnership, the ownership of a general or limited partnership interest; ***(c)*** in relation to a limited liability company, the ownership of a membership interest; or ***(d)*** in relation to a trust, the ownership of the beneficial interest of such trust.

"Person" means an individual (and their heirs, executors, administrators, or other legal representatives of an individual), a Business Entity, a government, or any department or agency thereof, and any other incorporated or unincorporated association or organization.

"Photo Location" means a daycare center, preschool, private school, or educational center owned by third parties or such other venue as we may in the future designate as a "Photo Location" for purposes of this Agreement.

"Prime Season" means one of the two three-month periods during the calendar year. The months of mid-February, March, April and May comprise the Spring Prime Season, and the months of mid-August, September, October and November comprise the Fall Prime Season.

"Principal" means each individual or entity holding a beneficial ownership in the franchisee entity. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a partnership, and the grantor and the trustee of the trust. If any "Principal" is, itself, a partnership or other entity, then the term "Principal" includes each individual or entity holding a beneficial ownership in the partnership or entity; the intent being that the term "Principal" is intended to include all individuals holding a beneficial interest in the franchisee, either directly or indirectly.

"Renewal Fee" means the amount set forth in the Summary Pages.

"Subject" means any person who is photographed in connection with your operation of the Franchised Business.

"Territory" means the area identified in the Summary Pages.

"Transfer" means the sale, assignment, transfer, conveyance, gift, pledge mortgage, or encumbrance of your interest in the Franchised Business or in this Agreement, or the sale or assignment of a Principal's Ownership Interest in a Business Entity Franchisee.

"Transfer Fee" means the amount set forth in the Summary Pages.

ATTACHMENT B

to the I4K Franchising, LLC Franchise Agreement

PERSONAL GUARANTY AND UNDERTAKING

1. I have read the Franchise Agreement between I4K Franchising, LLC ("**Franchisor**") and ________ _______ (the "**Franchisee**").

2. I own a beneficial interest in the Franchisee, and would be considered a "**Principal**" within the definition contained in Franchise Agreement.

3. I understand that, were it not for this Guaranty and Personal Undertaking (the **"Guaranty"**), Franchisor would not have agreed to enter into the Franchise Agreement with the Franchisee.

4. I will comply with of the provisions contained the Franchise Agreement concerning the Franchisee's use of Franchisor's Marks and Copyrighted Works (as that term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Marks or Copyrighted Works and I have no ownership interest in the Marks or Copyrighted Works.

5. I will comply with all of the provisions contained in the Franchise Agreement concerning the use of the Manuals and Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except ***(a)*** to the Franchisee's employees on a need-to-know basis, ***(b)*** to the Franchisee's and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and ***(c)*** as otherwise may be required by law.

6. I will comply with all of the provisions contained in the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.

7. While I am a Principal of the Franchisee and, for a two-year period after I cease to be a Principal (or two years after termination, expiration (without renewal), or transfer of the Franchise Agreement, whichever occurs first), I will not:

(a) Divert or attempt to divert any present or prospective customer of the IMAGES 4 KIDS system to any competitor or do anything to harm the goodwill associated with the Marks and the System; or

(b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that provides photography services of any kind for daycares, preschools, private schools, or other early childhood education/care venues, and accounts serviced by IMAGES 4 KIDS, or provides products offered by IMAGES 4 KIDS, except in connection with an IMAGES 4 KIDS business operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am a Principal, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be a Principal (or two years after termination, expiration, or a transfer of the Franchise Agreement, whichever occurs first) to any location that is ***(i)*** within the Territory (or former Territory, as applicable) of the Franchisee; or ***(ii)*** within the territory of any other franchisee or licensee of Franchisor operating under the IMAGES 4 KIDS brand. This restriction will be tolled during any period of my noncompliance.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final

decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

9. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. I agree that the provisions contained in Article 19 of the Franchise Agreement (including the arbitration provision) will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs of litigation.

11. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement.

12. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Franchisee before seeking recovery from me under this Guaranty.

13. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

14. I hereby waive ***(a)*** all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and ***(b)*** California Civil Code Sections 2899 and 3433.

15. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

16. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

17. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

Intending to be legally bound, I have executed this Guaranty and Personal Undertaking on the date set forth below:

GUARANTORS' SIGNATURES

Signature: ____

Name Printed: ____

Street Address: ____

Telephone Number: ____

Date: ______________________________

Signature: ____

Name Printed: ____

Street Address: ____

Telephone Number: ____

Date: ______________________________

Signature: ____

Name Printed: ____

Street Address: ____

Telephone Number: ____

Date: ______________________________

Attachment C

to the I4K Franchising, LLC Franchise Agreement

CONFIDENTIALITY AND NON-COMPETITION COVENANT

In consideration of my training by I4K Franchising, LLC and access to its confidential information and trade secrets, and my employment by an IMAGES 4 KIDS franchisee, I agree as follows:

1. Nondisclosure of Confidential Information and Confidential Information.

I agree, during the term of the Franchise Agreement and following termination, expiration or assignment of the Agreement or termination of my employment by an IMAGES 4 KIDS franchisee, not to disclose, duplicate, sell, reveal, divulge, publish, furnish or communicate, either directly or indirectly, any Confidential Information of I4K Franchising, LLC to any other person, firm or entity, unless authorized in writing by I4K Franchising, LLC. I agree not to use any Confidential Information or Confidential Information for my personal gain or for purposes of others, whether or not the Confidential Information was conceived, originated, discovered or developed, in whole or in part, by me or represents my work product. If I have assisted in the preparation of any information or have myself prepared or created the information, I assign any rights that I may have in the information as its creator to I4K Franchising, LLC, including all ideas made or conceived by me.

2. Definition of Confidential Information.

For purposes of this Agreement, the term "Confidential Information" means any knowledge, techniques, processes or information made known or available to me that I4K Franchising, LLC treats as confidential, whether existing now or created in the future, including but not limited to, information about the cost of materials and supplies; supplier lists or sources of supplies; customer lists; internal business forms, orders, customer accounts; manuals and other materials setting forth I4K Franchising, LLC's methods of operation, including I4K Franchising, LLC's manuals, training manuals and marketing manuals, or subsequent manuals; the products; drawings, designs, plans, proposals, and marketing plans; all concepts or ideas in, or reasonably related to I4K Franchising, LLC's business that have not previously been publicly released by I4K Franchising, LLC; and any other information or property of any kind of I4K Franchising, LLC that constitutes a trade secret under applicable law. The Confidential Information described in this Agreement is the sole property of I4K Franchising, LLC.

3. Return of Proprietary Materials.

Upon termination of franchise ownership or employment by a I4K Franchising, LLC, I must surrender all materials considered proprietary by I4K Franchising, LLC; technical or non-technical information, (whether or not copyrighted), which relate to Confidential Information, or conduct of the operations of I4K Franchising, LLC.

I expressly acknowledge that any such materials of any kind provided to me are and will remain the sole property of I4K Franchising, LLC.

4. Solicitation of Employees.

I further agree that I will not furnish to or for the benefit of any competitor of I4K Franchising, LLC the name of any person who is employed by I4K Franchising, LLC.

5. Non-Competition.

I agree and covenant that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to I4K Franchising, LLC, I will not, until the expiration of 2 years after the termination of the relationship between me and any IMAGES 4 KIDS franchise owner that employs me; or termination of my ownership interest in the I4K Franchising, LLC franchise, engage, directly or indirectly, or through any corporations or associates, in any business, enterprise or employment that is directly competitive with I4K Franchising, LLC or franchisees, and that is located within the territory of any I4K Franchising, LLC franchised business, as defined by I4K Franchising, LLC's franchise agreements. Directly competitive means any business offering the same or similar photography services for daycares, preschools, private schools, and other early childhood education/care venues, other accounts serviced by Images 4 Kids, or products offered by I4K Franchising, LLC or any of its franchisees.

6. Saving Provision.

I agree and stipulate that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between me and I4K Franchising, LLC. However, I4K Franchising, LLC and I are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, I and I4K Franchising, LLC agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict my competition with I4K Franchising, LLC to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

7. Irreparable Harm to I4K Franchising, LLC

I understand and agree that I4K Franchising, LLC will suffer irreparable injury that cannot be precisely measured in monetary damages to its Confidential Information if Confidential Information and/or proprietary information is obtained by any person, firm or corporation and is used in competition with I4K Franchising, LLC. Accordingly, I agree that it is reasonable and for the protection of the business and goodwill of I4K Franchising, LLC for me to enter into this Agreement. Thus, if there is a breach of this Agreement by me, I4K Franchising, LLC may seek a temporary restraining order or other injunctive relief and any other relief that may be granted by a court having proper jurisdiction.

8. Binding Effect.

This Agreement will be binding on my heirs, executors, successors and assignees as though originally signed by these people.

9. Applicable Law.

The laws of the state where I live will govern the validity of this Agreement. If any provision of this Agreement is void or unenforceable in that state, the remainder of the Agreement will be fully enforceable according to its terms.

(signature page follows)

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

I4K FRANCHISING, LLC

ATTEST:

______________________________	By:______________________________
Witness	Name:______________________________
	Title:______________________________

FRANCHISEE:

______________________________	By:______________________________
Witness	Name:______________________________
	Title:______________________________

COVENANTOR:

______________________________	By:______________________________
Witness	Name: ______________________________

Attachment D

ACH AUTHORIZATION
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form.

Franchisee Information

Franchisee Name or Legal Entity ____

IMAGES 4 KIDS Phone & Address ____

Authorization Agreement

I (we) hereby authorize I4K Franchising, LLC ("Company") to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than thirty (30) days.

Payor/Franchisee Account Information

Name of Financial Institution:

ABA Routing Number:

Account Number: Checking ☐ Savings ☐

Payor/Franchisee Signature

Authorized Signature (Primary): **Date:**

Authorized Signature (Joint): **Date:**

Account holder(s), please sign here: ***(Joint accounts require the signature of all persons having authority over the account)***

Attachment E

FRANCHISEE COMPLIANCE QUESTIONNAIRE

The following questionnaire is not applicable to franchisees subject to the laws of the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

As you know, I4K Franchising, LLC and you are preparing to enter into a Franchise Agreement for the operation of one IMAGES 4 KIDS franchise. The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____	1. Have you received and personally reviewed the Franchise Agreement and each Exhibit or schedule attached to it?
Yes____ No ____	2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
Yes____ No ____	3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
Yes____ No ____	4. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
Yes____ No ____	5. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer?
Yes____ No ____	6. Do you understand the risks of operating an IMAGES 4 KIDS franchise?
Yes____ No ____	7. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the person(s) you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms (if operating from a commercial office) and the marketplace?
Yes____ No ____	8. A) Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in the city in which our principal place of business is located?
Yes____ No ____	B) Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary or multiple damages?
Yes____ No ____	9. Do you understand that you (if you are an individual) or your Operating Principal (if you are a Business Entity) and Manager (if applicable) must successfully complete our initial training program?

Yes____ No ____	10. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
Yes____ No ____	11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an IMAGES 4 KIDS franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes____ No ____	12. Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an IMAGES 4 KIDS franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes____ No ____	13. Has any employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in our Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes____ No ____	14. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for an IMAGES 4 KIDS franchise, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?

You understand that Franchisor is acting in reliance on the truthfulness and completeness of your responses to the questions above in entering into the Agreements with Franchisee. YOU ACKNOWLEDGE AND AGREE THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS QUESTIONNAIRE SHALL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION, AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE.

FRANCHISEE

By: ____________________________

Name: ____________________________

Title: ____________________________

Date: ____________________________

Attachment F

ENTITY INFORMATION

If the franchisee is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of ______________________, 20____.

(1) Franchisee is a ____ , formed under the laws of the State of __________________________________.

(2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) You promptly shall provide such additional information as Franchisor may from time-to-time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

NAME	**ADDRESS**	**NUMBER OF SHARES OR PERCENTAGE INTEREST**

(5) The address where the Franchisee's financial records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

____

FRANCHISOR:

I4K Franchising, LLC
a Texas limited liability company

By: ____________________________

Name: ____________________________

Title: ____________________________

FRANCHISEE:

____

____

By: ____________________________________

Name: ____________________________________

Title: ____________________________________

EXHIBIT F

TO I4K FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE (ASSIGNMENT)

GENERAL RELEASE (ASSIGNMENT)

The following is our current form of release used in connection with the sale or assignment of the franchise. We may change this document at any time, in our sole discretion. Therefore, if we consent to your sale or assignment of the franchise as provided in the Franchise Agreement, we may require you to sign a general release that is substantially different than the below form.

GENERAL RELEASE

The undersigned and my heirs, administrators, executors, ancestors, and assigns, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby remise, release, and forever discharge I4K Franchising, LLC ("**Franchisor**"), a Texas limited liability company, with its principal business offices located at 5465 Legacy Drive, Ste. 650, Plano, TX 75024 and its Affiliates, and their respective owners, officers, directors, employees, and agents (collectively, the "**Franchisor Released Parties**") from any and all claims, whether at law or in equity, and all contracts, controversies, claims, and demands whatsoever, at law or in equity, that I ever had, now have, or that my respective heirs, administrators, ancestors, executors, and/or assigns may have against the Franchisor Released Parties including, without limitation, all claims arising out of or related to that certain Franchise Agreement between Franchisor and __________ dated , 20________ , and the offer and sale of the IMAGES 4 KIDS franchise opportunity.

I acknowledge that this general release extends to claims which I do not know or suspect to exist in my favor at the time of executing this Release Agreement, which if were known to me may have materially affected my decision to enter into this Release Agreement. I understand that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. I expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth below.

Signature: ______________________________

Name: ________________________________

Date: ________________________________

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

ACKNOWLEDGMENT FOR CORPORATE RELEASOR

STATE OF ___________________

COUNTY OF _________________ :ss

On ________________, _______ before me _______________________________, personally came _____________________, to me known, who, by me duly sworn, did depose and say that deponent resides at ____, that deponent is the _________ of __________, the corporation described in the foregoing RELEASE, and which executed said RELEASE, that deponent knows the seal of the corporation, that the seal affixed to the RELEASE is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: ________________________

(NOTARIAL SEAL)

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF ___________________

COUNTY OF _________________ :ss

On this____ day of ___________, ________, before me _______________, the undersigned officer, personally appeared ____________________, to me personally known, and known to me to be the same person whose name is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: ________________________

(Notary Seal)

EXHIBIT G

TO I4K FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM

I4K FRANCHISING, LLC

California Amendment to Franchise Agreement

For purposes of complying with the requirements of California law, including the California Franchise Investment Law, I4K FRANCHISING, LLC ("**Franchisor**") and __________________ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated __________________ (the "**Franchise Agreement**") as follows:

1. No statement, questionnaire, or acknowledgement 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 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.

2. California Corporations Code section 31512.1 prohibits a franchisor from disclaiming or denying representations made by the franchisor or its agents to a prospective franchisee or a franchisee's reliance on these representations, or disclaiming violations under the law, in any franchise disclosure document, franchise agreement or a related document. Accordingly, the Agreement is amended to delete Sections 20.1-20.4; the intent being that these sections will have no force or effect with effect to franchises subject to the California Corporations Code section 31512.1.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR: **I4K FRANCHISING, LLC** a Texas limited liability company	**FRANCHISEE:** ________________________________
By: ______________________________ Name: ____________________________ Title: ______________________________	By: ______________________________ Name: ____________________________ Title: ______________________________

I4K FRANCHISING, LLC

Virginia Amendment to Franchise Agreement

For purposes of complying with the requirements of Virginia law, including the Virginia Retail Franchising Act, Virginia Code, Section 13.1-564, I4K FRANCHISING, LLC ("**Franchisor**") and ___________________ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated ___________________ (the "**Franchise Agreement**") as follows:

1. No statement, questionnaire, or acknowledgement 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 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.

2. Sections 20.1 – 20.4 are deleted.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR: **I4K FRANCHISING, LLC** a Texas limited liability company	**FRANCHISEE:** _______________________________
By: _______________________________ Name: _____________________________ Title: ______________________________	By: _______________________________ Name: _____________________________ Title: ______________________________

EXHIBIT H

TO I4K FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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:

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.

State	Effective Date
California	PENDING
Virginia	PENDING

EXHIBIT I

TO I4K FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If I4K Franchising, LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with Franchisor or an Affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Franchisor does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit B.

The franchise is I4K Franchising, LLC, 5465 Legacy Drive, Ste. 650, Plano, TX 75024.

Issuance Date: April 19, 2023

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number

The name and address of our registered agent authorized to receive service of process is shown in Exhibit C to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an issuance date of April 19, 2023. This Franchise Disclosure Document includes the following Exhibits:

Exhibit A – List of Franchisees
Exhibit B – List of State Administrators
Exhibit C – List of Agents for Service of Process
Exhibit D – Financial Statements
Exhibit E – Franchise Agreement
Exhibit F– General Release (Assignment)
Exhibit G – Receipts

Dated:______________________________

____
Printed Name

____
Signed individually and as an officer of
_______(a Corporation)
_______(a Partnership)
_______(a Limited Liability Company)

Dated:______________________________

____
Printed name

____
Signed, individually and as an officer of
_______(a Corporation)
_______(a Partnership)
_______(a Limited Liability Company)

Retain this Receipt for your records

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If I4K Franchising, LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with Franchisor or an Affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

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The franchise is I4K Franchising, LLC, 5465 Legacy Drive, Ste. 650, Plano, TX 75024.

Issuance Date: April 19, 2023

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The name and address of our registered agent authorized to receive service of process is shown in Exhibit C to this Franchise Disclosure Document.

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Exhibit G – Receipts

Dated:______________________________

____
Printed Name

____
Signed individually and as an officer of
_______(a Corporation)
_______(a Partnership)
_______(a Limited Liability Company)

Dated:______________________________

____
Printed name

____
Signed, individually and as an officer of
_______(a Corporation)
_______(a Partnership)
_______(a Limited Liability Company)

[Please return this completed form to I4K Franchising, LLC at the address listed above or by email to franchise@images4kids.com